2024 ANNUAL REPORT

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WE REINFORCE LIFE WITH REV TECHNOLOGIES

As the driving experience of the future is rapidly being reshaped by electric vehicles, the reliability of tires is becoming increasingly important.

Kordsa aims to meet the ever-evolving needs in the electric vehicle industry and reinforce the future with its innovative solutions.

The core values Kordsa offers with REV Technologies, in line with the market needs that arise with the sale of electric vehicles are **Low Rolling Resistance**, **Better Durability** and **Sustainability**.

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KORDSA

2024 ANNUAL REPORT

ABOUT KORDSA

We develop durable products that reinforce aviation industry.

Kordsa at a Glance

Financial Capital

TURNOVER

30.4 TRY BILLION

EBITDA

1.8 TRY BILLION

REAL OPERATING PROFIT

403 TRY MILLION

Human Capital

Great Place to Work® in 2 continents

52.8 AVERAGE TRAINING HOURS IN 2024

36,636 TOTAL HOURS OF OCCUPATIONAL SAFETY, HEALTH, AND ENVIRONMENT TRAINING

4,613 REINFORCERS (SUBCONTRACTORS INCLUDED)

*Microtex's training data has not been included.

Number of White-Collar Employees

346 FEMALE | 572 MALE

Number of Blue-Collar Employees

330 FEMALE | 3,068 MALE

*Subcontractors not included.

Generated Capital

- Tire Reinforcement Technologie
- Composite Technologies
- Construction Reinforcement Technologies
- Compounding

Social and Relationship Capital

• Contribution to the United Nations Sustainable Development Goals (SDGs)

- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 17: Partnerships for the Goals

•Sabancı Youth Initiative - Kordsa Technology and Impact Center and Future Empowerment Projects, supporting youth education and preparation for the business world.
•School Renovation Projects-Indonesia
•School Renovation Projects-Brazil
•30 students in need received scholarships through the IZBURS Association, supported by Kordsa Volunteers.
•Support for the Istanbul Kartal Köy Hizmetleri Anatolian High School Blood Donation Campaign.

Safety, Health & Environment

• As part of communication and awareness efforts, the "Two Minutes to Think" concept was implemented in 2024. In this initiative, Kordsa employees shared critical occupational safety rules, practices, and responsibilities through short videos.

• In collaboration with Sabancı Holding, a search and rescue team was established within Kordsa, successfully passing the AFAD accreditation exam. To ensure their preparedness for earthquake and disaster situations, the Emergency Crisis Management Committee was activated.

• At Kordsa's İzmit facility, the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications were renewed. Additionally, at the Composite Technologies Center of Excellence in Istanbul, the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety certifications were obtained.

Natural Capital

2024 ENVIROMENTAL INVESTMENTS	USD
Emission Management	294,289
Waste Recycling	39,985
Waste Disposal	521,485

2024 ENVIROMENTAL INVESTMENTS	USD
Consultancy	1,020,317
Training	23,315
Project Investments	1,322,565
Total (USD)	3,221,955

Intellectual Capital

- 2 R&D CENTER
- 3 TECHNICAL CENTER
- 546 PATENTS
- 1,020 PATENT APPLICATIONS
- 121 TEAM MEMBERS

Kordsa at a Glance

Vision

We reinforce life.

Mission

To deliver high value-added reinforcement solutions, globally.

Our Values

CUSTOMERS

•We create value for our customers
•We create new opportunities in line with our business growth strategy
•We bring the voice of our customers to every accomplishment we achieve

DYNAMISM

•We inspire the energy and agility needed to win and grow
•We embrace change, learn from the past and dream of the future
•We set high standards for our organization

PEOPLE

•We develop people's power and make them stronger
•We invest in people
•We create an equitable and inclusive environment that empowers everyone

INNOVATION

•We develop new, better, and uniquely useful ideas
•We create improved methods and solutions to achieve our goals
•We're committed to and invest in change for sustainable growth

Dijital Transformation

Digital Transformation and Artificial Intelligence: Digital transformation strategies have been integrated with global collaborations and artificial intelligence technologies, strengthening the leadership position in the sector.

Data-Driven Business Management: Operational excellence has been achieved through a data-driven business management approach, while energy consumption has been optimized to reduce environmental impact.

Cyber Resilience: Digital asset security has been ensured, and advanced cybersecurity strategies have been implemented to proactively mitigate potential threats and maintain business continuity.

Generative AI & Kordsa GPT: Artificial intelligence and machine learning technologies have been leveraged to optimize business processes, enhance efficiency, and drive significant improvements in production processes.

Human 6.0: Employees' digital competencies have been enhanced, and digital maturity levels have been elevated through training programs and development opportunities aimed at ensuring work-life balance.

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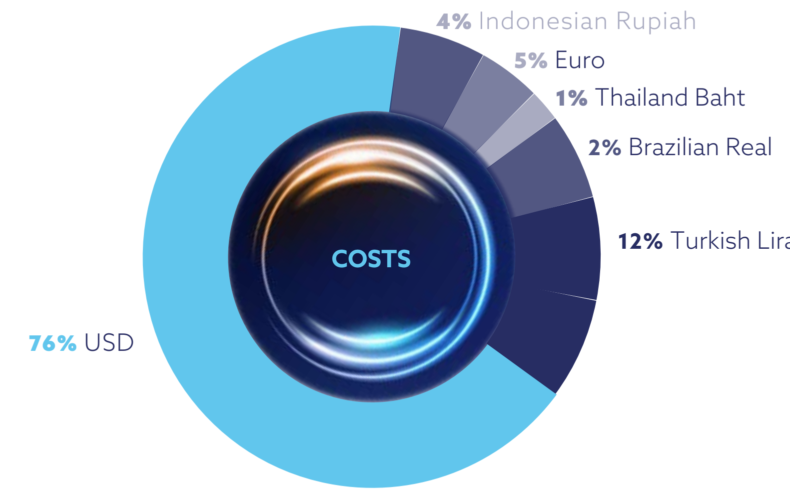
Why Invest in Kordsa?

GLOBAL FOOTPRINT

Proximity to Customers
Regional Player
Global Leader

NATURAL HEDGING OPPORTUNITY AGAINST EXCHANGE RATE RISK FOR INVESTORS IN TÜRKİYE

REVENUES



LEADER IN TIRE REINFORCEMENT MARKET

Market leadership based on longstanding partner status with all global tire players

BALANCED PORTFOLIO AND SUSTAINABLE GROWTH

Growth opportunities from new tire reinforcement products and composites industry

STRONG CASH GENERATION AND DIVIDEND PAYOUT

According to the Kordsa's Profit Distribution Policy, all distributable profits can be distributed if General Assembly approves.

TECHNOLOGY LEADERSHIP

Game-changer innovations developed in the two R&D centers focusing on tire reinforcement and composite technologies

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Kordsa in Brief

Tire Reinforcement Technologies

SINGLE-END CORD
- AUTOMOTIVES INDUSTRY
- MECHANICAL RUBBER GOODS

NAYLON AND POLYSTER CORD
- PASSENGER VEHICLES
- AVIATION
- LIGHT COMMERCIAL VEHICLES
- CONSTRUCTION EQUIPMENT
- AGRICULTURAL EQUIPMENT
- HEAVY-DUTY VEHICLES

INDUSTRIAL FABRICS
- MECHANICAL RUBBER GOODS

HYBRID CORD FABRICS
- LUXURY ELECTRIC VEHICLE
- RACE CARS

Composite Technologies

FABRICS AND PREPREGS*
- SPACE AND AVIATION
- AUTOMOTIVE
- MARINE
- INDUSTRIAL APPLICATIONS
- SPORTS EQUIPMENT
- MEDICAL APPLICATIONS

* Resin impregnated fabric

Construction Reinforcement Technologies

SYNTHETIC FIBER REINFORCEMENT
- INFRASTRUCTURES
- SUPERSTRUCTURES
- MINES
- RAIL SYSTEMS
- PRECAST

STRUCTURAL REİNFORCEMENT SYSTEMS
- INDUSTRIAL FACILITIES
- BRIDGES AND VIADUCTS
- HISTORICAL BUILDINGS
- HOUSES
- HEALTH BUILDINGS
- GOVERMENT BUILDINGS

Compounding

- AUTOMOTIVE
- ELECTRICS & ELECTRONICS
- WHITE-GOODS
- INDUSTRIAL APPLICATIONS
- TRANSPORTATION
- AVIATION

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Global Footprint

4 CONTINENTS

11 FACILITIES

2 R&D CENTER

3 TECHNICAL CENTER

4,500 + EMPLOYEES

- Composite Reinforcement
- Tire Reinforcement
- Construction Reinforcement
- Compounding
- R&D Center
- Technical Center

Shareholder Structure

> A subsidiary of Sabancı Holding, one of Türkiye's leading investment holding company, Kordsa's 28.89% Shares are traded on Borsa İstanbul under the KORDS ticker symbol.

71.11%
Shareholders
Hacı Ömer Sabancı Holding A.Ş.

28.89%
Shareholders
Other

SHAREHOLDERS	NUMBER OF SHARES	SHARE RATIO (%)	NOMINAL SHARE AMOUNT (TRY) (1 SHARE 0.01 TRY)
Hacı Ömer Sabancı Holding A.Ş.	13,832,761,401	71.11%	138,327,614,01
Other	5,620,146,199	28.89%	56,201,461,99
Total	19,452,907,600	100.00%	194,529,076,00

Sabancı Group in Brief

> Sabancı Group companies supply their products and services around the globe in 17 countries worldwide.

Sabancı Group – thanks to its solid reputation, positive brand image, strong joint ventures, extensive experience and know-how about the Turkish market – has fostered its core businesses over the years.

Sabancı Group unites Türkiye and the world with pioneering initiatives for sustainable living, creating value with a performance culture, dynamic portfolio management, and a data-driven ecosystem. Hacı Ömer Sabancı Holding A.Ş., one of Türkiye's leading investment holding company, is the parent company and manages the Sabancı Group's companies with a strategic portfolio approach. The main business areas of Sabancı Group are; banking, financial services, energy and climate technologies, material technologies, mobility solutions and digital technologies. Sabancı Group companies are market leaders in most of their respective sectors.

Sabancı Group companies supply their products and services around the globe in 17 countries worldwide. Sabancı Holding's multinational business partners include leading global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Materials, and Skoda.

As of year-end 2024, Sabancı Holding and its 11 listed subsidiaries' shares constitute around 6% of the total market capitalization of Borsa Istanbul.

The Sabancı Family is collectively Sabancı Holding's majority shareholder. As of year-end 2024, 53.23% of Sabancı Holding's shares are publicly traded.

Message from the Chair

BURAK TURGUT ORHUN
EXECUTIVE CHAIR

DEAR STAKEHOLDERS,

We witness a period of significant global changes. As globalization loses momentum, regionalization gains prominence. This rapid shift is shaped by multiple factors. The USA embraces protectionism under its new administration, Europe struggles with economic challenges, and Asia emerges as a global production hub —all of which intensify global competition. Amid this landscape, major global corporations are at the threshold of a turning point. Moreover, we are in an era where the production and management of materials, one of the key focus areas for industries, actively shape global geopolitics. Material transformation is at the center of achieving sustainability goals, driving technological progress, and shaping the future.

As Sabancı Group, an industrial hallmark of Türkiye, we act with the vision of "Sabancı of the World," aiming to shape the present and build the future. This goal serves as a guiding principle for the strategies of all our Group companies, steering our transformation journey with a strong focus on sustainability and innovation. Sabancı's vision continues to be the foundation of our efforts to create value for both society and the world.

Aligned with our Group's commitment, Kordsa has played a pioneering role in advanced material technologies for over half a century, striving to shape the future on a global scale. Driven by innovation, sustainability, and a strong human-centric approach, Kordsa leads the industry while embracing a mission to create value-added impact for all aspects of life.

In line with this strong motivation and our ideal of "Reinforcing Life," we continue to operate in global markets with our solutions in Tire Reinforcement, Composite Technologies, Construction Reinforcement, and Compounding business lines. Beyond developing cutting-edge technologies, we remain committed to leveraging them to build a more sustainable world.

2024 was marked by intense global competition, where a decline in demand was deeply felt across the entire industry, especially in the tire reinforcement market.
In parallel to the decrease in demand, manufacturers, especially those based in Asia, attempted to gain a competitive edge through pricing rather than technology. This challenging environment had a visible affect on our financial results. Although our operational profitability fell slightly short of our short-term targets, we successfully maintained our global leadership in tire reinforcement under these challenging market conditions.

Despite global challenges, 2024 was a year of transformation for Kordsa in many ways. In 2024, our strong performance in sustainability, an indispensable element of our advanced materials vision, was once again recognized with the Gold Medal by EcoVadis, one of the world's most prestigious sustainability rating platforms. Our exemplary practices in areas such as environment, employee and human rights, ethics, and sustainable procurement led to an important achievement, and we ranked among the top 5% of all companies assessed.

Guided by our commitment to sustainability, we continue to reinforce life responsibly while focusing our efforts on eight of the United Nations Sustainable Development Goals. In this regard, our roadmap toward achieving net-zero emissions by 2050 was approved by the Science Based Targets initiative (SBTi). As part of this roadmap, we commit to reducing our Scope 1 and Scope 2 emissions by 46.2% by 2030.

> **"Aligned with our Group's commitment, Kordsa has played a pioneering role in advanced material technologies for over half a century, striving to shape the future on a global scale."**

Alongside these achievements, we continuously enhance our facilities to showcase the best practices in circular economy. This approach brought our Indonesia facility the ISCC Plus Certification for its use of recycled polyester applications, following our İzmit facility. We take great pride in contributing to the future through responsible resource utilization and sustainable production.

Since its founding, Kordsa's strongest value proposition has been its ability to innovate. Our comprehensive, technology- and innovation-focused perspective has played a critical role in our success story. A major milestone in this journey was the establishment of our first R&D Center in 2008, which placed innovation at the heart of our growth strategy. Today, our R&D centers are the key pillars of our transformation from a tire reinforcement company to a driving force in the advanced materials sector.

Message from the Chair

In line with our innovation-focused approach of "Innovate Everywhere," we expanded our presence with three technical centers across three continents. Following Munich and Indonesia, we recently inaugurated the new Kordsa Advanced Materials Technical Center in the USA. Moreover, we consolidated our global footprint with 'Exenco', our Compounding business unit's new brand. In digitalization, our 'Project Janus' platform, the recipient of prestigious awards, once again proved the strength of our digital innovations.

We remain committed to building the future through our investments. We successfully commenced production on our Single End Cord (SEC) and Polypropylene (PP) production lines. Furthermore, within Microtex Composites S.r.l., after acquiring a majority stake in 2022, we built a new prepreg production line, expanding our composite manufacturing capabilities. This new line equipped with cutting-edge technologies will enable us to quickly deliver higher-quality, more innovative products to our customers.

We continue to enhance our contribution to society through our social responsibility projects. In this regard, we recently opened the Kordsa Technology and Impact Center at the Kocaeli University campus, the fifth of such centers established by Sabancı Group companies throughout Türkiye. Acting as a hub for bringing together young talents and academics with the future of materials technology, the Center will foster an environment where young minds can generate new ideas and develop into next-generation leaders, entrepreneurs, and researchers. Through this approach, we aim to transform brain drain into brain gain.

Moreover, under our "Reinforcing the Future" project, launched in 2016, we signed a cooperation protocol with the Directorate General of Vocational and Technical Education of the Ministry of National Education. This protocol will enable us to expand technical textile education, ensure that vocational high school students are trained within the right professional ecosystem, and facilitate their transition into the workforce more swiftly after graduation.

With over half a century of expertise and an unwavering commitment to innovation, Kordsa is determined to lead today's world and shape the world of tomorrow. We extend our sincere thanks to all our stakeholders, employees, and customers who accompany us on this journey of success.

Respectfully,

Burak Turgut Orhun
Executive Chair

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Board of Directors

BURAK TURGUT ORHUN
Executive Chair

Burak Orhun embarked on his professional journey as a Financial Analyst at Mercedes Benz Turk. His career then took him to the United States, where he held various management roles, such as Finance Manager at Thomson Corporation/Reuters, Director of Portfolio Management and Director of Corporate Development at CapitalOne Financial, and CFO at CadenceQuest, Inc. In 2009, Mr. Orhun joined Oyak Group in Türkiye. As General Manager of OYAK Girişim Danışmanlığı AŞ, he led all M&A and new investment initiatives until 2018. During this period, Mr. Orhun also held executive board member, and chairman positions at group's chemical and energy companies in Turkiye and abroad. In 2018, Mr. Orhun joined Sabancı Group as the Head of Strategy and Business Development. Currently, he serves as Building Materials Group President of Sabancı Holding. He is the Chairman of Afyon Çimento, Akçansa, Çimsa, and Sabancı Building Solutions BV, and is also a board member at Teknosa. His career reflects a blend of management, financial expertise and strategic leadership across diverse industries and geographies. Burak Orhun holds a Bachelor's degree in Economics from Boğaziçi University. He has a Master's degree in Finance from George Washington University and an MBA from University of Pennsylvania – Wharton School of Business.

ALI ÇALIŞKAN
Deputy Chair

He received his B.Sc. degree in Mechanical Engineering from Middle East Technical University in 1983. He started his career in 1984 as a project engineer. Çalışkan joined Kordsa as a technical engineer in 1986 and transferred to Dusa as a project engineer in 1987 with the establishment of Dusa (SA-DUPONT Partnership). Between 1989 and 2005, he worked in management positions in the Polymer Production, Yarn Production, Engineering Maintenance and Support, Project and Production departments of Dusa and Kordsa Türkiye. Between 2005 and 2009, he served as Kordsa Türkiye Operations Director, between 2009 and 2010 as Kordsa Türkiye & Nilekordsa Operations Director, between 2010 and 2013 as Indokordsa and Indokordsa Polyester Operations Director, and between 2013 and 2015 as Vice President of Operations. Çalışkan, who served as the Deputy General Manager responsible for Europe, Middle East and Africa (EMEA) between 2015-2017, served as the CEO between April 2017-2022 and as of April 1st , 2022, he was appointed as the Secretary General of Sabancı University.

YEŞIM ÖZLALE ÖNEN
Member

Mrs. Yeşim Özlale Önen who graduated from İzmir Amerikan Lisesi in 1993, earned a Bachelors' degree at Psychology from Middle East Technical University in 1997 and Clinical Psychology Master's degree in 1999. She started her professional career as a Consultant at Davranış Bilimleri Enstitüsü in 1999 and continued her career as a Senior Consultant at Deloitte between 2003-2005. Mrs. Yeşim Özlale Önen acted as a Project Manager at DDI Türkiye between 2005-2007. Mrs. Yeşim Özlale Önen joined Sabancı Holding in 2007 as Group Human Resources Manager and worked in Sabancı Group until 2011. She's been working in Korn Ferry since 2011 as a Senior Client Partner.

Mrs. Yeşim Özlale Önen Effective as of 15thof March 2023, s appointed as Sabancı Holding Human Capital and Sustainability Group President.

Board of Directors

N. ORHUN KÖSTEM
Member

Orhun Köstem joined Anadolu Group in 1994, where he held several management roles until 2008. He was appointed as the CFO of Efes Breweries International in 2008. A year later, in 2009, he transitioned to the role of Corporate Finance Coordinator within the Anadolu Group. From 2010 to 2018, Mr. Köstem furthered his career at Coca-Cola İçecek, serving as the CFO between 2010 and 2016 and then as the Regional Director for the Middle East and Pakistan. He was the CFO of Anadolu Efes between 2019 and 2021.

Since July 1, 2021, Mr. Köstem has been the Group CFO of Sabancı Holding. In addition to his primary role, he holds significant positions across various organizations: Chairman of Carrefoursa, Vice Chairman of Sabancı İklim Teknolojileri, Board of Trustees of Sabancı University, and Member of the Board of Directors at Akbank, Kordsa, Enerjisa Enerji, and Enerjisa Üretim. He was one of the co-authors of the book "Opening the Window to Capital Markets: From A to Z Initial Public Offerings and Investor Relations.", published in 2009. His expertise has been recognized for many years by various national and international platforms; while listing among "Türkiye's Most Influential 50 CFOs" by BMI Business School and DataExpert in 2016, 2019, 2020, and 2021, he also received accolades as Türkiye's Best CFO in Thomson Reuters Extel's Investor Relations Awards in 2011 and 2013, and was named "Best CFO" in the Consumer Sector in Emerging EMEA by Institutional Investor (II) in 2020. He also achieved rankings as Best CFO in Industrials in 2022 and in SMID-cap Industrials in 2023 in the Emerging EMEA Region by II, and was selected Best CFO among BIST30 companies at the Turkish IR Society (TUYID) Summit in 2022 and 2023. Mr. Köstem, featured in the C-Suite Series – Fortune CFO 2022 list, is a member of the CFA Society Istanbul and the CFO Network of the World Business Council for Sustainable Development (WBCSD), reflecting his commitment to excellence in finance and sustainable development.

In 1991, Orhun Köstem completed his undergraduate studies in Mechanical Engineering at Middle East Technical University (METU) , where he also obtained his MBA. Furthering his education, he acquired a master's degree in Finance and Corporate Law from Bilgi University.

ŞERIFE EBRU DOĞRUOL AYGIL
Independent Member

Ebru Dogruol received a BS degree in Industrial Engineering from Bogazici University in 1992 and completed an MBA degree at Koc University in 2001. She joined Pfizer in 1994 and assumed several global leadership roles with increasing responsibilities following her roles in the Turkish organization, including sales, marketing, strategic planning, business development, and finance. From 2009 onwards, she has taken on regional (Emerging Markets, China, International Developed Markets) and global marketing responsibilities across a diverse set of therapy areas and lifecycle stages by establishing and managing complex virtual organizations, defining go-to-market strategies, transforming business models, leading launches, and business development and growth initiatives. In 2018, she moved to the vaccines group and took global responsibilities for several brands, including the COVID-19 vaccine launch. Since March 2021, she has been the VP of Marketing Vaccines in EM and China.
Before joining Pfizer, Ebru had started her career as a manufacturing engineer in Netas in 1992. She participated in the Advisory Board of the Industrial Engineering Department at Bogazici University. She is a mentor and advocate of education for children and equal opportunities for women. Ebru is a proud mom of two boy.

GÜNGÖR KAYMAK
Independent Member

Güngör Kaymak graduated from Middle East Technical University (METU) Department of Industrial Engineering and started his professional career at Arçelik as an investment and planning project engineer in 1984. He later worked as an investment specialist at Auer and as a planning manager at Cerçelik. Kaymak joined IBM Türkiye in 1989 and held various roles in international procurement, OEM, business solutions, and sales until 1997. He worked for Hewlett Packard Türkiye, assumed manufacturing and public sector sales manager roles in 1997-2001, and then moved to SAP Türkiye as the marketing and sales Director.

Kaymak joined Sabancı Group as the sales and marketing director of I-Bimsa in August 2002 and assumed the BİMSA A.Ş. general manager role in 2004. In addition to his primary assignment, he also undertook the general manager role for Sabancı Telekom in 2005-2009, Sabancı Holding CIO, and Bimsa board membership roles in 2011-2014. Kaymak moved to HP Türkiye's general manager role in 2014 and is currently working as the managing director of Hewlett Packard Enterprise (HPE) Türkiye, Kazakhstan, and Kyrgyzstan Cluster.

He is a member of TÜBİSAD, TÜSİAD, YASED, TBD, and TBV. Kaymak participated in the advisory boards of the Industrial Engineering Department at Bilkent University and the Computer Engineering Department at Yeditepe University for a few years. He is currently mentoring executives in Türkiye and abroad.

Executive Board

BURAK TURGUT ORHUN
Executive Chair

Burak Orhun embarked on his professional journey as a Financial Analyst at Mercedes Benz Turk. His career then took him to the United States, where he held various management roles, such as Finance Manager at Thomson Corporation/Reuters, Director of Portfolio Management and Director of Corporate Development at CapitalOne Financial, and CFO at CadenceQuest, Inc. In 2009, Mr. Orhun joined Oyak Group in Türkiye. As General Manager of OYAK Girişim Danışmanlığı AŞ, he led all M&A and new investment initiatives until 2018. During this period, Mr. Orhun also held executive board member, and chairman positions at group's chemical and energy companies in Turkiye and abroad. In 2018, Mr. Orhun joined Sabancı Group as the Head of Strategy and Business Development. Currently, he serves as Building Materials Group President of Sabancı Holding. He is the Chairman of Afyon Çimento, Akçansa, Çimsa, and Sabancı Building Solutions BV, and is also a board member at Teknosa. His career reflects a blend of management, financial expertise and strategic leadership across diverse industries and geographies. Burak Orhun holds a Bachelor's degree in Economics from Boğaziçi University. He has a Master's degree in Finance from George Washington University and an MBA from University of Pennsylvania – Wharton School of Business.

ÖMÜR MENTEŞ
Global Chief Operating Officer, Tire

Ömür Menteş started his career at Mercedes-Benz Türkiye as a Research and Development Engineer. Between 1998-2008, Ömür worked at Beksa for Wire Products and Steel Cord, and he held Wire Products Sales Engineer, Wire Products Sales Manager, Steel Cord Production Manager, Steel Cord Marketing, and Sales Manager roles, respectively. He coordinated SA15+ as Process Management Committee Leader on behalf of Beksa. He attended the"Leadership and Value Based Management" programs offered by INSEAD and Sabancı University.

Following his role as System Development Manager in 2008, Ömür was assigned to Bekaert Shanghai and took the positions of Global Account Manager and International Customers - Sales Director (Asia North). In 2012, he assumed the Regional Marketing and Sales Director role of SEA in Bekaert Singapore. Since 2015, Ömür also held the responsibility of Global Account Manager (Sumitomo and Yokohama). He also completed INSEAD "Driving Value Through Business Acumen" program in 2018. Between 2018 and 2019, he assumed his consultant role regarding recruitment, assessment, and sales performance in Singapore. Ömür joined Kordsa in June 2019 as the Sales Group Manager of APAC. Between 2022 and 2024, Ömür Menteş, held the role "Chief Operating Officer, Asia Pacific". As of July 1, 2024, Menteş was assigned as Chief Operating Officer, Tire.

DOĞAN SEVIM
Chief Global Sales and Marketing Officer

Doğan Sevim received a BSc in Mechanical Engineering from Istanbul Technical University and an MSc in Computational Mechanics from the Technical University of Munich in 2006 and 2008, respectively. He started his professional career at Kordsa as a Project Leader in the Global R&D Center in 2009. During his assignment, he obtained various patents and published articles. He was appointed Technical and Quality Assurance Group Manager in Kordsa's Thailand Facility in 2013. Throughout his work, he completed customer approval studies successfully. He started as the Technical and Quality Assurance Group Manager of the Asia Pacific region in 2014. In this role, he managed new customer approvals in Kordsa's Indonesian subsidiary, which grew with new investments. He completed the Harvard Business School General Management Program in 2017.
He assumed the Global Account Manager role between 2017 and 2022. As of September 1, 2022, he has been appointed the Chief Global Sales and Marketing Officer.

Executive Board

ŞERMIN MUTLU
Chief Finance Officer

Şermin Mutlu received her BSc degree in Mechanical Engineering from Boğaziçi University in 1998 and an MBA degree from Koç University in 2003. She started her career with the management trainee programme at Borusan Holding in 1998 and she worked at Deloitte Turkiye Management Consulting between 2004-2008. Şermin worked at Kordsa respectively as Senior Financial Analyst, Global Finance Manager, Marketing and Strategy Manager between 2009-2017. Between 2017-2021 she served as Finance Director at Sabancı Holding and appointed as Chief Finance Officer at Temsa Skoda Sabancı at the beginning of 2021.

As of June 1, 2024, Mutlu has been assigned to be Chief Finance Officer at Kordsa.

DENIZ KORKMAZ
Global Chief Operating Officer, Composite

Deniz Korkmaz graduated from Middle East Technical University Department of Chemistry in 1996 and received her MSc. and Ph.D. degrees from the same department in 1998 and 2006, respectively. She started her professional career as a research assistant at Middle East Technical University in 1996. She worked as a postdoctoral research fellow at the City University of New York between 2004 and 2006. She joined Kordsa as the R&D Laboratory Leader in 2008. She worked as the Platform Leader of Research & Labs between 2011 - 2013. She was assigned as the Platform Leader of Composite Technologies between 2013 and 2018. Ms. Korkmaz assumed the position of Composite Technologies Director of EMEA in 2018 and continued this duty until September 2021. Korkmaz has been the Chief Operating Officer responsible for Composites in North America since February 14, 2023. As of July 1, 2024, Korkmaz will serve as Global Chief Operating Officer, Composite.

ERAY KARADUMAN
Chief Human Resources Officer & Regional General Manager, North America

Eray Karaduman received a BSc degree in Economics from Çukurova University in 1999 and an MSc degree from the same university in 2004. He started his professional career in 1999, joined Sabancı Group in 2002, and worked in Bossa and Temsa HR teams between 2002 and 2007. After working at Frito Lay as the Human Resources Manager between 2007 and 2009, he joined Enerjisa as the Human Resources Manager and kept that position until 2012.

He also worked as Group Human Resources and Industrial Relations Director at Coca-Cola Beverages Company. He joined Unilever in 2015 as the Human Resources Director for Supply Chain, responsible for North Africa, the Middle East, Türkiye, Iran, Central Asia, and Russia. He double-hatted the Global Supply Chain HR Lead position for the Sustainable Employment Project. He served as Sales and Marketing Human Resources Director, to which he was appointed in 2019, until August 2020. Karaduman has served as Kordsa Deputy General Manager, Human Resources and Corporate Communications since September 1, 2020. As of July 1, 2024, Karaduman will act as Regional General Manager, North America in addition to his role of Chief Human Resources Officer.

Executive Board

MÜGE YENMEZ
Chief Technology Officer & Composite EMEA General Manager

Müge Arifoğlu Yenmez received undergraduate and graduate degrees from the Department of Chemical Engineering at Middle East Technical University in 2002 and 2004, respectively. In 2015, she completed the executive development program at Sabancı University. Yenmez started her professional career as a Research Assistant at Middle East Technical University in 2002 and later at Istanbul Technical University until 2006.

Joining Kordsa as a Product Development Engineer in 2006, Yenmez worked as a Project Leader in R&D between 2007 and 2011. She worked as the Application Development Manager responsible for the commercialization of new products in the Market Development Department between 2011 and 2012. As the Sales Manager between 2012 and 2013, she undertook different duties in the Marketing Department between 2013 and 2016. Yenmez, who assumed the roles of Tire Reinforcement Platform Leadership in R&D between 2016-2017 and the Market Development Group Manager between 2017-2021, continued as the R&D Director between 2021 and 2022. Yenmez has been appointed the Assistant General Manager, Composites, Europe, Middle East, and Africa on September 1, 2022.As of July 1, 2024, Yenmez has been appointed as Chief Technology Officer and will be double-hatting as Composite EMEA General Manager.

BOUDEWIJN DE LOOSE
Chief Business Development Officer

Boudewijn holds a Master's degree in Materials Engineering from KU Leuven and earned an MBA from Cornell University. His professional trajectory commenced in 1992 at Procter & Gamble, where he served as a "Financial Analyst." Subsequently, he assumed diverse responsibilities across various locations of Bekaert Fibre Technologies. From 1995 to 2000, he functioned as the "Business Development Manager" in Belgium, followed by the role of Regional Manager for SEA + Australia in Singapore from 2000 to 2001. Continuing his career, he took on the position of General Manager at ACOTECH, an intrapreneurial joint venture within Bekaert/Shell, situated in Belgium, from 2001 to 2002. He proceeded to serve as the Marketing and Sales Director for Asia at Bekaert from 2002 to 2006, followed by the role of Global Marketing Director between 2006 and 2009, with locations in Belgium and China. Afterward, in 2015, he assumed the role of Vice President of Marketing at Bekaert, based in Belgium. Accumulating substantial experience throughout his career, he assumed the position of Global Commercial Director for Tire Additives at Eastman Chemical Company from 2015 to 2021. His most recent role was as the Chief Commercial Officer at Flexsys from 2021 to 2023. As of December 1, 2023, he joined KORDSA as Assistant General Manager of Business Development.

MEHMET İLKER ÇALIŞKAN
Chief Digitalization & Integration Officer

Graduated from Marmara University Faculty of Business Administration, Department of Accounting and Finance, İlker Çalışkan started his professional career at Deloitte as an accountant in 1993 and after several positions in İstanbul and London Office was assigned as Senior Audit Manager assuming his role until 2003. He worked at Family Financial Institution as Financial Controller between 2003 and 2005. İlker Çalışkan joined NETAŞ Telecommunication in 2005 as Finance Director. He continued his career as Chief Financial Officer between 2008 and 2019. In addition to this role he assumed Deputy Chairman of the Executive Board role as double hatted in 2019 and represented Netaş as a Board Member in Netaş subsidiaries. He is a Certified Public Accountant. İlker Çalışkan joined KORDSA as of 4th of October 2021 as "Chief Strategy and Business Development Officer". He continued his duty as Deputy General Manager of Strategy, Business Development and Integration until December 1, 2023, He has been appointed as the Deputy General Manager of Digitalization and Integration since December 1, 2023.

Key Financial Highlights

KORDSA 2024 FINANCIAL RESULTS

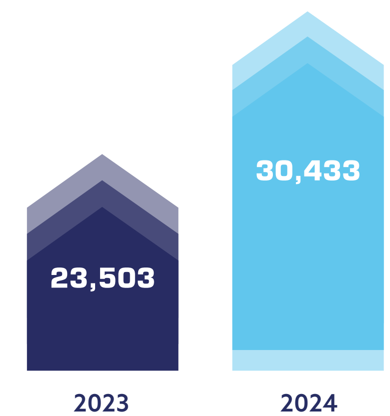
FINANCIAL INDICATORS (TRY MILLION)	2023	2024
Turnover	23,503	30,433
Gross Profit	3,516	3,941
Operating Profit	1,229	403
Earnings per Share	9.49	-56.34
Net Debt	9,939	11,460
Shareholders' Equity	16,061	17,584

SUMMARY RATIOS	2022	2023
Gross Profit Margin	15.0%	12.9%
Operating Profit Margin	5.2%	1.3%
Net Profit Margin	1.7%	-2.8%
Return on Assets	1,1%	-2,0%

About Kordsa 2024 Activities Corporate Governance Financial Statements

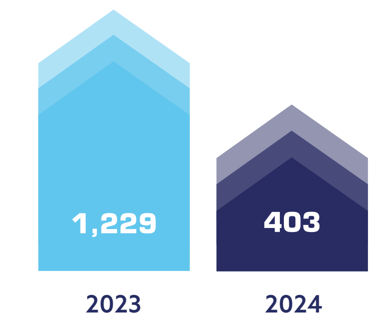
TURNOVER

30,433
TRY MILLION



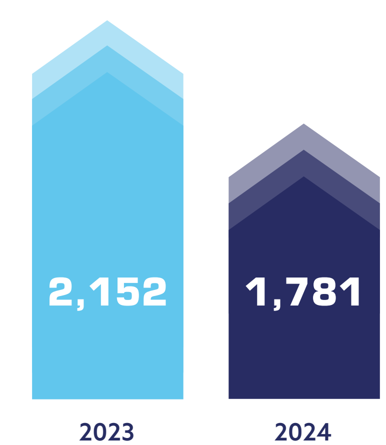
OPERATING PROFIT

403
TRY MILLION



EBITDA

1,781
TRY BILLION



Kordsa's Approach to Sustainability

Kordsa's approach to sustainability is based on the following targets: to grow through R&D and technology investments in four main business lines, to support the continuous development of our talented human resources, to ensure the responsible use of natural resources, and to create sustainable value for all key stakeholders and the society through social development projects. In any region of activity, Kordsa conducts operations in compliance with the applicable laws and regulations and its corporate ethical values with a sense of social and environmental responsibility embraced by all employees.

Aligned with the advanced material technology strategy, Kordsa's business model and operational principles directly contribute to eight of the United Nations Sustainable Development Goals (SDGs).

Thanks to its expertise and innovative approach, Kordsa contributes to transforming the world of today and the future into a more sustainable one. Through improvements in decreasing the rolling resistance of tires, Kordsa reduces fuel consumption and helps the production of lightweight vehicles with its composite technologies. Moreover, Kordsa continues to place R&D and innovation at the core of its sustainable business model by developing construction reinforcement technologies for eco-friendly building projects.

KORDSA SUSTAINABILITY TARGETS

RELATED SDG	DESCRIPTION OF TARGET	PERFORMANCE INDICATOR	TARGET & DATE
13 Climate Action	Reduce GHG emissions (base year for reduction targets: 2019)	Reduce Scope 1 & 2 emissions (CO_2e)	46.2% / 100% (2030 / 2050)
		Reduce Scope 3 Category 3 & Category 10 emissions (CO_2e)	22.5% (2030)
		SBTi-compliant targets to be set by suppliers covering 64% of Scope 3 Category 1 emissions	100% (2027)
RELATED SDG	**DESCRIPTION OF TARGET**	**PERFORMANCE INDICATOR**	**2030 TARGET**
6 Clean Water and Sanitation	Reduce water withdrawal (Base year: 2019)	Water withdrawal per unit production tonnage (m^3/ton)	30%
RELATED SDG	**DESCRIPTION OF TARGET**	**PERFORMANCE INDICATOR**	**2030 TARGET**
12 Responsible Consumption and Production, 17 Partnerships for the Goals	Sustainable Supply Chain Program	Evaluation rate of suppliers under sustainability evaluation (%)	100%
RELATED SDG	**DESCRIPTION OF TARGET**	**PERFORMANCE INDICATOR**	**2025 TARGET**
8 Decent Work and Economic Growth	Decrease accident ratio in operations	Number of fatal injuries High-consequence injuries Recorded injuries	Zero accident
	Reduce complaints on human rights violations	Number of complaints on human rights violations	Zero complaint
	Continue employment development trainings	Competencies of Sabancı of New Generation	Continuous development
	Increase employee satisfaction	Ratio of employee satisfaction (%)	65% and above
RELATED SDG	**DESCRIPTION OF TARGET**	**PERFORMANCE INDICATOR**	**2025 TARGET**
5 Gender Equality	Increase women employment (office staff)	Ratio of women employees (%)	45%
RELATED SDG	**DESCRIPTION OF TARGET**	**PERFORMANCE INDICATOR**	**2025 TARGET**
4 Quality Education	Kordsa Kocaeli University Technology and Impact Center Studies	Participation rate	Participation of 1,000 students in the program
	Izmit Sabancı Vocational and Technical Anatolian High School technical textile education	Competencies of Sabancı of New Generation	Continuous development

SUSTAINABILITY ROADMAP AND GOALS

Kordsa continuously updates its sustainability strategy in line with the expectations of its stakeholders, global trends, and international standards. Guided by insights from its stakeholders, the Company reviewed its sustainability priorities and defined sustainability goals for 2030 and 2050.

Kordsa's goals directly serve to the sub-goals of eight of the United Nations Sustainable Development Goals (SDG 4: Quality Education, SDG 5: Gender Equality, SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action, and SDG 17: Partnerships for the Goals).Kordsa shares its performance regarding its short-term and long-term goals and the roadmap studies with its stakeholders through the Sustainability Report published in the second quarter of each year.

The Company's goals determined in line with its sustainability strategy and the performance regarding these goals are available in the 'Kordsa 2023 Sustainability Report'.

Kordsa's sustainability goals are associated with the individual goals of the entire management team, starting from the Executive Chairman, which are also defined in the Kordsa Performance-Based Variable Bonus System.

SUSTAINABILITY MANAGEMENT STRUCTURE

The Board of Directors, the highest governing body, embraces Kordsa's performance on sustainability priorities. The Board of Directors and the committees reporting to the Board of Directors determines the corporate governance strategy based on the environmental, social and economic impacts and the risks and opportunities related to the Company's activities.

Kordsa reviews material sustainability issues every two years and defines and renew, if necessary, the relevant goals at the meeting of the 'Kordsa Executive Board' consisting of the General Manager and Deputy General Managers.

> "Guided by insights from its stakeholders, the Company reviewed its sustainability priorities and defined sustainability goals for 2030 and 2050."

Reporting to the Board of Directors, the Chairman of the Executive Board, together with the Kordsa Executive Board, determines the Company's material environmental, social, governance (ESG) issues as well as risks and opportunities, and develops the relevant ESG policies. These policies are published on Kordsa's corporate website following the approval of the Board of Directors. Kordsa's Sustainability Policy is available here.

Located at the headquarters, Kordsa's Sustainability Department reports to the Sustainability and Communications Directorate, which operates under the Global Sales and Marketing Deputy General Manager. The Sustainability Department operates in cooperation with the Sustainability Working Groups and Regional Sustainability Teams in overseas facilities to implement Kordsa's sustainability strategy. The Department also ensures coordination between departments and senior management for the implementation of roadmaps regarding company targets determined based on material sustainability issues.

The Regional Sustainability Teams monitor the performance indicators created to achieve the sustainability targets set in line with the Company's strategic plans, and ensure that the

Kordsa's Approach to Sustainability

BOARD OF DIRECTORS
(Audit, Corporate Governance and Early Detection of Risk Committees)

CEO
Deputy Executive Officers and Directors (Executive Committee)

GLOBAL SALES AND MARKETING ASSISTANT GENERAL MANAGER

SUSTAINABILITY AND MARKETING COMMUNICATIONS DIRECTORATE (HEADQUARTERS)

Sustainability Department (Headquarters) .... **Regional Sustainability Teams**

SUSTAINABILITY WORK GROUPS

- Sustainable Employment
- Sustainable Production
- Sustainable Products
- Sustainable Supply Chain

projects planned to achieve these targets are implemented by following up with the relevant regional departments. In cooperation with the working groups, the Sustainability and Communications Directorate prepares quarterly sustainability performance monitoring reports, including the monitoring and evaluation of goals. Monitoring and evaluation works regarding Kordsa's sustainability goals and roadmap are performed by the Kordsa Executive Board on a quarterly basis.

The Sustainability Working Groups established at Kordsa fulfill the duties of preparing roadmaps for achieving sustainability goals, and monitoring and following the related activity plans. In this context, the working groups of Sustainable Employment, Sustainable Production, Sustainable Products, Sustainable Supply Chain and Community Development quarterly reviewed the performance indicators in 2024 in line with the working group principles, and continued to implement projects and programs related to the goals.

SUSTAINABILITY REPORTING

The sustainability reports prepared since 2015 on the basis of GRI (Global Reporting Initiative) Standards are an important communication tool that discloses Kordsa's transparent and accountable management approach and that is shared with the public on the corporate website.

Kordsa's reports verified with data verification studies carried out by independent assurance institutions explain all kinds of developments related to the material issues in an objective and balanced manner. The annual reports cover all operations in all centers where Kordsa operates without any limitations.

The results for 2023 are available on the corporate website and in the Sustainability Report. The report can be accessed here. The explanations regarding the six capitals in line with the International Integrated Reporting Council (IIRC) reporting framework are included under the heading 'Kordsa at a Glance' in the annual report.

COMMUNICATION WITH STAKEHOLDERS

While achieving sustainable development and growth, Kordsa aims to ensure the sustainability of the social and economic values created by taking into account all stakeholders. To this end, the Company conducts stakeholder communication in a continuous and transparent manner, and explains how often the Company communicates with which stakeholder groups, for which purposes and issues as well as the progress in sustainability activities.

Kordsa carries out its activities related to sustainability by taking into account the needs and priorities of all stakeholders (society, suppliers, public institutions and organizations, non-governmental organizations, national and international organizations, universities, trade unions), primarily its key stakeholders (employees, customers, shareholders and investors).The Company shares the actions taken in line with the stakeholder feedback in its annual sustainability reports.

PARTICIPATION IN INTERNATIONAL INITIATIVES AND COMPLIANCE

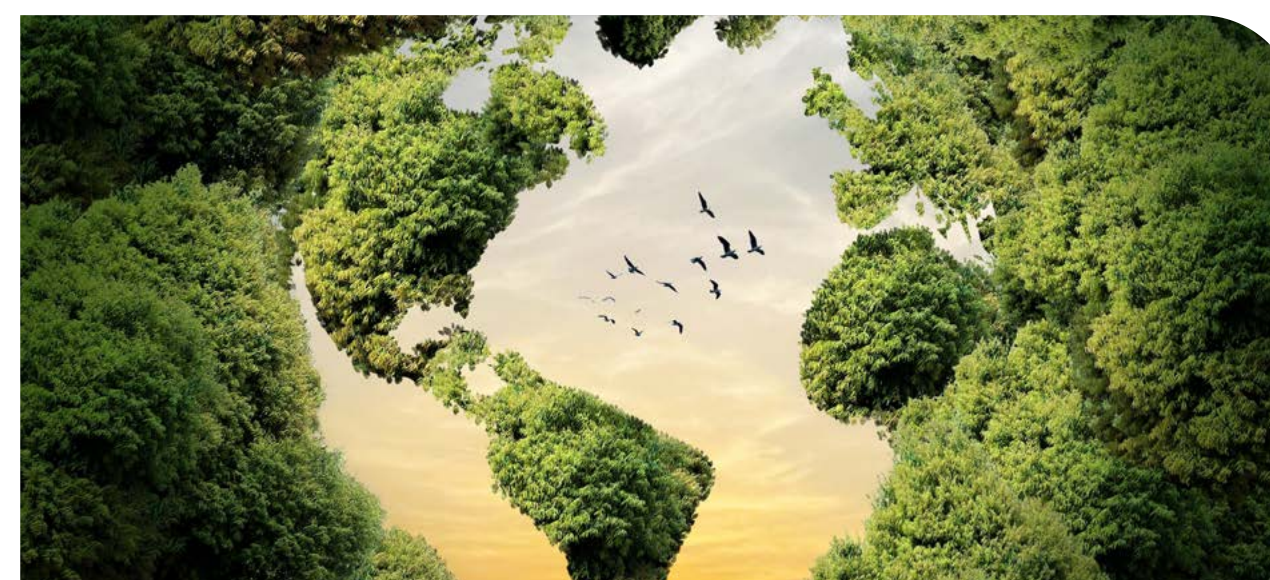
Kordsa strives to play an active role in solving global problems by participating in international standards and initiatives working on sustainability. Kordsa is proud to be a signatory to the UN Global Compact (UNGC) since 2014 and to be listed in the BIST Sustainability Index, covering the leading companies in sustainability every year, since 2016.

At the same year, Kordsa started to participate in the "Climate Change" and "Water Program" evaluations under the Carbon Disclosure Project (CDP), the world's leading environmental reporting platform. Thanks to its commitment to environmental transparency and sustainability, Kordsa received an 'A' rating in 'Climate Change' and 'Water Program' in its 2024 assessment.

> **"Kordsa continues to be featured on the EcoVadis evaluation platform, one of the leading sustainability rating agencies. In its 2024 assessment, Kordsa's outstanding sustainability performance was once again awarded the Gold Medal."**

Moreover, the Company's performance in combating climate change and water management was recognized with a place on the A List of the CDP, which includes the best companies on a global scale.

Operating in 160 countries and across over 200 industries, Kordsa continues to be featured on the EcoVadis evaluation platform, one of the leading sustainability rating agencies. In its 2024 assessment, Kordsa's outstanding sustainability performance was once again awarded the Gold Medal.



Kordsa's Approach to Sustainability

OUR ACHIEVEMENTS

2024 CDP CLIMATE CHANGE PROGRAM A	2023 CDP SUPPLIER ENGAGEMENT PROGRAM A (LEADERBOARD)	2024 CDP WATER SECURITY PROGRAM A
A	A	A

WITH AN A RATING KORDSA AMONG THE LEADERS OF THE 2023 CDP SUPPLIER ENGAGEMENT PROGRAM

Kordsa received an A rating in the 2023 CDP Supplier Engagement Program, once again becoming one of the leaders. The Company continues to cooperate with its suppliers to expand environmental actions in the supply chain and move forward with the entire value chain.

2050 NET ZERO EMISSION TARGETS APPROVED

Within Kordsa's sustainability management structure, all units, especially the Board of Directors, have duties and responsibilities in determining strategies and taking necessary actions to combat climate change. To help limit global warming to 1.5°C, we aim to reach net zero emissions by 2050.The company's near- and long-term targets have been approved by the Science Based Targets Initiative. In 2024, together with the regional teams, Kordsa regularly followed up the action plans under its decarbonization roadmap, which covers all facilities. Kordsa monitors the risks related to climate change under the risk analysis studies carried out by the Early Detection of Risk Committee, reporting to the Board of Directors. The Company systematically addresses the climate change-related risks and opportunities that may originate from issues such as possible legislative changes during the transition to a low-carbon economy, extreme weather events due to climate change, and possible changes in customer preferences. Detailed analysis of risks and opportunities regarding climate change is shared in the CDP reports.

Kordsa's 2024 CDP Report is available on the corporate website.

KORDSA RECEIVING AN A RATING UNDER THE THEMES OF CLIMATE CHANGE AND WATER

Within Kordsa's sustainability management structure, all units, especially the Board of Directors, have duties and responsibilities in determining strategies and taking necessary actions to combat climate change and carry water safety management.

To help limit global warming to 1.5°C, we aim to reach net zero emissions by 2050.The company's near- and long-term targets have been approved by the Science Based Targets Initiative. In 2024, together with the regional teams, Kordsa regularly followed up the action plans under its decarbonization roadmap in line with its goals, which cover all facilities.

The use of water, the quality of water, accessibility to water and protection of water resources play an important role in terms of business continuity and costs in all production processes of Kordsa. In this regard, Kordsa set a target to reduce water withdrawal per production tonnage by 30% in 2030, compared to a base year of 2019, in line with the "Clean Water and Sanitation" target, one of the United Nations 2030 Sustainable Development Goals.

Kordsa monitors the risks related to climate change and water management under the risk analysis studies carried out by the Early Detection of Risk Committee, reporting to the Board of Directors. The Company systematically addresses the climate change-related risks and opportunities that may originate from issues such as possible legislative changes during the transition to a low-carbon economy, extreme weather events due to climate change, and possible changes in customer preferences. Kordsa uses various tools in these assessments such as the WRI (World Resource Institute) Aqueduct water risk map application, the COSO Enterprise Risk Management Framework and the ISO 31000 Risk Management Standard. Detailed analysis of risks and opportunities regarding climate change and water safety is shared in the CDP reports.

Kordsa's 2024 CDP Report is available on the corporate website.

Kordsa's Water Policy is available on the corporate website.

> **Kordsa aims to achieve net-zero emissions by 2050 at the latest to support limiting global warming to 1.5°C.**

Digital Transformation and Artificial Intelligence

> In today's rapidly evolving business world, Kordsa is committed to creating value for all stakeholders through its digital products and services as part of its sustainable digital transformation strategy.

For years, digital transformation has been a core pillar of Kordsa's company culture. By integrating this concept into its 'Digitally Integrated Kordsa' vision, the Company has successfully implemented new digital strategies. To this end, Kordsa forges effective international collaborations to perfect its global operations and create value for its customers. The Company also enters into close partnerships with leading universities, R&D laboratories, digital transformation and AI centers worldwide.

With these integrations, Kordsa aims to work with global business partners, leverage data from diverse regions, and develop internationally effective business strategies. Strategic collaborations pave the way for the development of innovative solutions on a global scale, reinforcing Kordsa's leadership in the industry. As part of its digital transformation journey, Kordsa's digital maturity and cybersecurity maturity levels are assessed every two years by independent international organizations, which helps the Company shape its digital transformation roadmap.

In today's rapidly evolving business world, Kordsa is committed to creating value for all stakeholders through its digital products and services as part of its sustainable digital transformation strategy. Following the 2024 digital maturity assessment, Kordsa shared its new strategy with all stakeholders. The Company monitors all digital initiatives under the following four headings in line with the roadmap:

Data-Driven Business Management

In 2024, Kordsa took significant steps to further advance its data-driven business management approach, getting closer towards its targets of operational excellence and sustainable growth. To this end, Kordsa launched "Project Janus", a major step toward becoming a Digitally Integrated Company and adopting a data-driven business culture, with the aim of redesigning and standardizing the Enterprise Resource Planning (ERP) systems across Türkiye, Indonesia, Thailand, and Brazil with the latest technology.

The project ensured that new products were transferred to production lines in a much more flexible manner, and facilities started production very quickly without a long infrastructure preparation .Moreover, innovative technologies that support the effective operation of Kordsa stand out with their world-class results in safety, quality and operational efficiency.

Kordsa continues to reinforce a culture that prioritizes data-driven thinking and high quality. To this end, the Company successfully optimized business processes using data analytics and AI technologies in 2024 while focusing on maximum benefit and taking concrete steps that create value for customers. The data-driven business management approach supports operational processes as well as sustainability goals. Throughout the year, Kordsa optimized energy consumption by using data analytics to minimize environmental impacts, and took important steps to reduce the carbon footprint by preparing reports.

Digital Transformation and Artificial Intelligence

Kordsa remains dedicated to achieving operational excellence and sustainable growth in the future with its data-driven business management approach.

Cyber Resilience

In 2024, Kordsa took significant steps in the field of cyber resilience, developing comprehensive strategies to safeguard its digital assets and operations. These strategies protected the Company against current cyber threats and helped implement proactive measures to mitigate future cyber risks.

Kordsa's cybersecurity approach is built on three key principles: continuous monitoring, rapid response and continuous improvement. In this regard, the Company organized various cybersecurity awareness training programs in 2024, improving employees' knowledge of cyber security. Moreover, Kordsa deployed advanced threat detection and response systems to identify and neutralized potential threats in real time.

As part of the cyber resilience strategy, Kordsa's digital infrastructure was regularly updated and security vulnerabilities were promptly patched. Moreover, Kordsa leveraged the latest technologies and best practices to ensure maximum protection of its digital assets. Additionally, business continuity and disaster recovery plans were reviewed and updated, guaranteeing seamless operations in the event of a cyberattack.

Kordsa entered into collaborations with various industry partners and technology leaders throughout 2024 to reinforce its leadership in cyber resilience. These collaborations enabled the Company to closely monitor the latest cybersecurity trends and threats and to

update its strategies accordingly. With the continuous monitoring and rapid response approach addressed in its cybersecurity strategy, the Company developed AI-integrated projects and designed relevant processes to automate manual operations.

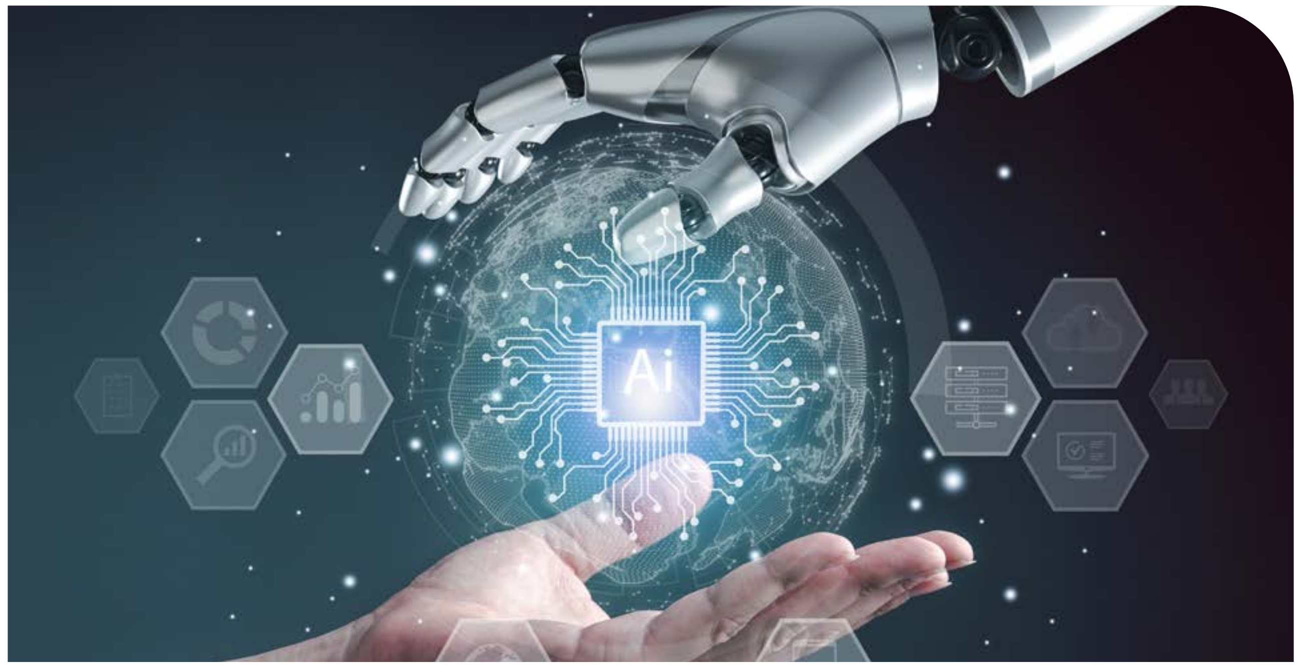
After successful execution of the 'ISO/IEC 27001:2022 Information Security Management System' processes for many years, Kordsa was successfully audited for 'ISO/IEC 27001:2022' in 2024.With its strong commitment to cyber resilience and proactive approach, Kordsa continues to safeguard its digital assets and operations, providing confidence and security to its customers and stakeholders.

> **Generative AI technologies strengthened Kordsa's capabilities in data analytics and business intelligence as well.**

Generative AI & Kordsa GPT

Kordsa took significant steps in artificial intelligence and machine learning to enhance its business processes and customer experience through innovative solutions. As part of this initiative, Kordsa GPT and other generative AI technologies became central to the Company's digital transformation strategy.

Kordsa GPT leverages natural language processing (NLP), enabling computers to interpret, process, and



Digital Transformation and Artificial Intelligence

understand human language, and AI technologies to offer a wide range of solutions from customer service to internal communication. This technology ensures that customer inquiries are addressed quickly and accurately, leading to higher customer satisfaction. Moreover, Kordsa GPT provides fast access to information and accelerates decision-making processes, improving efficiency in internal processes.

Generative AI technologies strengthened Kordsa's capabilities in data analytics and business intelligence as well. Moreover, large datasets were analyzed, gaining valuable insights to optimize business processes and drive strategic decisions. Especially, quality control and predictive modeling were implemented in production processes to enhance operational efficiency and reduce costs.

To effectively manage its internal AI-related processes, Kordsa initiated the 'ISO/IEC 42001 Artificial Intelligence Management Systems' certification process, aiming to achieve certification in 2025.

The Company entered into collaborations with various industry partners and technology leaders throughout 2024 to reinforce its leadership in AI and machine learning. Kordsa plans to expand these collaborations in 2025.Through these collaborations, employees stayed up to date on the latest AI trends and technologies, ensuring that these insights strengthen corporate strategy.

Kordsa established a generative AI committee composed entirely of young employees, dedicated to tracking and reporting all AI-related projects within a portfolio. Operating with an agile methodology, this committee meets monthly with relevant management teams to share AI progress and developments. By leveraging AI and generative AI technologies, Kordsa continues to take significant steps in its digital transformation journey, remaining committed to achieving operational excellence and sustainable growth in the future.

HUMAN 6.0

Kordsa considers human resources one of the most important factors of its digital strategy. With comprehensive strategies, the Company takes its human-focused approach to the next level and increases the competencies of its employees. These strategies increase the competencies of the current workforce and pave the way for the workforce of the future.

The Human 6.0 initiative is designed to improve the competencies of employees, ensure work-life balance and enhance their well-being. To this end, Kordsa offers various training programs and development opportunities throughout the year to advance employees' careers.

Kordsa's collaborations with the digital ecosystem lay the foundation for important steps in the digital transformation journey. With the biennial digital maturity and cyber maturity assessment processes, collaborations with universities and with artificial intelligence initiatives, Kordsa brings together academic knowledge and industrial experience to develop innovative solutions. Under the title of Digital Studio, the Company established structures such as the Digital Steering Committee, Agile Digital Studio and Artificial Intelligence Committee to manage digital transformation processes more effectively. These structures facilitated the development and implementation of Kordsa's digital strategies.

"The Human 6.0 initiative is designed to improve the competencies of employees, ensure work-life balance and enhance their well-being."

With the global digital capabilities initiative, Kordsa increased the digital competencies of its global workforce. Under the principle of creating a future-ready organization and cybernetic management processes, the Company improved employees' digital skills and their awareness in the field of cybersecurity. Thus, Kordsa continues to reinforce its human-oriented approach and boost the competencies and well-being of its employees.

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Research & Development

> As Kordsa, we focus on developing products that support our customers' sustainability goals under the motto of 'Reinforcing Life'.

Smart Mobility

Radio Frequency Identification (RFID) technology is a system that enables tires to be tracked throughout their entire life cycle from production to consumption through contact-free data communication. Thus, all stakeholders operating in the automotive sector can access data to optimize the performance of tires. In cooperation with SES RFID Solutions GmbH, Kordsa developed a permanent tracking system of durable RFID tags integrated into the inner layers of tires.

Kordsa's patented hybrid cord RFID antenna features a flexible structure that can be integrated into the inner structure of tires. As a result, each tire gains a unique digital identity starting from the production stage. Kordsa's patented antenna design enables RFID tags patented by SES RFID Solutions GmbH to be easily applied through the integration into the tire's production line, thus eliminating the need for any additional processes.

Innovative and Sustainable Cord Fabric Solutions for Electric Vehicles and Performance Tires

As the automotive industry shifts towards electric vehicles (EVs) and performance tires, next-generation tires emphasize features such as higher strength, lower rolling resistance, lightness, high wear resistance, low noise levels, and sustainability. To meet these demands, Kordsa offers innovative solutions under the REV brand. The products available under the REV logo are positioned under three main pillars: low rolling resistance, sustainability, and high durability.

Ultra High Tenacity Polyester (UHT 7G PET) enables the use of thinner cord fabric and less compound, reducing tire weight while increasing energy efficiency with low rolling resistance .High strength and durability makes aramid/Nylon (NY) hybrid cords an ideal solution for both electric vehicles and performance tires. Finally, recycled PET and NY products reduce environmental impacts and contribute significantly to sustainability.

Sustainable Polyamide Tire Reinforcement Materials

Kordsa focuses on developing products that support our customers' sustainability goals under the motto of 'Reinforcing Life'. On the path to achieve its sustainability goals, the Company strives to develop products offering performance levels very close to fossil-based products. Kordsa's tire reinforcement business unit creates innovative solutions in line with this approach.

In 2024, yarn and cord fabrics manufactured using 40% mechanically recycled Nylon 66 exhibited performance comparable to that of fossil-based products. Moreover, Kordsa conducted intensive studies on bio-based raw materials. Kordsa maintains its commitment to the 2050 carbon zero target.

Sustainable Polyester Tire Reinforcement Materials

In line with the target of 40% sustainable material use by 2030 and 100% by 2050, the automotive sector places great importance to the production of PET tire cord fabrics from recycled or bio-based materials. To this end, Kordsa continues to implement projects on the production of PET cord fabric using recycled raw materials. These studies are expected to result in a solution that will take the performance of tire products to the highest level after the approval of the raw yarns produced with various recycling technologies. Kordsa optimizes the performance of cord fabrics and yarns in tires through R&D activities and offers its customers the superior products from sustainable raw material sources.

Regarding PET production, the company conducted pilot trials and industrial-scale production with yarns containing polymer that was 100% chemically recycled. In 2024, following its adoption in the Indonesian factory, other facilities also began manufacturing 100% chemically recycled polyester yarn.

Moreover, the factory in Brazil successfully completed the production of 100% mechanically recycled yarn. As one of the 16 partners of the WhiteCycle project supported by the European Commission, Kordsa continues to work on polymerization and cord fabric production using advanced biotechnological methods for recycling polyester from tire and textile waste. Kordsa's R&D Center continues its product development efforts focused on reducing rolling resistance and fuel consumption through studies on mechanical recycling and bio-based materials.

Research & Development

Airbag

Kordsa's extensive expertise and experience in yarn production ensured its rapid integration into the airbag industry. The existing certifications and high standards provide a significant advantage in the approval processes in this challenging field. Thanks to a collaboration with one of the industry's leading companies, Kordsa sped up the implementation of projects.

Under the leadership of Kordsa's R&D Center, the Company made significant progress in machinery, equipment and technological developments. With innovative solutions and technical expertise, Kordsa takes confident steps in the commercialization of high-standard solutions in the airbag yarn segment.

Sustainable Solutions in Composite Materials

Kordsa continues to successfully manage the certification and approval processes for its composite materials developed for the aviation industry. After the approvals, the Company introduces lighter, stronger and more durable solutions to the aviation industry for sandwich panels used in cabin interior applications, non-flammable prepreg materials with low smoke toxicity (compliant with the FAR 25.853 standard), Nomex® honeycomb (Honeycomb Core) materials and other structural parts.

Kordsa's current advanced composite materials containing reinforcements such as traditional fossil-derived resins and carbon/glass fibers, reduce weight, increase fuel efficiency and make significant contributions to decreasing carbon emissions. Moreover, in line with its sustainability goals, Kordsa aims to minimize environmental impact through the development of composites reinforced with natural fibers and a bio-based resin matrix.

Kordsa's innovative solutions represent an approach that prioritizes both performance and environmental responsibility in many sectors, including aviation.

Kordsa contributes to the reduction of fuel consumption in the aviation and automotive industries with its composite technology, recognized as the advanced technology material of the future being lighter, more durable and stronger. In 2024, to further enhance its expertise in composite technologies, covering both natural fiber thermoset and thermoplastic product ranges, Kordsa invested in BPREG, a sustainable advanced materials company founded in Türkiye in 2017, which develops natural fiber-reinforced industrial biocomposites and offers eco-friendly alternatives to synthetic composites.

Through this investment, Kordsa hosts BPREG's mass production processes and facilitates the introduction of BPREG's product portfolio to Kordsa's customers across different regions worldwide. BPREG's biocomposite solutions reduce the carbon footprint of product and component manufacturing in industries such as automotive, mobility, aerospace, sports equipment, and consumer goods while providing high performance and lightweight advantages, thus accelerating the transition to sustainable materials.

Sustainable Construction Reinforcement Products

Kordsa's Construction Reinforcement unit always prioritizes innovation in advanced materials for the construction sector under the Kratos brand. Synthetic fiber reinforcements by Kratos ensure the longevity and durability of concrete structures, contributing to sustainability.

In 2024, the Company established a new production line incorporating modern process technologies to enhance fiber performance and quality while increasing production capacity. Moreover, the testing laboratory was upgraded to speed up new product development processes and offer project-based testing services to customers.

To address the challenge of fiber surfacing in the tunnel segment, Kordsa is on the verge of developing a high-density, alkali-resistant fiber prototype. The Company also conducts research on the use of micro and macro fibers in the production of precast elements and wall panels as well as the use of sustainable materials, including natural fibers.

Kordsa developed a high-strength, solvent-free primer compatible with carbon fabrics to enhance adhesion, ductility, and durability in earthquake reinforcement projects. Additionally, the Company aims to develop complementary products, including epoxy- and polyurethane (PU)-based solutions for industrial flooring to improve concrete performance and maximize customer satisfaction.

The R&D teams continue their work on reducing carbon emissions in fiber-reinforced materials through the use of recycled raw materials as well as developing a cement-free, natural lime-based repair mortar for historical structures. By cutting-edge technology and strategic collaborations, Kratos continues to be the star of innovation in the construction industry.

Sustainable Engineering Plastics Formulations

Established in 2023, Kordsa's Compounding business unit enjoyed a production investment in 2024 to support environmental sustainability with the production of engineering plastics from recycled materials while incorporating bio-based engineering plastics into its product portfolio. Under the motto of "Bringing Excellence to Every Aspect of Life," Exenco aims to boost product durability and performance with advanced technologies and R&D expertise with a strong focus on sustainability.

Research & Development

These specialized formulations include PA66, PA6, PP, PBT, and bio-based alternatives, providing lightweight, durable, and eco-friendly solutions to local and global customers for various industries such as automotive, electrical and electronics, white goods, and industrial applications.

With more than 50 years of expertise in polymers, Kordsa develops lightweight, high-performance compounds that reduce carbon emissions, devoting itself to environmental responsibility and industry efficiency.

Innovative Solutions for Polyolefin Waste Recycling

Developed in collaboration with Sabancı University, the "Solvent-Based Polyolefin Recycling Pilot Line" enables the recovery of pure, high-quality polyolefins from various polyolefin-containing waste materials that are difficult to process through traditional mechanical recycling.

Using eco-friendly solvents, this innovative process facilitates the recycling of composite, laminated, and additive-containing waste, which is challenging to recover using conventional methods, thus contributing significantly to waste management and the circular economy.

Through comprehensive R&D efforts, Kordsa explores the application potential of the recycled materials in various industries. This technology supports sustainable material production and also enhances resource efficiency and industrial sustainability while contributing to the circular economy.

THE "INNOVATION EVERYWHERE" APPROACH

BEING CLOSE TO CUSTOMER

Since its founding, being close to the customer has been one of Kordsa's core principles. One of the key reasons for laying the foundations of Kordsa's factory in İzmit in 1973 was the presence of major tire brands in the region at the time. This customer-centric approach has driven Kordsa in its 50-year journey, expanding its presence to the USA, Brazil, Indonesia, Thailand, Italy, and Germany.

However, being close to the customer is not just about having production facilities in different regions; it is about expanding innovation globally and creating value for the customer through technology and innovation.

Kordsa defines this approach as "Innovation Everywhere". The Company took the first step of this initiative in 2023 with the opening of the Asia-Pacific Technical Center in Indonesia. In the same year, the Company commissioned the Sabancı Technology Center as another strategic step to bring Kordsa's innovation power to Europe. Moreover, Kordsa leveraged its experience in industry-academia collaboration by partnering with the Technical University of Munich (TUM) to expand its innovation ecosystem to Europe.TUM has collaborated with numerous leading brands in the fields of civil and mechanical engineering. The University has extensive expertise in commercializing academic ideas and integrating them into everyday applications.

Being Close to Industry

Europe, particularly Germany, alongside the USA, is one of the fastest-growing regions in composite technologies. Many of Kordsa's long-standing automotive customers and partners in tire reinforcement and composite technologies are located in and around Munich. Moreover, Europe is also one of the world's leading regions in space and aerospace technologies.

Being Close to Technology

Since its founding, Kordsa's most significant value proposition has been its innovation capability, making the Company stand out among competitors. Kordsa's projects and activities in R&D and technology have been the driving force behind its transformation into an advanced materials company.

• The 'Innovation Bridge' between Türkiye and Europe

In 2023, Sabancı Holding established the Sabancı Technology Center in Germany, hosting Kordsa and Çimsa, two of the Group companies. Located in Munich, one of Europe's most powerful innovation hubs, the Sabancı Technology Center fosters the development and commercialization of bright ideas through joint R&D projects with TUM.

In 2024, Kordsa hosted a major networking event at its center in Germany. This event brought together members of Composites United Network, one of the world's largest fiber-based multi-material lightweight design networks, which focuses on developing future-oriented lightweight solutions. During the event, sessions on future-oriented innovative solutions for sustainable advanced material technologies were held with the participation of the representatives of industry-leading composite manufacturers.

• Expanding Kordsa's Innovation Power from Asia-Pacific and Europe to the USA

In 2024, in line with its 'Innovation Everywhere' approach, Kordsa continued to extend its innovation capabilities worldwide. After establishing technical centers in Indonesia and Germany to expand its innovation capabilities across the Asia-Pacific and Europe in 2023, Kordsa took another strategic step in 2024 by opening the Kordsa Advanced Materials Inc. Technical Center in California, USA with the aim of designing the materials of the future for the aerospace, space, and mobility sectors.

The Kordsa Advanced Materials Technical Center focuses on high-temperature-resistant materials for various applications such as jet engines, hypersonic flight systems and hydrogen fuel cells. Moreover, the Center leverages new technologies to develop sustainable, bio-based, and recyclable materials for commercial aviation, interior and structural applications, and mobility.

Research & Development

Beyond aerospace, space, and mobility, the Center also serves various industries such as energy, medical, marine, and construction. Through collaborations with local universities and research centers, the Center also functions as an open innovation hub. Additionally, the Technical Center serves as an innovation center for Axiom Materials as well as Kordsa's other U.S.-based companies, FDI and TPI.

HORIZON PROJECTS SUPPORTED BY THE EUROPEAN COMMISSION

• WhiteCycle

Launched under the Horizon Europe program of the European Commission with 16 partners from 5 countries, the WhiteCycle project aims to use biotechnological methods to recycle complex plastic waste to reduce CO2 emissions by approximately 2 million tons. 2024 marked a significant milestone for the project. The project stands out with its successful progress in using biotechnological methods to manufacture recycled PET (rPET) from various textile waste. This year, the successful production of rPET-based yarns with mechanical properties comparable to virgin PET represented a crucial step toward industrial-scale applications. In the next phase, Kordsa will continue working on the production of tire cord fabric from rPET.

• EcoPlast

Kordsa has joined the EcoPlast project, officially titled Empowering Circular Operations in the Automotive Plastics Value Chain, granted €3.6 million in funding by the European Commission in 2024.Under the project, Kordsa will focus on innovative recycling technologies and value-added product development. The 14-partner project seeks to enhance circularity in automotive plastics, increase recycling rates, and foster sustainable product development, creating innovative solutions for the industry.

TÜBİTAK-SUPPORTED PROJECTS

• Technology-Oriented Industrial Move

In 2024, Kordsa completed the "Production of Bio-Based Polyamide Compounds and Compounds of the Blends of Bio-Based Polyamides and Polyamide 66 for Automotive, Electrical & Electronics, and White Goods Applications in Line with Türkiye's and Europe's Sustainability Goals". The Company has taken significant steps toward commercialization.

• 1515 Frontier R&D Laboratory

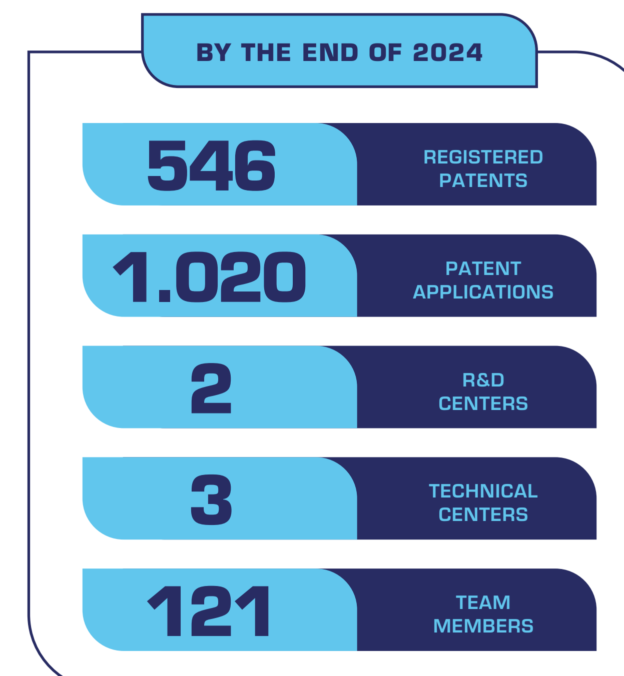
Opened in 2023, Kordsa's "Sustainable Advanced Materials Laboratory" is supported under the TÜBİTAK 1515 Frontier R&D Laboratory Support Program. The laboratory conducts researches on polymer recycling technologies, biopolymers, sustainable composites, eco-friendly construction materials and smart mobility solutions. In 2024, the laboratory continued to generate important publications, patents, European Commission-funded projects, and collaborations with universities and startups.

• NANOSIS 1004 – Center of Excellence

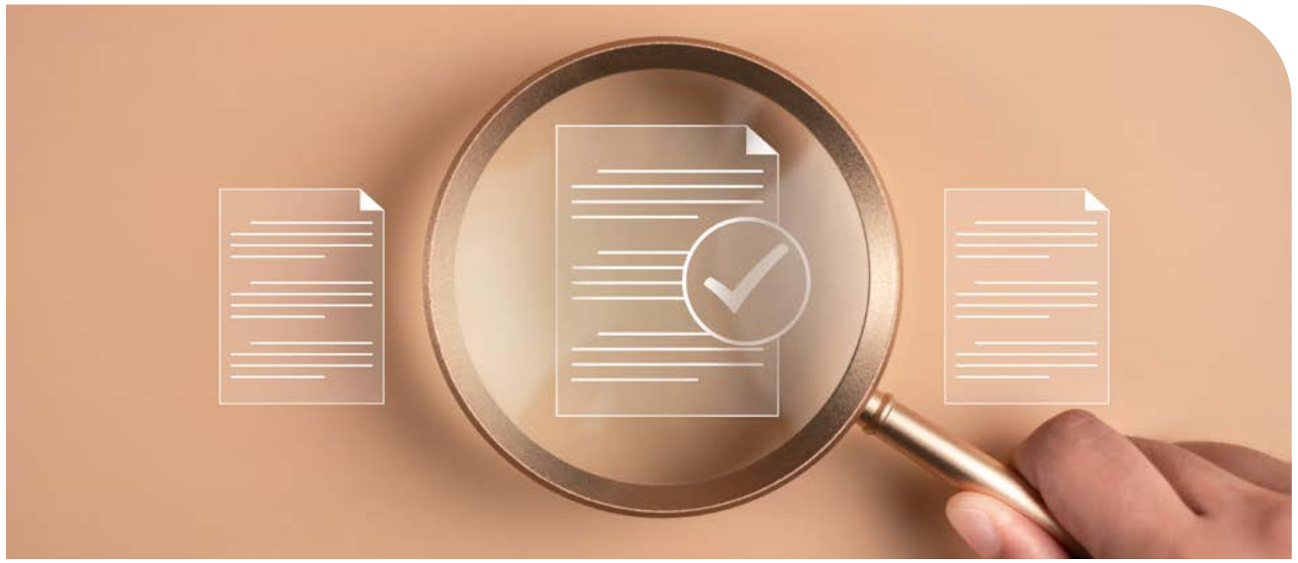
The NANOSIS Platform aims to enhance monitoring and diagnostics in healthcare through the development of fast, cost-effective, and innovative nanotechnology-based components, products, and systems. Kordsa makes significant contributions to this field with its program "Development of Nanotechnological Sensors for Health Data Monitoring with Wearable Technologies". Launched under the TÜBİTAK 1004 Program, the project represents a significant step in the advancement of healthcare technologies. Led by Sabancı University's Nanotechnology Research and Application Center (SUNUM), the program spans four years and involves eight universities, twelve private sector companies, and various institutions, with a strong scientific foundation and high commercialization potential.

• 2244 – Industrial PhD Program

As part of the TÜBİTAK 2244-Industrial PhD Program, Kordsa employed a PhD student in 2024 for the projects conducted in collaboration with Sabancı University. This employment aligns with the program's goal of encouraging the recruitment of PhD researchers in the industry and strengthening university-industry collaboration. Driven with the involvement of industry advisors at Kordsa and PhD students, these projects successfully contribute to the development of a highly skilled workforce for the sector.



Leadership in Quality



Kordsa Quality Policy:

Kordsa's employees are committed to creating sustainable value for all stakeholders and fulfilling applicable requirements by constantly improving their work processes, increasing customer satisfaction and using various global resources in a balanced manner.

Embracing an approach focused on customer satisfaction, Kordsa uses a quality management system based on high product quality and continuous improvement. To this end, Kordsa adopts a holistic quality management approach that covers all processes starting from the procurement to the delivery of products to customers.

Kordsa holds the following the quality management system certificates:

• ISO 9001 Quality Management System
• IATF 16949 Automotive Quality Management System
• AS9100 Aviation, Aerospace and Defense Industry Quality and Risk Management Standard

Approach to Product Quality

In order to provide high quality products to customers, quality control points are determined throughout the production processes, which are carried out based on the "Zero" defect method.

Kordsa benefits from a process control approach and the Poka-Yoke, a Japanese defect-prevention system, to prevent the occurrence of quality defect that may occur during production. In each production process, a risk-based approach is adopted and risk analyses are carried out to prevent quality defect.

Data is instantly transferred to digital platforms through visual defect detection systems installed in the facilities. Thus, defect can be prevented and high product quality performance can be achieved. Periodic product and process inspections are conducted to monitor the performance of production processes and product quality. Processes include an internal defect management process designed in line with the philosophy of continuous improvement.

Customer Satisfaction

At Kordsa, various practices are developed to increase the level of satisfaction thanks to Kordsa's approach to quality focused on customer satisfaction. It is aimed to reach the highest level of customer satisfaction by ensuring continuous improvement in product quality, delivery and service quality processes in line with customer feedback.

"Document Management System" and "Customer Complaint Management System" infrastructures are used for customer complaints management and customer satisfaction tracking. All feedback from customers is managed under the leadership of the Quality Assurance Department. The online registration system that can be accessed by all facilities is monitored and all feedback is evaluated by a well-equipped and competent team consisting of Production, Sales, Supply Chain, Quality, Technical, R&D, IT, and Maintenance units. Depending on the type and complexity of the feedback, the appropriate method is selected among various methods such as 8D, Fishbone, 5 Why Analysis, 6 Sigma, etc. Root causes of feedback are identified and actions to prevent recurrence are planned and implemented. In the next step, a report with a detailed analysis of feedback is shared with customers.

Customer satisfaction is measured and tracked using the satisfaction survey, customer scorecards, and vendor quality rating reports (vqrs) shared by customers. A satisfaction survey is sent to customers at the end of each process so that they can evaluate the effectiveness of the process carried out in relation to their feedback.

The quality approach at Kordsa is shaped by focusing on customer satisfaction in accordance with the requirements of the 'IATF 16949' standard. Kordsa quarterly monitor internal/external performance indicators with customer scorecards.VQR reports are requested from customers periodically and reported monthly. These processes are implemented at all facilities around the world. Analyses are carried out periodically to monitor the quality performances of all global facilities and are reported to Kordsa top management. In addition, quality network meetings are held periodically in order to share and disseminate good practices. Thus, Kordsa aims to apply the same standards in all facilities, to manufacture products with equal standards, and to achieve the highest quality performance and to make it sustainable.

Quality Management in Procurement

Kordsa's primary criterion in the selection of suppliers is to offer products that meet the production quality expectation. At the selection phase, the quality and purchasing teams evaluate candidate suppliers in terms of quality systems, capacity and sustainability. In this phase, samples are taken from suppliers that meet the desired criteria, and tests deemed necessary by the R&D Department are applied, and suppliers with suitable test results are identified as approved suppliers.

Every year, a 'Supplier Evaluation' is conducted for all suppliers that are in the approved global supplier list after the selection phase. Moreover, throughout the collaboration with suppliers, feedback on the performance of the suppliers is shared with them via an online platform, and communication is maintained and followed up.

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2024 ACTIVITIES

Our effective and durable solutions
make buildings stronger.

Kordsa in 2024

JANUARY

As an important step in its "Digital Integrated Company" strategy, Kordsa simultaneously launched its enterprise resource planning (ERP) project, Project Janus, across all Kordsa facilities in Türkiye, Indonesia, Thailand, and Brazil. Completed in just one year, this project aims to harmonize operations across all facilities and foster a data-driven business culture in the Company.

With the aim of expanding composite technology expertise into the biocomposite market, Kordsa made an investment in BPREG, a Türkiye-based company founded in 2017 specializing in natural fiber-reinforced industrial biocomposites. A participant in the 2022 "Sabancı ARF Almost Ready to Fly" program, BPREG's products ensure sustainable production without compromising performance and weight reduction requirements and are appreciated across various industries, including automotive, marine, sports equipment, aerospace, and consumer goods.

With its innovative brand Kratos, Kordsa's Construction Reinforcement Business Unit participated in World of Concrete, one of the most prominent trade fairs in the concrete sector, held in Las Vegas, USA. As a global player in the construction reinforcement market, Kordsa exhibited its solutions in the Kratos Synthetic Fiber Reinforcement and Kratos Structural Reinforcement product groups.

FEBRUARY

Recognized for its commitment to operational excellence and continuous improvement, Thai Indo Kordsa, Kordsa's Thailand-based production facility, received the 2023 TPM Excellence Award in Category B under the Total Productive Maintenance (TPM) program from the Japan Institute of Plant Maintenance (JIPM).

Kordsa continued its expansion in composite technologies that lead the material revolution in the world. Following its four acquisitions in the USA, Kordsa also reinforced its European presence, completing an investment in a new prepreg production line at Microtex Composites, an Italy-based company acquired in 2022. To discuss Kordsa's vision and future goals in the composite materials sector, executives from Sabancı Holding and Kordsa met with Massimo Becagli, General Manager of Microtex Composites, at the company's headquarters in Pistoia, Italy.

MARCH

Thanks to its commitment to reducing the effects of climate change and protecting natural resources as well as strengthening its sustainable supply chain structure, Kordsa was recognized with an "A" rating as one of the global leaders according to the results of the 2023 ''Supplier Relations Rating'' conducted by the Carbon Disclosure Project (CDP).Deemed worthy of this rating for the second year in a row, Kordsa showcased its accomplishments in the supply chain field.

Operating in the composite markets of the USA, Italy, and Türkiye, Kordsa and Sabancı University's SU-IMC participated in JEC World 2024, the world's most prestigious composite technology trade fairs. At the Paris-based event, Kordsa exhibited its expanding portfolio to visitors.

Moreover, Kordsa participated in Tire Tech Expo 2024, a tire manufacturing technologies fair, held in Germany from March 19-21. During the event, Kordsa launched "REV Technologies," a new brand dedicated to reinforcement materials for electric vehicle tires. As part of the fair's conference program, Doğan Sevim, Kordsa's Chief Global Sales and Marketing Officer, delivered a presentation on "Advanced Tire Reinforcement Materials for Electric Vehicle Tires."

APRIL

Kordsa's Textile Products, Inc. (TPI) company in California completed the successful production of Spread-Tow Carbon Fabric. This development enables TPI to manufacture low GSM fabrics with high-denier fiber, providing customers with cost-effective, high-performance solutions. The first order for this product was placed by one of the world's largest aircraft cabin interior manufacturers in the civil aviation sector.

Strengthening its vision in advanced materials through compounding, Kordsa signed a Letter of Intent with Ravago Petrokimya, a major player in the field. Kordsa aims to develop sustainable plastic raw materials while combining its technical and commercial expertise with that of Ravago.

Kordsa in 2024

MAY

Kordsa participated in the "CEO's Perspective on Sustainability: Managing the Climate Crisis" panel, organized by TÜSİAD and Chapter Zero Türkiye, with contributions from Bain & Company, where the concepts of sustainability and climate crisis are discussed from the perspective of CEOs. The opening speeches were delivered by Cevdet Alemdar, TÜSİAD Board Member and Chair of the Energy, Environment, and Climate Change Roundtable, and Armando Guastella, Partner at Bain & Company. Kordsa management also participated as panelists in the event to discuss the vision and leadership of senior executives in the sustainability and climate crisis combat journey of companies.

TÜSİAD organized the "Better Future with You" event with the support of Sabancı Holding companies Brisa, Kordsa and Temsa. As part of the event, a panel titled "4 Leaders 40 Minutes" was held, welcoming as speakers Dr. İzel Levi Coşkun, TUSIAD Board Member and Chair of the Entrepreneurship and Youth Roundtable, Cevdet Alemdar, TUSIAD Board Member and Chair of the Energy, Environment and Climate Change Roundtable, Selma Rasavac, IFC Senior Country Manager, and Gökhan Eyigün, Sabancı Holding Strategy and Business Development Group President. Young participants aged 18-30 engaged with business world leaders and had the opportunity to develop innovative and sustainable ideas. Moreover, they participated in awareness sessions, networking meetings and interaction sessions, and developed innovative and sustainable enterprise ideas through the idea marathon. The winners of the idea marathon can participate in an internship program to be organized by Brisa, Kordsa and Temsa.

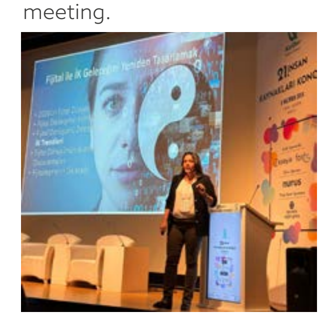
With its North America-based composite companies Axiom Materials, Inc. Fabric Development Inc. and Textile Products, Inc., Kordsa participated in the SAMPE 2024 Fair organized for the exhibition of advanced material technologies. At the event held in Long Beach, California on May 20-23, 2024, Kordsa showcased its advanced material technologies and held meetings with visitors on innovations in the industry.

Increasing its innovation power by opening two technical centers in Asia and Europe in 2023 under its "Innovate Everywhere" strategy, Kordsa inaugurated, on May 24, the "Kordsa Advanced Materials Technical Center" at Axiom Materials' Santa Ana facility in California. The Center will focus on developing next-generation composite materials, including high-temperature-resistant materials for jet engines and sustainable bio-based or recyclable materials for commercial aviation.

Kordsa also participated in the Aircraft Interiors Expo (AIX) 2024, one of the most prominent events in the aircraft cabin industry. Positioned as an innovative supplier of world giants with its advanced material technologies manufactured on a global scale, Kordsa exhibited its composite technologies and its sustainable and innovative product solutions for cabin interiors developed for the aviation industry with at the fair held in Hamburg, Germany on May 28-30.

JUNE

With the support of Kordsa, a Turkish translation was provided for the "Climate Drive" platform, introduced by World Business Council for Sustainable Development (WBCSD), the umbrella organization of the Sustainable Development Association, at the COP28 Climate Summit. Climate Drive is a free platform that will provide companies with good practice examples according to their own levels on their journey to reach net zero targets. Nevra Aydoğan Gürsoy, Kordsa Sustainability and Communications Director, delivered the opening speech at the online launch meeting.



Kordsa attended the 21st Human Resources Summit organized by the Ankara Branch of the Turkish Quality Association (KalDer). Elif Gül, Kordsa Human and Culture Director, gave a speech titled "Phygitalization: The Core of the Future of Work" at the event, where discussions were made on the concept of "phygitalism", which describes the experience of digital and physical business models together, and the transformation of Human Resources.

JULY

With its strong commitment to sustainable growth, Kordsa has once again secured a spot on the Top 500 Industrial Enterprises of Türkiye list, published by the Istanbul Chamber of Industry (ISO).

Kordsa entered into a strategic collaboration with the Sustainable Composite Materials and Manufacturing (SCMM) Innovation Center, a division of the Luxembourg Institute of Science and Technology (LIST). Driven by its vision of an eco-friendly future, Kordsa and LIST will join forces to develop innovative solutions that meet the evolving sustainability needs of next-generation vehicles.

Kordsa hosted the 4th SAHOL Cybersecurity Workshop at its Izmit plant, bringing together cybersecurity representatives from Sabancı Holding's group companies. The event featured discussions on emerging trends in cybersecurity.

Kordsa in 2024

AUGUST

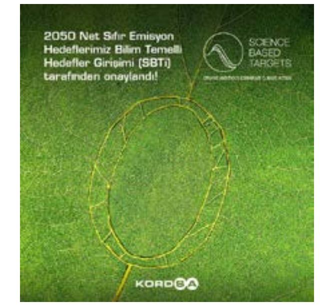
As part of its digital transformation journey, Kordsa partnered with the ZE-KI Institute (Tangible AI and Digitalization), founded by Prof. Dr. Şahin Albayrak of Berlin Technical University. This collaboration led to the development and deployment of KordScraper, a next-generation web scraping tool designed to optimize time-consuming processes such as tracking market trends, monitoring regulatory changes, and conducting financial and competitor analyses.

Kordsa continued its efforts in 2023 in line with its sustainability strategy, implementing projects that create value in economic, environmental, and social areas. While maintaining its commitment to contributing to the planet and society, the company continued to offer innovative solutions in its tire reinforcement, composite technologies, construction reinforcement, and compounding business units. In this context, Kordsa published its 2023 Sustainability Report, highlighting its commitments and progress in sustainability.

SEPTEMBER

The ITHIB Stars of Export 2023 Awards Ceremony was organized on September 12 by the Istanbul Textile and Raw Materials Exporters Association (ITHIB). As one of the world's leading advanced materials manufacturers, Kordsa was honored with the most prestigious "Star" Award. The award was received by Doğan Sevim, Chief Global Sales and Marketing Officer.

Together with its North America-based subsidiaries Axiom Materials, Inc. Fabric Development Inc. and Textile Products, Inc. and Microtex Composites, Kordsa participated in CAMX 2024, one of the most important events in the composites and advanced materials industry. At the fair held in San Diego, USA on September 10-12, Kordsa showcased its global advanced material technologies, sustainable and innovative composite products for the aviation, automotive and construction sectors.



Reinforcing life with responsibility, Kordsa's 2050 net zero target received approval from the Science Based Targets initiative (SBTi), one of the world's most respected international standards institutions. Through its sustainability initiatives, Kordsa aims to reduce Scope 1 and Scope 2 emissions, as well as determined Scope 3 categories, by 90% compared to baseline years by 2050.

Kordsa's USA-based subsidiary, Axiom Materials, entered a collaboration with UCS Spirit, a leading manufacturer of athletic equipment for world-class athletes. Axiom's prepregs were used to manufacture the pole of Swedish Pole Vault Olympic champion Mondo Duplantis, who set a world record while winning gold at the Paris 2024 Olympic Games. Providing superior resistance to flexing and bending for glass fiber and carbon products, prepregs are used in various sectors from aviation to sports.

At the Sabancı Technology Center in Munich, Kordsa hosted the CU Innovation Day event under the theme of 'Sustainable Composites' in collaboration with Composites United (CU), one of the leading companies in the composite sector. Bringing together leading companies of the composites sector, stakeholders, and thought leaders, the event was opened by Burak Orhun, Sabancı Holding Materials Technologies Group President. The two-day event offered a platform for discussions on sustainable solutions for the aerospace, automotive, and construction industries, polymeric prepregs, ceramic matrix composites, eco-friendly construction solutions, and carbon fiber innovations for hydrogen applications.

Kordsa in 2024

OCTOBER

A leader in composite technology innovation, Kordsa continues to support young talents. With Kordsa's contributions, YTU Racing, the racing team of Yıldız Technical University, successfully produced its 9th internal combustion and 3rd electric vehicle since its establishment in 2011.Competing in the Formula Student Alpe Adria race in Croatia, the team won the first place in the acceleration stage with its internal combustion vehicle.

Kordsa was once again awarded the Gold Medal for its sustainability performance in the 2024 assessment conducted by EcoVadis, the global sustainability rating organization. Kordsa was among the top 5% of all companies included in the assessment, thus proving its leadership in sustainability once again with its exemplary practices and strong commitments in the fields of environmental, social and governance (ESG).

The recycled polyester production process of Kordsa's Indonesia facility was recognized with the ISCC (International Sustainability Carbon Certification) Plus Certificate, one of the most prestigious and comprehensive certification programs in the field of sustainability. Recycled polyester-based tire reinforcement technologies, an important element of Kordsa's circular economy approach and sustainable product range, ensure the inclusion of end-of-life materials in the production processes.

Kordsa Brazil was deemed one of the best employers in Brazil by Great Place to Work (GPTW). Kordsa Brazil was recognized as the Best Workplace in Brazil in the "Various Industries" category among medium-sized companies by the São Paulo University Business Institute Foundation (FIA).

NOVEMBER

Kordsa's management team participated in the "Power of the Digital Economy" panel, organized by the Turkish Informatics Industry Association (TÜBİSAD). The panelists discussed the challenges faced by Turkish industrial companies face in digital transformation and their position in global competition while Kordsa's executives shared Kordsa's digital transformation roadmap.

Aiming to contribute to women's empowerment and gender equality with its "Reinforcing Life" vision, Kordsa was awarded the Equal Opportunity Model (FEM) certificate launched by the Women Entrepreneurs Association of Türkiye (KAGİDER) in 2023 to end gender discrimination in business life. Attending the FEM Meeting held by KAGİDER at Raffles Hotel on November 20, Kordsa's HR managers shared the Company's work in the field of gender equality, procedures regarding women and related projects.

DECEMBER

Kordsa maintains its contribution to sustainable development with projects in foreign trade, operational efficiency, human resources and employment, ESG, digitalization, R&D and innovation. Evaluating the operations of institutions in the Marmara Region in the fields of financial performance, operational success and sustainability, Kocaeli Chamber of Industry deemed Kordsa worthy of the "Excellence Award" in the field of sustainability for the second year in a row.

Kordsa expands its expertise in material technologies with Exenco, its Compounding brand. At the Plast Eurasia fair, welcoming the leading brands of the polymer industry, Kordsa introduced the Exenco brand with a launch event. With its product portfolio including recycled and bio-based engineering plastics, Exenco aims to offer innovative solutions to sectors such as automotive, white goods, electrical and electronics, construction, industrial applications and packaging.

Kordsa was awarded the "Turkish Company of the Year" award by AmCham Türkiye, a trade association and non-governmental organization consisting of US-based companies operating in

Türkiye, at the 2024 I Am Champion Awards. The award was dedicated to Kordsa's contributions to the economic cooperation between the two countries and its achievements in line with its sustainable growth targets.

Within the scope of the Sabancı Youth Mobilization project initiated by Sabancı Group companies throughout Türkiye with the aim of transforming "brain drain into brain power", Kordsa opened its fifth Technology and Impact Center at Kocaeli University. Aiming to bring together young people and academics in the field of material technologies with the technologies of the future by offering mentoring and training opportunities, the Center was opened with a ceremony held with the participation of Kocaeli University Rector Prof. Dr. Nuh Zafer Cantürk, Sabancı Holding Material Technologies Group President Burak Orhun, Sabancı Holding Corporate Brand Management and Communication Department Head Filiz Karagül Tüzün, Kocaeli University faculty members and students. As part of the ceremony, Sabancı Holding and Kordsa Volunteers met Kocaeli University Faculty of Engineering students at the Center and answered their questions. Moreover, they provided information on how the personal development, operational excellence and technical trainings to be organized at the Center will enable young people to better prepare for business life.

Fast Company magazine published the "Most Innovative Companies" list in the Turkish edition of the magazine as part of its global "Most Innovative Companies" research. After its achievement in 2023, Kordsa once again took its place among Türkiye's most innovative companies in 2024 with Project Janus, developed by the Global Information Technologies department.

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Tire Reinforcement Technologies

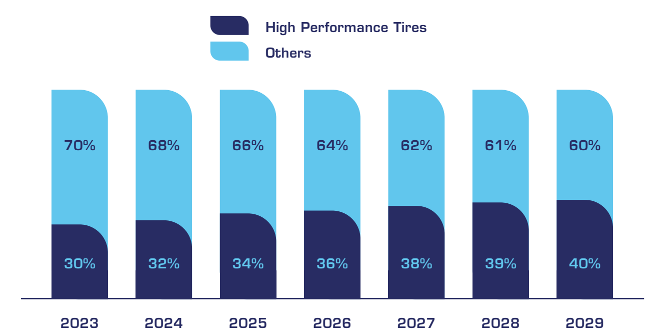
> Kordsa is a strategic business partner for the major global tire manufacturers thanks to its know-how, leading position in the sector, R&D work, and open innovation approach.

Kordsa, processes NY66 (Poliamid 66), new generation NY66 (Poliamid 66), HMLS PET, new generation PET, rayon and aramid yarns in its high-tech facilities in the tire reinforcement sector and manufactures cord fabric and single-end cord that provide flexibility and strength to vehicle tires. Driven by its deep know-how in reinforcement technologies and processes, leading position in the sector, its innovative approach based on R&D studies and open innovation approach, Kordsa is positioned as the strategic business partner of the largest tire manufacturers in the world.

Reinforcing one out of every three automobile tires and two out of every three aircraft tires in the world, Kordsa operates in line with its motto "Reinforcing Life" thanks to its focus on the circular economy, strong global footprint and extensive experience in reinforcement technologies.

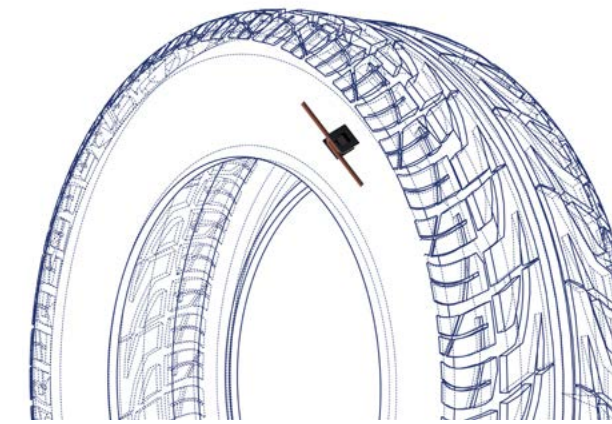
The rising demand for 18-inch and larger high-performance tires marks a significant transformation in the industry. This is closely linked to the surge in demand in electric vehicles (EV), reflecting the automotive sector's pursuit of innovative solutions offering superior performance. As consumer preferences evolve, tire manufacturers focus on developing technologies and products to meet these emerging needs. Kordsa's REV brand, launched in 2024, delivers tailored solutions to customers for EV and high-performance tires, offering exceptional durability, low rolling resistance, and sustainable materials.

Share of High-Performance Tires in Global Passenger Car Tire Production



Innovation for a Sustainable Future

As a pioneer in tire reinforcement solutions, Kordsa spearheads innovations in sustainability complying with global regulations and the automotive sector's goals related to sustainability. Committed to its vision of "Reinforcing Life," Kordsa is actively working, together with the automotive industry, towards a net-zero emissions target by 2050. Powered by its expertise in Polyamide 66 and Polyester production, the Company continues its intensive R&D activities on recycled and bio-based raw materials. Moreover, trials conducted with top players of the tire industry and products in the commercialization stage are an essential step in Kordsa's sustainability journey.



RFID Tags for Smart Tires

Smart tires are equipped with sensors and cutting-edge technologies to monitor and optimize performance of tires in real-time.

Radio Frequency Identification (RFID) technology provides seamless and contactless data transmission via an electronic chip, enabling manufacturers, Original Equipment Manufacturers (OEMs), distributors and fleet managers to optimize tire usage and make data-driven improvements. Unlike traditional RFID tags, Kordsa's patented solution stands out with flexible antennas integrated into the tag. The application of RFID tags without the need of a rubberization before the tire vulcanization process overcomes a significant challenge in tire production thanks to Kordsa's advanced material technology. In cooperation with SES RFID Solutions GmbH, Kordsa has perfectly integrated RFID technology into tire materials, solving the challenges of antenna structure and tags and ensuring more efficient tire tracking and management.

Composite Technologies

> Serving as an open innovation base and hosting Kordsa's second R&D center, the CTCE brings together designers, engineers, production process managers, PhD candidates, postdoctoral researchers, faculty members and entrepreneurs.

Kordsa, develops innovative and unique products and applications for various industries such as aviation and automotive as well as sports, marine, rail systems and construction. As a one-stop solution partner, Kordsa develops and manufactures, in line with the needs of customers, fabric, resin-impregnated fabric (prepreg), adhesive films, surface films, towpreg, slit tape, honeycomb structures and sandwich panels made of honeycomb structures.

Thanks to its state-of-the-art equipment, competent staff and experience in weaving and coating technologies, Kordsa meets the needs of the composite sector with short delivery times and high quality products.

An Open Innovation Center in the Europe, the Middle East and Africa (EMEA) Region

Kordsa serves its customers from various locations in the EMEA region: Prepreg Production Facilities in Istanbul and Italy, a Panel Production Facility in Istanbul, Towpreg & Slit Tape Production Facilities in Istanbul and Italy, Fabric Weaving Facilities in Pistoa, Italy and Izmit, the Composite Technologies Center of Excellence (CTCE) in Istanbul, established in cooperation with Sabancı University, and Kordsa GmbH, officially inaugurated in Germany in November 2023.

Manufacturing thermosetting prepregs, honeycomb structures, sandwich structures made of honeycomb structures, towpregs, slit tape and sandwich panels made of various materials in line with customer needs for various sectors such as aerospace, automotive, sporting goods, marine, rail systems, construction, etc., Kordsa stands out among its competitors thanks to its flexible manufacturing capabilities and its expertise in weaving its own fabrics, offering a wider range of products.

The Composite Technologies Center of Excellence set out to join forces and develop products to research and apply high technology with the principle of open innovation, and to manufacture composite and 3D products with high added value. The Center develops competent manpower for adaptable production and composite material technologies in the university-industry cooperation ecosystem. Established on a 15,000 m^2 closed area with a 3,350 m^2 laboratory infrastructure, the Center has AS 9100 and TS EN ISO IEC 17025 certificates, creating an ecosystem which is one of the best research and application centers with world-class production and test facilities.

Industrial R&D Studies

Always focusing on customer satisfaction, the Center carries out prototype production in line with customer needs and its Quality Standards required by AS 9100 Aviation Certificate and TS EN ISO / IEC 17025 Accreditation. Serving as an open innovation base and hosting Kordsa's second R&D center, the CTCE brings together designers, engineers, production process managers, PhD candidates, postdoctoral researchers, faculty members and entrepreneurs.

Thanks to this collaborative ecosystem, Kordsa offers special services to its customers and goes beyond conventional production models by involving stakeholders in all stages of R&D, from basic research to prototype production and mass production of the intermediate products.

Prototyping, Product Development And Professional Development

One of the main objectives of the CTCE is to provide solutions for composite products such as 3D design, analysis, optimization, prototyping, process and product development services with a qualified research and engineering team. The Center also acts as a consultancy and open innovation platform for industrial partners to develop fast, reliable and value-added solutions and continues to work on developing a research portfolio of new collaborative projects that will improve digital manufacturing technologies and introduce new products, systems and services. Moreover, the Center offers advanced manufacturing, mechanical and material characterization, flammability and wet chemistry testing services, computer-aided design (CAD) solutions, detailed structural analysis (static and fatigue); performance and failure analyses under various load conditions; behavioral analyses including fatigue, creep and environmental effects, and dynamic collision simulation analysis.

In addition to providing services for all aspects of advanced composite and additive manufacturing, from collaboration and ideation to prototyping, the CTCE also supports the industry by organizing trainings that will contribute to the hands-on training of engineers and technicians.

The prototyping section of the Center contains the Robotic Automated Fiber Placement (AFP) Machine, which can produce parts made of thermoset, thermoplastic and dry fiber. Combining the capabilities of industrial-scale hot pressing, robotic processing and abrasive waterjet processing

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of composites and metals and additive manufacturing of composites with the AFP, the Center carries out development projects for various aerospace projects, and signs cooperation agreements with many OEMs.

Thanks to the Center that characterizes and reports the mechanical properties of all kinds of materials in accordance with international standards and provides accredited testing services, qualification studies of the projects carried out regarding the prepregs developed by Kordsa and their areas of use are conducted with many OEMs and companies in OEM supply chains while performing all tests before the commercialization activity of the prepregs.

In most of the projects, nonflammability is one of the most important parameters. We offer testing capabilities in line with aerospace and rail industry standards that require detailed and precise handling and implementation of flammability tests.

Participating in a EU-funded project with Sabancı University, Kordsa works on the development of systems, software and materials for the production of composite materials with 3D printer technology. The project brings together 16 project partners from 11 countries under the Horizon 2020 program.

Kordsa is also a member of another EU-funded project, which is carried out with seven partners from Germany and Türkiye. Two of the partners are universities and five are industrial companies. Under the project, nanomaterial-added composite repair materials for the aviation industry will be manufactured, and the project outputs will be used after being tested and approved by the leading repair and maintenance company of the Turkish Aviation Industry.

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A Global Player in Commercial Aviation

Kordsa has reached a new level with brand new investments that will position the Company as a global player in commercial aviation. In line with its strategy of increasing its global market share and expanding its product range, Kordsa acquired Fabric Development, Inc., Textile Products, Inc., Advanced Honeycomb Technologies, today incorporated into Axiom Materials, Axiom Materials and Microtex S.r.l., which are major players in the composite industry.

In 2018, Kordsa expanded its field of activities and competencies with the acquisition of Fabric Development, Inc., Textile Products, Inc. and Advanced Honeycomb Technologies, today incorporated into Axiom Materials, which provide advanced composite materials to the aerospace industry.

TPI is the industry leader in the development of a variety of weaving techniques, including fabric production techniques with brittle, hard-to-weave yarns. Manufacturing over 2,500 different styles of fabrics in a wide range of widths and thicknesses, Fabric Development, Inc. (FDI) has extensive experience working with high-performance fibers, creating complex multidimensional shapes and understanding sophisticated fiber systems and producing high-performance materials. FDI and TPI offer advanced composite fabric products to the aerospace industry in the USA, while Advanced Honeycomb Technologies, acquired by Kordsa in 2019 and incorporated into Axiom Materials, produces a wide range of honeycomb products made of Nomex® Paper and Kraft™ Paper, mainly for the aerospace industry.

Axiom Materials develops prepregs, adhesive films and surface films made of different fabric technologies for the aerospace

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industry as well as next generation transportation vehicles. Advanced technology materials offered by Axiom Materials are used in many new generation applications in various sectors as well as aircraft engines. Powered by Axiom Materials, Kordsa now offers the full range of high-tech composite intermediate products, thus becoming the leading player in the high temperature resistant Oxide-Oxide ceramic prepreg market used in aircraft engines. Under a new cooperation with Axiom Materials, a composite intermediate product resistant to temperatures up to 1,400°C (carbon/SiC and SiC/SiC) will be developed and the product portfolio will be expanded, with the license granted by the Japanese Science and Technology Corporation and the Japanese NITE (NanoInfiltration and Transient Eutectic-phase) company.

With these investments, Kordsa has taken a big step to strengthen its position in North America. Reinforcing two out of every three aircraft tires and one out of every three automobile tires, Kordsa now reinforces wings, engines, fuselage and interiors of planes thanks to these acquisitions in the USA.

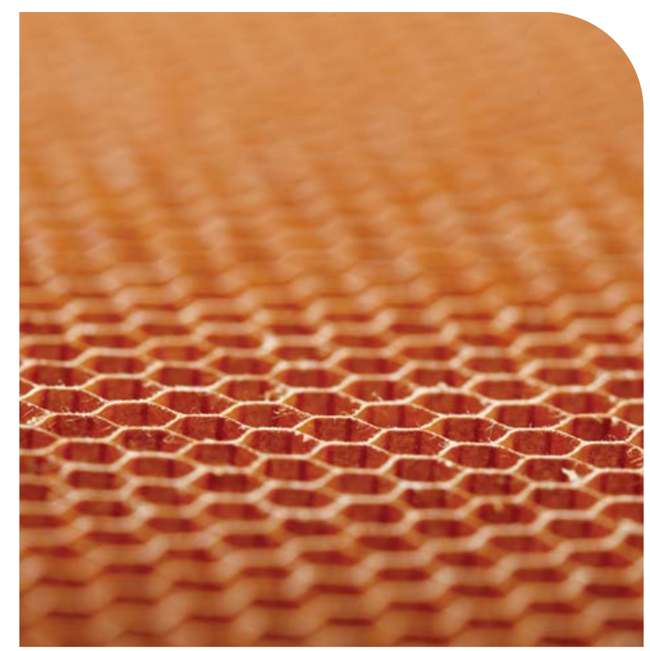
In addition to its existing competencies, Kordsa is now capable of manufacturing slit tape materials in a wide width range that can be used in automated fiber/tape placement equipment that replaces manual placement in the civil aviation composite industry and meets civil aviation requirements. Kordsa continues the development studies of resin systems suitable for non-autoclave curing, aiming to make a difference in the sector, especially in civil aviation.

Fabrics manufactured by impregnating flame retardant epoxy formulation in both Axiom Materials and the CTCE, are used in aviation, rail transportation as well as in all applications and sectors where flame retardancy is a must.

Microtex Composites S.r.l. acquired by Kordsa in 2022 is a company specializing in textile production since the end of the Second World War. The portfolio of Microtex includes fabrics in different weaving types and prepregs according to various customer needs. Microtex Composites is a company starting from carbon fiber webbing, developing its own resin systems and producing prepregs. The company's product portfolio is extremely rich with solvent impregnation lines, hotmelt prepreg production lines and ceramic matrix composite (CMC) lines. Through continuous research and development activities, Microtex manufactures structural composites, cosmetic prepregs for cabin interior applications, industrial prepregs, CMC and fabrics, and operates in the luxury car segment, motorsports, railway, sports and leisure applications and marine sectors. By acquiring the majority shares of Microtex Composites, Kordsa aims to increase its market presence in other segments in the European Region, especially in the luxury automotive segment.

Developed by Axiom Materials, a Kordsa company that manufactures a wide range of honeycombs for commercial applications such as construction materials and sports-entertainment products, as well as the aerospace industry, Aramid honeycomb core is manufactured from Dupont Nomex® paper, and coated with a water-based phenol-based heat-resistant resin, offering non-flammable properties. These features make the product compliant with high aviation and space standards, ensuring its use in aviation applications. Thanks to the acquisition of Axiom, Kordsa retains the innovation leadership in the sector.

Previously, only organic solvent-based phenolic resins were used in honeycomb production. However, solvent-based phenolic resins started to be used less as manufacturers try to find formulations that reduce the amount of volatile organic compounds. Government regulations often require substantial reduction or even elimination of volatile organic solvents in such formulations, especially for products with selected uses. The reduction or elimination of volatile organic solvent emissions has opened up new commercial opportunities for the application of resins containing low levels of volatile organic compounds. In order to prevent negative impacts on the ecosystem, Volatile Organic Compounds (VOC) emissions are expected to be strictly controlled and reduced.



> **Kordsa product development processes last between two and five years due to the security tests required by its sectors of activity.**

Current and upcoming mandatory restrictions on occupational safety, health and environment in the EU are expected to require avoiding of solvents in production, which will be much easier with the transition to water-based phenolic resins. Kordsa-Axiom has a more sustainable production advantage compared to its counterparts in the USA and EU, and maintains its leading position, thanks to the fact that the use of water-based phenolic instead of solvent-based phenolic in the production of phenolic honeycomb reduces the risk of fire and has a lower occupational safety risk. Moreover, the risk of explosion during production is also eliminated, and the emission of volatile organic compounds is reduced while a contribution to sustainability studies is ensured.

Kordsa product development processes last between two and five years due to the security tests required by its sectors of activity. Kordsa continues to operate in parallel with the global standards and trends to develop products and technologies that increase energy efficiency, reduce carbon emissions and are free of harmful chemicals.

The new generation prepregs, manufactured from thermoplastic polypropylene raw material, are expected to replace the thermoset materials commonly used in the industry, thus providing a more eco-friendly life cycle thanks to their recyclable

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properties. Kordsa's approach to sustainability, prioritized in all kinds of development activities, has led to resin systems based on biological materials.

Under the R&D activities, Kordsa developed a bio-based resin that is both sustainable and can show much better flame, smoke and toxicity (FST) performance as an alternative to the existing flame retardant systems. As a project output, a bio-based and sustainable resin system was developed with polyfurfuryl alcohol resin obtained from sugar cane wastes. The resin formulation was tested in accordance with both aviation (FAR 25.853) and railway (EN 45545) standards, yielding much better results than the equivalent resin products that have been globally used for the last four decades. The developed formula and the low CO2 footprint of the prepreg product impregnated with this formula make these the 'materials of the future'.

Kordsa continues to work with the aim of offering products and services in the aerospace industry, machinery industry, marine and automotive applications, and sports product markets where flame resistance is an important requirement. Carbon fiber reinforced fabrics and prepregs manufactured thanks to the know-how developed at Kordsa are used in the production of composite battery boxes of electric vehicles.

Flame retardant formulation-E glass prepreg product has been introduced to the aviation market to be used instead of phenolic resin-E glass prepreg products used today. The prepreg is eco-friendly thanks to the absence of solvent content and its flame retardant feature with additives. Thanks to its flame retardant properties, the resin product delays the release of harmful gases during fire. Thanks to the much better final product surface properties, the product shortens the processes of final part manufacturers and provides low CO_2 emissions.

Low Fire Smoke Toxicity and Sustainable Epoxy Prepreg Product Technology

Committed to grow in composite technologies with the vision of becoming one of the world's leading advanced material companies, Kordsa strengthens its global footprint in the aviation industry.

The product renders high fireproofing performance, one of the most important and challenging criteria of the aviation industry, also provides the highest level of passenger safety in possible fire and fiery accidents that may occur in aircrafts. Kordsa continues to conduct fireproof and sustainable epoxy prepreg cabin interior applications through collaborations and approval studies with other airline companies in both Europe and the USA.

In 2023, Kordsa signed a long-term trade agreement with FACC, a leading player in the global aerospace industry for the design, development, and production of advanced materials.

The agreement covers the processes regarding the supply of epoxy-based products specially manufactured by Kordsa at the CTCE to FACC for use in the cabin interiors of aircraft in commercial aviation. The products to be offered to FACC by Kordsa stand out with their compliance with the stringent fireproofing criteria in the sector and their pioneering role in the field of sustainability. By pioneering the transition from phenolic-based volatile chemicals to epoxy-based chemicals, they prevent the emergence of harmful chemicals. In this regard, the products are revolutionary for employee health, and also offer significant cost and supply advantages by shortening operational product development processes.

Towpreg and Slit Tape Products

The primary reason for the production of towpreg, developed as a resin-impregnated carbon fiber product for use in filament winding systems, is the increase in hydrogen tank demands and the transition to these products in the aviation industry. Kordsa developed this system at its R&D center and offered to international markets. This product portfolio provides energy savings during production where a resin system that does not require high temperatures is used. Thanks to the joint project and joint work carried out by the R&D centers in Türkiye and the USA, the system has become a meaningful commercial contribution. Towpreg and slit tape products can be manufactured from various carbon fibers, as well as glass fiber.

> "Committed to grow in composite technologies with the vision of becoming one of the world's leading advanced material companies, Kordsa strengthens its global footprint in the aviation industry."

Sabancı Holding Synergy

Contributing to sustainable life requires companies and business lines to act together. As the advanced materials company of the Sabancı Group, Kordsa believes that being under the same roof with Çimsa, another global company in the Group, which has adopted the principle of bringing Türkiye together with the world through building materials, will create great synergy. Çimsa's experience in building materials and Kordsa's know-how in composites and construction reinforcement will build a synergy with the potential to transform into different business models in Europe, which exhibits the highest sensitivity to sustainability in the world.

Construction Reinforcement Technologies

> As a pioneer in the sector, Kordsa conducts its activities by focusing on innovation in construction reinforcement technologies as well as eco-friendly and innovative work carried out in tire reinforcement and composite technologies.

Since 2015, Kordsa has been a major player in concrete reinforcement applications in the construction industry, infrastructure, mining, and superstructure projects. The CE certified Kratos Macro and Micro synthetic fiber reinforcements stand out in the sector offering various advantages such as ease of use, fast application, low labor requirement, improved equipment and energy efficiency, high concrete toughness, long-term durability, and low carbon emissions.

Kratos Fibers are innovative concrete reinforcement products, which shine out with fast and efficient application, ease of use and high performance as well as low labor requirements compared to traditional methods. Kratos serves a wide range of application segments such as industrial floors, concrete roads, bridges, drymix, precast elements, tunnels and infrastructure areas such as mining.

Kordsa Construction Reinforcement Business Unit department added structural reinforcement products to Kratos product portfolio. Kordsa continues the R&D studies for these products,

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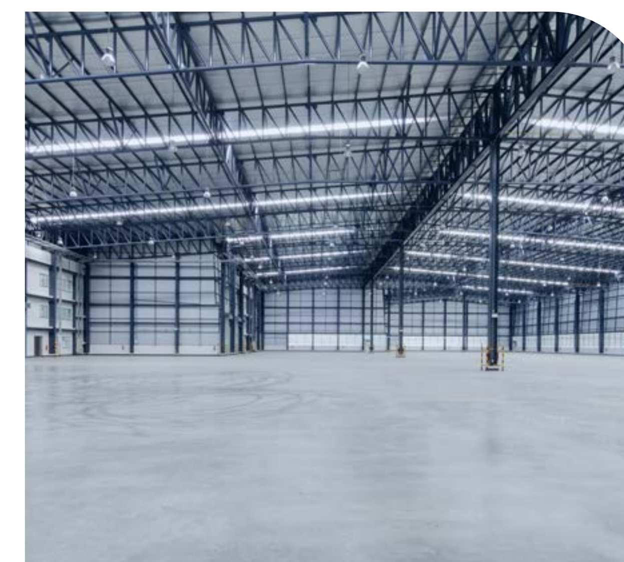
which are much needed in Türkiye. The product group includes carbon fabric, carbon plate, epoxy resins, carbon fiber reinforced mesh products for restoration and historical structures, star anchor group and complementary products. Kordsa also added chemical anchor products to the Kratos portfolio. Offering high performance and ease of application, these products have been developed to provide strong and reliable anchor solutions on various surfaces. Chemical anchor products are solution partners especially in reinforcement projects of reinforced concrete structures.

Kratos Structural Reinforcement products ensure savings in time and costs compared to demolition and reconstruction processes. Moreover, they are eco-friendly and sustainable. With the sufficient technical competence, the reinforcement applications with carbon fabric minimize loss of space compared to steel or reinforced concrete sheathing. The composite products manufactured from high-strength carbon yarns are light, thus providing convenience in labor and do not impose an additional load on the applied surface.

The Construction Reinforcement Business Unit aims to expand its product range in 2025.Kordsa continues to make a difference in the domestic and global construction sector and market with its motto of "lighter but stronger".



Compounding

> In 2024, Kordsa's Compounding business unit focused on R&D-focused initiatives and developing special formulations for the specific needs of its customers, offering functional products with superior performance under difficult conditions.

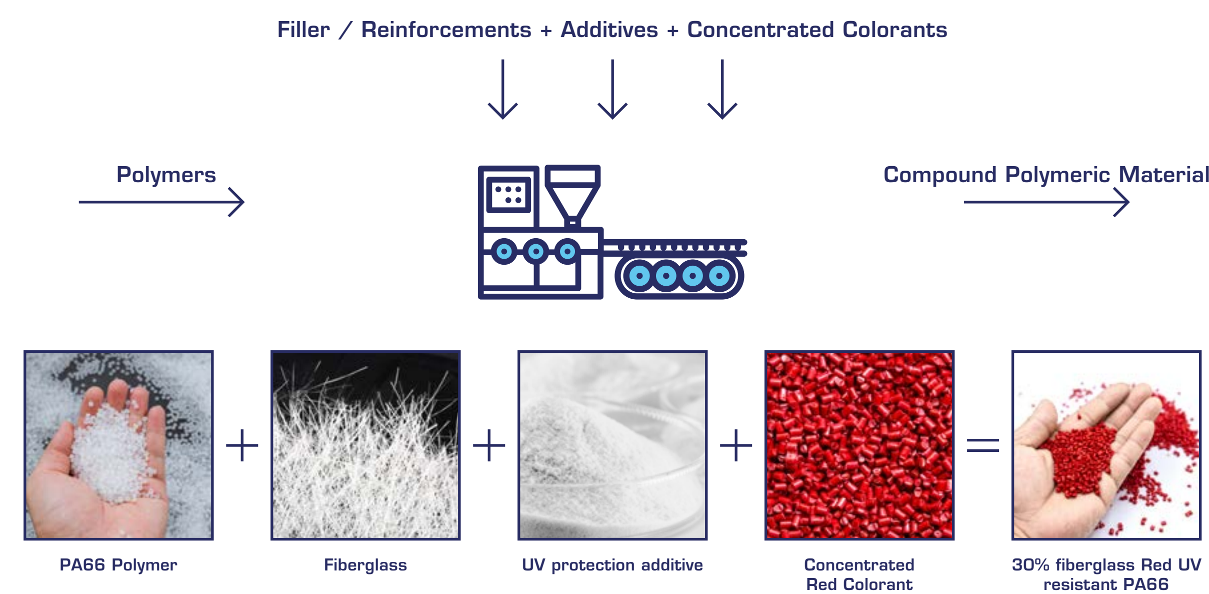
In 2024, Kordsa took steps to reinforce its growth ambition and continued its efforts with a focus on sustainability and innovation. The Compounding business unit contributed to this goal with its wide product portfolio of traditional engineering plastics and bio-based engineering plastics that support environmental sustainability. Developed with Kordsa's strong R&D competencies, high-performance polymer compound formulation alternatives have become a reliable solution for customers for a wide range of applications in many sectors such as automotive, electrical-electronics and white goods.

In 2024, Kordsa's Compounding business unit focused on R&D-focused initiatives and developing special formulations for the specific needs of its customers, offering functional products with superior performance under difficult conditions. Kordsa's product portfolio, serving to its sustainability vision, prioritizes low-carbon footprint solutions that are compatible with global and sectoral environmental goals and regulations.

As a significant result of these studies, Kordsa developed high-performance polymer compound solutions that reduce weight as well as fuel consumption and carbon emissions on a global scale in the automotive sector. This approach to weight reduction is also important for electric vehicles, where lighter materials are critical for increasing the range that can be driven on a single charge. Since this is a factor that speeds up the adoption of electric vehicles, original equipment manufacturers (OEMs) and raw material suppliers continue to carry out R&D works on weight reduction.

Biobased polymers were another cornerstone of the Kordsa compounding business unit's innovation strategy. In 2024, Kordsa collaborated with automotive and white goods OEMs to develop biobased engineering plastics. With biobased polymeric formulations, Kordsa took steps to reduce the use of fossil-based polymers with the aim of contributing to a more sustainable future while offering equivalent performance to petrochemical-based products. In addition to sustainability in innovation studies, the Company offered various solutions regarding functional properties such as flame retardancy, hydrolysis resistance and high fluidity.

All these efforts in 2024 were crowned with an important milestone at the 33rd International Plast Eurasia Fair in Istanbul, where the compounding business unit showcased its know-how with the launch of the Exenco brand active in this field.



Occupational Health and Safety, and Environment

> At Kordsa, the common goal of all employees and departments regarding OHS is zero work accidents and zero occupational diseases.

Kordsa, is committed to improving the health and safety of its employees, contractors, and neighbors under the mission of eliminating physical and behavioral risks in all areas through risk management and awareness-raising activities. To achieve this, Kordsa sets clear targets for each identified health and safety aspect, continuously striving to enhance its health and safety performance.

The health and safety of the employees is the top strategic priority of Kordsa. At Kordsa, the common goal of all employees and departments regarding OHS is zero work accidents and zero occupational diseases. Kordsa aims to achieve this goal by fostering a behavior-based health and safety awareness culture in all employees.

In 2024, the Company launched the "Think for Two Minutes" initiative, designed to explain the critical occupational safety rules, best practices as well as responsibilities of Kordsa employees. The "Keep Your Buddy" program, which we launched in 2015, continues to encourage employees to take responsibility for both their own safety and the safety of their colleagues.

The ongoing dissemination of machine safety studies have led to the achievement of the highest safety standards thanks to the sensors, light barriers and mechanical closures of the machine park.

Leadership and Responsibility

Kordsa integrates occupational health and safety into its global strategy, thus reinforcing the commitment of its employees and contractors to excellence in these areas. All processes are managed with full transparency at the executive level.

Compliance with Legislation and Standards

Kordsa manages its activities in accordance with the applicable occupational health and safety legislation. The Company's compliance has been awarded with ISO 45001:2018 Occupational Health and Safety Management Systems and ISO 14001:2015 Environmental Management Systems certificates.

Risk Assessment and Management

To prevent accidents and occupational diseases and/or minimize their effects, risks related to company operations are identified, evaluated, and managed by various actions.

Education, Training, and Awareness

Kordsa continuously promotes training, education, and awareness projects to strengthen employee engagement in occupational health and safety performance. All employees receive annual role-specific trainings under training plans developed as part of the curriculum. The 2024 training program was implemented as planned.

Procedures

During its operations, Kordsa strictly adheres to established occupational health and safety, and environmental procedures and guidelines.

Supplier and Contractor Management

All contractors and suppliers are required to align their occupational health and safety performance with Kordsa's OHS system.

Information Management and Communication

All information on Occupational Health and Safety is accurately documented and updated to facilitate consultation and accessibility.

Emergency Management

By anticipating potential emergency scenarios, Kordsa ensures rapid and effective response to emergencies to minimize impacts. In cooperation with Sabancı Holding, Kordsa formed search and rescue teams accredited by the Disaster and Emergency Management Authority (AFAD) and established the 'Emergency Crisis Management Committee' to respond in earthquake and disasters.

Accident and Incident Investigation and Communication

Accidents and incidents resulting from the Company's activities are examined, analyzed and documented to prevent recurrence and/or to minimize their effects.

Audits and Continuous Improvement

Kordsa promotes excellence in health, safety and environmental performance at every level and supports continuous improvement. Occupational safety is the top priority in all company goals as well as the goals of regional and senior management.

In 2023, with the aim of preventing harm to employees during human-machine interaction, Kordsa started to develop projects to equip existing machines with up-to-date safety systems in line with the 'Machine Safety Standards'. Dedicated project teams continued improvement works in 2024 .In 2025, Kordsa plans to start the "Lock Out Tag Out" initiative to control hazardous energy and ensure the proper shutdown of hazardous machines and energy sources.

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Human Resources

"Global Human Resources develops practices and systems that blend local and global trends with Kordsa's unique perspective and affect the lives of more than 4,500 employees on four continents. To this end, Kordsa aims to provide tailored solutions that meet the specific needs of each location, taking into account the cultural differences in various geographies."

Kordsa considers human resources in four continents as an indispensable element of achieving its strategic goals and implements its human resources practices in line with a global strategy. In this regard, Kordsa's Global Human Resources department plays a critical role in the development, management and implementation of human resources processes. Involved in the strategic planning phase, the Department develops human resources policies to enable the Company to achieve its goals and to increase the effectiveness of processes.

The Global Human Resources Department aims to optimize the selection and placement processes and recruit the most qualified talents. Moreover, the Department aims to increase employee satisfaction with salary and fringe benefits practices and to maximize the employee potential with performance management systems. Reviewing the organizational structure and effectively managing human resources are among the factors that increase Kordsa's efficiency and competitiveness. Accordingly, Kordsa creates effective succession plans and implements programs that support leadership development and employees' career aspirations.

International assignments enable employees to have different cultural experiences and career opportunities and internal job posting mechanism constantly promote talent development opportunities. Thus, Kordsa employees take the necessary steps to advance their careers while contributing to the Company's goals.
Innovative processes such as organizational climate, digital human resources solutions and HR analytics are among the elements that strengthen Kordsa's human resources strategy. The integration of these processes in line with sustainability and business goals builds a structure that supports the long-term success of both employees and the Company. These strategies improve the work experience of employees while increasing the Company culture and engagement.

As a result, Kordsa has become one of the most desired companies to work for on four continents and has crowned this achievement with the Great Place to Work® certification. This certificate proves the importance Kordsa places on employee satisfaction and the strength of its organizational cultural values. The supportive policies provided to employees, practices that encourage diversity, and a continuous improvement-oriented approach maximize the talents of Kordsa's workforce and contribute to the Company's success of becoming a global employer brand. This integrated human resources strategy is vital in enabling Kordsa to achieve its sustainable growth goals.

Global Human Resources Mission

Kordsa's Global Human Resources mission plays a critical role in achieving the Company's strategic goals. The key components of this mission are:

1. Attracting and Retaining Talented Workforce: Kordsa is committed to attracting the best talent in the sector and developing effective strategies to retain its current employees. In the recruitment process, the Company identifies qualified and potential employees, creating an attractive employer brand to encourage them to choose Kordsa.

2. Positive and Productive Organizational Climate: The Global Human Resources Department contributes to the building of a positive and productive organizational climate to increase employee motivation and engagement. To this end, the Department aims to establish a supportive environment encouraging employees to share their ideas and develop their skills.

3. Empowering and Developing Employees: Kordsa aims to offer opportunities to empower its employees and support their professional development. The Company enables individuals to maximize their potential through training and development programs as well as leadership development and mentoring systems.

4. Stakeholder Satisfaction: The Global Human Resources Department develops, implements and supports comprehensive programs and processes to ensure the satisfaction of all stakeholders. In this regard, the Department constantly communicates with employees, managers and other stakeholders to generate tailored solutions to meet their needs.

To achieve these goals, the Global Human Resources function is positioned as a 'center of expertise' to collect and optimize all resources and information required to continue its basic contributions at a strategic level. The operational application of HR processes is largely carried out by local businesses. This increases Kordsa's flexibility in understanding the needs of different regions and adapting to local dynamics.

Human Resources

Cultural diversity and differences form the foundation of Kordsa's corporate culture. Together with the richness of being a global organization, this diversity plays a vital role in developing innovative thinking, creativity and problem-solving skills. Kordsa embraces this diversity to unleash the potential of all its employees and to build a solid foundation on the path to success.

Main Responsibilities of Global Human Resources
The Global Human Resources Department assumes important responsibilities to achieve Kordsa's strategic goals and increase organizational efficiency. These responsibilities can be expanded as follows:

1. Development of Human Resources Policies, Systems and Processes: The Global Human Resources Department is responsible for developing effective HR policies, systems and processes in line with the Company strategies and business needs. Moreover, the Department ensures the company-wide adoption of the developed methods. In this regard, the necessary training and support mechanisms are built to enable all employees to effectively benefit from these policies.

2. Compliance with Sustainability Activities: One of the main responsibilities of the Global Human Resources Department is to develop and implement global strategies in line with Kordsa's environmental, social and governance (ESG) goals and sustainability activities. An important part of this process is training and information programs that support employees' contributions to these strategies.

3. Development Program Design and Management: Another important responsibility of the Global Human Resources Department is to prepare and manage structured development programs to support corporate growth goals in collaboration with Kordsa's regional and local HR departments. The Department implements a systematic approach to increase the competencies of employees and support their career development with programs at different levels for talents, mid-level managers and senior management.

4. Creating Experience Opportunities to Meet Employee Expectations: Kordsa aims to support the development of the best professionals at all levels by offering various experience opportunities in line with both its own goals and the expectations of its employees. To this end, employees are enabled to develop with a broad perspective through practices such as rotation in different business areas, international assignment opportunities and participation in various projects.

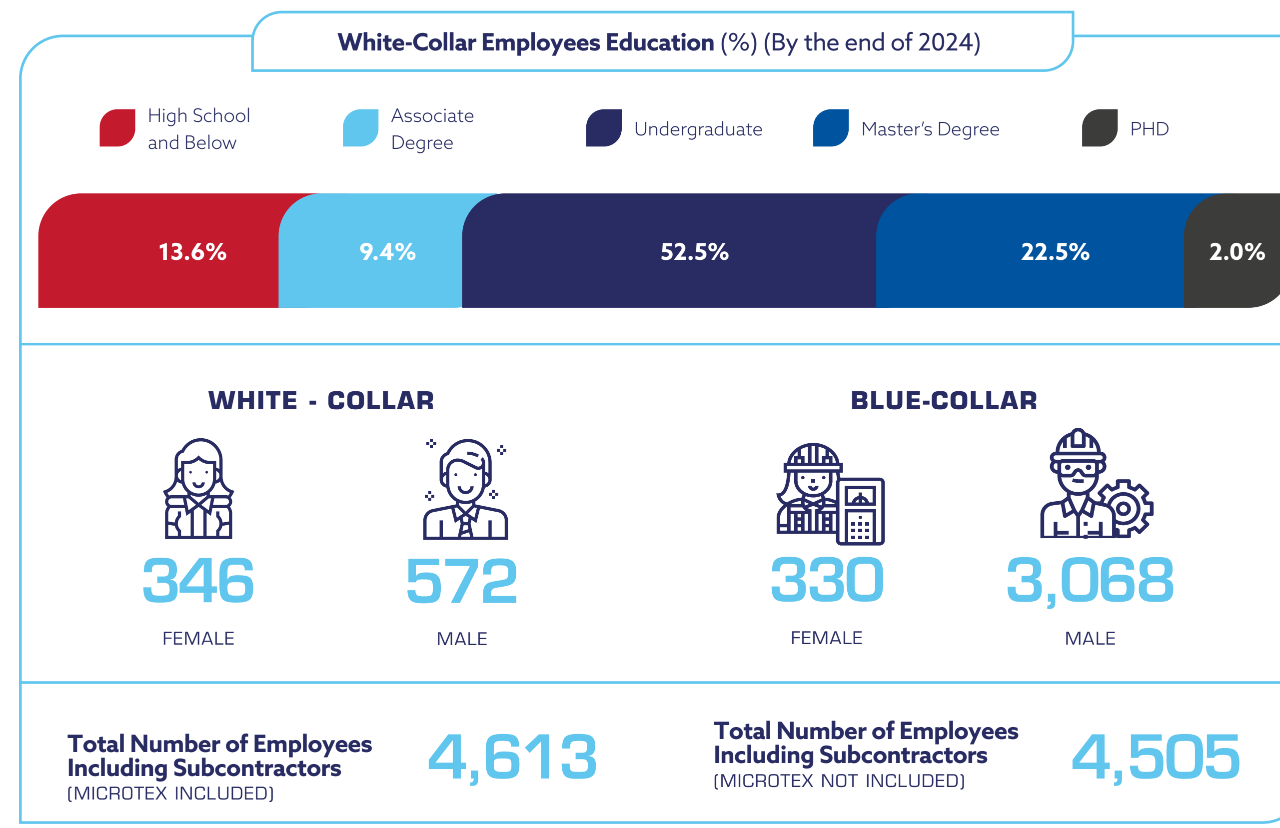
With these responsibilities, the Global Human Resources Department plays a critical role in achieving Kordsa's long-term goals. Moreover, the Department increases employee engagement, thus contributing to the development of a human resources strategy that strengthens the Company's competitive power.

Development Programs and Cultural Diversity
Kordsa embraces cultural diversity and differences as the cornerstones of its corporate culture and places this richness at the center of its organizational structure. Active in various countries such as Thailand, Indonesia, Brazil, the USA, Italy, Germany and Türkiye, Kordsa reaches out to more than 4,500 employees on four continents, and implements an inclusive approach by appreciating the different skill sets, backgrounds and experiences of each employee.

The Global Human Resources Department aims to transform this diversity into an advantage and offer development programs in line with both local and global trends. In this regard, the Department creates training and development programs that are in agreement with Kordsa's perspective and sensitive to local needs, increasing the individual and professional skills of employees.

The development programs cover a wide range of areas to support employees in achieving their career goals. The programs include options such as leadership development, talent management, international assignment and rotation opportunities as well as mentoring training practices. Each program speeds up the development of employees in line with Kordsa's mission and contributes to the Company's general strategies.

With these diversity-focused development opportunities provided to employees, Kordsa aims to support individual achievements and build a valuable interaction between various cultures. Thus, the Company increases organizational commitment and motivation and reinforces its commitment to become a global employer brand. Kordsa's approach enriches the career journeys of its employees and increases the capacity of the organization to reach the future with more solid foundations.



Internal Audit

> Kordsa conducts risk-based process audits to ensure effectiveness, efficiency and compliance in business processes.

With the aim of adapting to rapidly-changing global and local risks and regionally-differing priorities and expectations, Kordsa's Internal Audit Department carries out its activities based on a constantly-updated audit plan based on experience and data.

The Internal Audit Department conducts audits simultaneously in all Kordsa businesses using the advantage of geographical prevalence. With a holistic approach, the Department effectively implements information systems, data analytics (continuous review) and process audits under a continuously-updated audit program. Audit activities were successfully conducted in all Kordsa facilities in 2024 with the audit teams physically located in three different regions.

Process Audits

Kordsa conducts risk-based process audits to ensure effectiveness, efficiency and compliance in business processes. These audits ensure that the processes operate in accordance with organizational goals while evaluating

the compliance of the operations with standards, legislation and company policies. The Department determines possible disruptions and improvement areas in the processes to ensure the effective use of resources and the operation of business processes in a consistent, traceable and functional manner that meets the needs.

Continuous Audit Activities

The Internal Audit Department expands queries used in continuous auditing efforts to include Kordsa's production facilities outside of Türkiye. In 2024, the continuous audit query pool was expanded while additional data analysis tools and automations were integrated into internal audit processes for more effective use of data analytics capabilities. Moreover, audit effectiveness was increased by adapting new data sources to analytical processes.

Kordsa continued to develop machine learning models to detect risky transactions in operations in advance and to identify unusual situations in transactions via process mining methods. In 2025, Kordsa will continue to implement the roadmap prepared for the integration of these models into auditing processes.

Information Technology Audits

In 2024, the Department conducted comprehensive Information Technology (IT) audits to strengthen organizational data protection, business continuity and cybersecurity. These audits aimed to ensure data integrity, protect critical assets and align resources with organizational goals. The Information Technology General Controls (ITGC) audit played an important role in assessing the resilience of IT systems against cybersecurity threats and disruptions.

Moreover, the IT asset management audit aimed to ensure the proper management, monitoring and security of IT resources. These audits serve for proactively managing organizational risks, reducing security vulnerabilities and maintaining business continuity.

Risk Management Approach

> **Kordsa defines Risk as the probability of an event occurring and affecting the achievement of the organization's strategic and operational targets.**

Kordsa adopts a systematic and comprehensive approach to identify, measure, prioritize, manage, monitor, and report organization-wide risks. Risk management practices mainly aims to protect the Company's assets with a proactive risk management approach and to better achieve its financial and strategic goals.

Kordsa defines Risk as the probability of an event occurring and affecting the achievement of the organization's strategic and operational targets. Risks are associated with the Strategic Initiatives within the Strategy House, and decisions are made by being aware of the risks in line with the realization of the strategy. Kordsa's production facilities in various regions of the world, its leading position in the global tire reinforcement market, and its composite technologies and construction reinforcement and compounding business lines, diversified in recent years, expose the Company to global and local risks under various categories.

Kordsa's risk management framework is designed in accordance with internationally accepted standards such as the Committee of Sponsoring Organizations (COSO) and ISO 31000.In accordance with the criteria for assigning responsibility in global enterprises, Kordsa assigned business risk officers to act as a bridge between the facilities and the central risk management function. In cooperation with the risk officers assigned to the enterprises, the Global Risk Directorate (GRD) reporting to the Global Finance Group Management under the Finance Assistant General Manager is responsible for the identification of risks in line with the risk management framework, the prioritization, control and monitoring of the risks identified in accordance with the impact and probability assessment criteria as well as the implementation, coordination and follow-up of these steps in the same standard across all the businesses. The risks identified by the Global Risk Directorate are presented to the Early Detection of Risk Committee. The Early Detection of Risk Committee reporting to the Board of Directors is the highest level body of the risk management organization. The Committee is responsible for making recommendations to the Board of Directors on early detection of risks that may affect the existence, operations and continuity of the Company, and on taking necessary measures to reduce the impact and probability of the risks identified, as well as for monitoring the efficiency of the risk management processes. The Early Detection of Risk Committee is chaired by an Independent Board Member. The Committee held six scheduled meetings in 2024.

Risk Management Methodology

The GRD regularly monitors global and local trends through global risk reports and partner insurance brokers. The Directorate also meets regularly with risk assessment officers to update existing risks and opportunities and to identify new records. Moreover, each identified risk and opportunity is matched with the Strategic Initiatives that make up the Company's overall strategy. Risks and opportunities are calculated through scenario analysis and Monte Carlo simulations. In the first stage, minimum, expected, and maximum impact scenarios are defined. Then, the value at risk (VaR) is measured by applying Monte Carlo simulations to the financial impacts calculated for each scenario, together with the probability assessment criteria defined in the table below. Risks for which financial impacts cannot be calculated are scored according to qualitative scoring categories (human, business continuity, legal, reputation, or environment).
If the simulation result exceeds 1% of consolidated budget EBITDA or a minimum of USD 1 million according to the financial impact assessment criteria defined in the table below, it is prioritized as a "risk with significant financial or strategic impact exceeding the threshold". For these priority risks, risk owners prepare action plans for such risks and appoint action performers. After each action is completed, the VaR is calculated again with updated scenarios.

All risk registers are periodically reviewed, any necessary updates are applied, and risk owners and the Risk Committee are informed on a regular basis.

Risk Assessment Criteria

Probability Assessment		Financial Impact Assessment	
Very High	75% - 100%	Very High	>5% EBITDA impact
High	40% - 75%	High	1%<<5% EBITDA impact
Medium	10% - 40%	Medium	0.5%<<1% EBITDA impact
Low	5% - 10%	Low	0.1%<<0.5% EBITDA impact
Very Low	1% - 5%	Very Low	<1% EBITDA impact

Critical Risks with a Global Impact

Kordsa's production facilities in various regions of the world, its leading position in the global tire reinforcement market, and its composite technologies and construction reinforcement business lines, diversified in recent years, expose the Company to global and local risks under various categories. As a result of the evaluation made with the Chief Finance Officer for 2024, the following six risks were matched with strategic initiatives and prioritized as "risks with high criticality level".

Risks	Strategic Initiatives
Possible Marmara Earthquake	(1), (2)
Facility Safety-Fire	(1), (2)
Customer and Supplier Engagement	(3), (4), (5)
Competition with Asian Companies	(1), (2), (3), (5), (6)
Shrinking Global Tire Manufacturing Market	(1), (3)
Foreign Exchange Risk	(2)
Physical Impacts of Climate Change and Possible Legislative Changes in ESG Areas	(7)

(1) Growth Focus, (2) Operational Excellence, (3) Being a Local Supplier to Global Customers, (4) Creating Value for Customers, (5) Innovation Everywhere, (6) Agile Decision Making, (7) Sustainable Perspective

Risk #1 – Possible Marmara Earthquake

Risk Factors

After two major earthquakes in Türkiye in February 2023, it is expected that the possible Marmara earthquake will have a much higher impact. A more severe earthquake scenario is anticipated for Kordsa's facilities in Türkiye than that which was predicted in previous years. Moreover, Kordsa identified possible failure of existing measures due to the increasing intensity of the earthquake and the impact on the living spaces of Kordsa employees or their families as risks factors.

Measures Taken and Control Activities

- Joint work with Sabancı Holding and Brisa
- Measurements of facilities in Türkiye
- Review of crisis and emergency plans

Risk Management Approach

• Determination of post-earthquake gathering areas within the İzmit campus and provision of tents, demolition hammers, canned food, etc.
• Formation of search and rescue teams within the Company and provision of necessary training and equipment

Risk #2 – Facility Safety-Fire

Risk Factors

Kordsa is exposed to fire risk due to similar operational processes applied in production facilities established in various locations. Kordsa gives priority to facility safety and employee safety in line with its "Occupational Health, Worker Safety and Environment" values.

Measures Taken and Control Activities

• Receiving advice from expert risk engineers to decrease fire risk through risk engineer site visit service provided by insurance companies every year (In visits to different businesses in 2024, risk engineers did not report any major findings.)
• Ensuring the global dissemination of measures and controls by sharing good practices or lessons learned in a business with other businesses
• Checking the adequacy of existing measures and commissioning investments that include additional measures when necessary

Risk #3 – Customer and Supplier Engagement

Risk Factors

There is a limited number of raw material suppliers in the global market for Kordsa's products which demand high product safety standards.

In addition to local customers, a significant portion of Kordsa's revenues comes from sales to the factories of six global tire manufacturers in the countries where Kordsa operates or in nearby regions. The possibility of Kordsa's operations being affected due to changing market dynamics or disruptions in the operations of customers/suppliers is identified as a risk factor.

Measures Taken and Control Activities

• Conducting a research for alternative products and alternative suppliers for raw materials
• Ensuring that customers have a share in Kordsa sales that is close to the customers' share in global or local markets
• Ensuring a reasonable distribution among different product groups such as polyamide and polyester
• Monitoring increased sales to other value-creating customers in local markets
• Diversifying product portfolio by achieving high growth in the composite technologies and construction reinforcement markets
• Launching product development projects in partnership with some customers
• Communicating the requests and expectations of the customers to all relevant units in addition to the results of the audits carried out by the customers
• Identifying alternative or substitute suppliers for main raw materials and obtaining necessary customer approvals, and developing cooperation with suppliers in close regions through a localization project
• Supplying, when necessary, raw material from spot markets and carrying out raw material transfer between Kordsa businesses
• Studies carried out by R&D to develop new alternative raw material sources
• Optimizing raw material needs in enterprises with inventory management and global operational planning applications

Risk #4 – Competition with Asian Companies

Risk Factors

Under this heading, Kordsa identified various risk factors such as Asian competitors focusing on increasing exports to global markets due to the failure of domestic markets in Asia, especially in China, to recover quickly after the pandemic, the global container index exceeding USD 10,000 during the pandemic and falling below USD 2,000, attack attempts on commercial ships in the Red Sea, possible new shocks in the global supply chain disrupted following the COVID-19 pandemic, and developments that may affect suppliers' production and shipping processes.

Measures Taken and Control Activities

• Product and portfolio diversification
• Product range and pricing optimization as part of commercial excellence
• Expanding to new alternative overseas markets (Mexico, Canada)

Risk #5 – Shrinking Global Tire Manufacturing Market

Risk Factors

Kordsa defined the possible risk factors as the shrinkage in customer markets, the slowdown of consumption due to global high interest rates, the increase in austerity measures due to the natural gas crisis in Europe originating from Russia, and the decrease in vehicle sales due to the shift of mobility to public transportation.

Measures Taken and Control Activities

• Product and portfolio diversification
• Optimization of production processes
• Expanding to new alternative overseas markets (Mexico, Canada)

Risk #6 – Foreign Exchange Risk

Risk Factors

The economic program implemented in Türkiye after 2018 resulted in exchange rate shocks. Moreover, it is observed that exchange rates have been suppressed in recent years. Exchange rates that are not determined within the framework of market conditions caused the TRY to overvalue and increased Kordsa's production and labor costs compared to its competitors. Similar interventions in exchange rates have been defined as a possible risk factor.

Measures Taken and Control Activities

• Implementation of the hedging mechanism compatible with Sabancı Holding procedures
• Optimization of the working capital

Risk #7 – Physical Impacts of Climate Change and Possible Legislative Changes in ESG Areas

Risk Factors

Sustainability is an integral part of Kordsa's strategy. Many studies are carried out simultaneously to ensure social and environmental sustainability in the entire life cycle of purchasing, supply and production processes. Kordsa's production facilities, customers and suppliers in different regions around the world may be exposed to extreme weather events, droughts or floods caused by climate change. Due to these physical effects, there is a possibility of disruption of operational processes. Additional risks factors are identified as the possibility of comprehensive changes in legislation during the transition to a low-carbon economy, the forthcoming implementation of the Emissions Trading System (ETS) and carbon border adjustment mechanism practices, or possible changes in customer preferences. Details of the risks identified in relation to sustainability and the measures taken can be found in the CDP Climate and Water Reports.

Measures Taken and Control Activities

• Taking precautions in facilities against natural disasters caused by climate change and planning protective long-term investments
• Proactively identifying risks by monitoring global environmental, social and corporate governance (ESG) regulations and updates
• Making a commitment to Science Based Targets Initiative (SBTi) and developing actions in line with this commitment
• Creating a road map to reach the 2050 Net Zero target and defining short-medium-long-term targets
• Continuing notifications to national and international reporting mechanisms (CDP, EcoVadis, Borsa Istanbul, etc.).

CORPORATE GOVERNANCE

Our innovative technologies reinforce life,
from the past to the future.

Independent Auditor's Report on the Board of Directors' Annual Report

To the General Assembly of Kordsa Teknik Tekstil Anonim Şirketi

1) Opinion

We audited the annual report of Kordsa Teknik Tekstil Anonim Şirketi (the "Company") and its subsidiaries (together to be referred as "the Group") fort he financial period 01/01/2024-31/12/2024, since we completed the audit of the complete set consolidated financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors regarding the position of the Group carried out by using the information included in the audited financial statements are true and consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit.

2) Basis for Opinion

We conducted our independent audit in accordance with the auditing standards issued by the Capital Markets Board (CMB) of Türkiye and the Independent Auditing Standards (IAS), a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the section "Independent Auditor's Responsibilities for the Independent Audit of the Annual Report" of this Annual Report. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Including Independence Standards) issued by the POA ("Code of Ethics") and with the provisions on ethics set forth in the legislation on independent audit. We also fulfilled our other ethical responsibilities in line with the Code of Ethics and the requirements set forth in the legislation. We believe that the audit evidence we obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3) Auditor's Opinion on the Complete Set of Consolidated Financial Statements

In our auditor report dated 28 February 2025, we issue an unqualified opinion on the complete set of consolidated financial statements of the Group for the period 01/01/2024-31/12/2024.

4) Other Matters

The independent audit of the financial information included in the Group's annual report for the fiscal year ended December 31, 2023, was conducted by another independent audit firm. The previous independent audit firm issued an unqualified opinion on the annual report dated December 31, 2023, in its independent auditor's report dated March 21, 2024.

5) Responsibility of the Board of Directors for the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the Communiqué on the Principles of Financial Reporting In Capital Markets No. II – 14.1 (the "Communiqué"), the responsibilities of the Group's management regarding the annual report are:

a) To prepare the Group's annual report within the first three months following the date of statement of financial position and to submit the report to the general assembly.
b) To prepares the Group's annual report so as to reflect the operations of the year and the consolidated financial position of the Group accurately, completely, directly, true and fairly in all respects. In the annual report, the financial position is assessed in accordance with the Group's consolidated financial statements. The annual report also clearly states the information on the Group's development and the possible risks. The assessment of the Board of Directors on these matters is included in the report.
c) The annual report also includes the following:
- Significant events occurred in the Group after the end of the reporting period,
- The Group's research and development activities, and
- Financial benefits such as wages, premiums and bonuses paid to board members and senior management as well as appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees provided to board members and senior management.

While preparing the annual report, the Board of Directors also considers the secondary legislation issued by the Ministry of Trade and other relevant institutions.

6) Independent Auditor's Responsibility for the Independent Audit of the Annual Report

Our objective is to issue an opinion on whether the consolidated financial information included in the annual report in accordance with the provisions of the TCC and the Communiqué and the analysis of the Board of Directors carried out by using the information included in the audited financial statements regarding the position of the Group are true and consistent with the audited consolidated financial statements of the Group and the information obtained during the independent audit, and to draw up a report that includes our opinion.

We conducted our independent audit in accordance with the standards on auditing issued by the CMB and with the IAS. These standards require compliance with ethical requirements as well as planning and performance of the independent audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and the analysis of the Board of Directors carried out by using the information included in the audited financial statements regarding the position of the Group are true and consistent with the consolidated financial statements and the information obtained during the independent audit.

The responsible auditor who concluded this audit is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Zere Gaye Şentürk, CPA
Responsible Auditor
İstanbul, February 28, 2025

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

1. GENERAL INFORMATION:

Trade Name: Kordsa Teknik Tekstil A.Ş.
Trade Registry Office: Kocaeli
Trade Registry Number: 26907
Central Registration System Number: 0577005356400013
Tax Office: Büyük Mükellefler
Tax Number: 5770053564
Headquarters Address: Alikahya Fatih Mahallesi Sanayici Caddesi No:90 İZMİT 41310 / KOCAELİ - TÜRKİYE
Website: https://kordsa.com & https://yatirimciiliskileri.kordsa.com

a) Area of Activity

Founded in 1973, Kordsa Teknik Tekstil A.Ş. operates in the fields of tire reinforcement, composite reinforcement, and structure reinforcement. Today, Kordsa's tire reinforcement technologies reinforce one of every three automobile tires and two of every three aircraft tires produced worldwide. With its technological innovations in the tire reinforcement industry, the Company develops eco-friendly products that reduce fuel use and provide better traction without compromising safety while developing sustainable technologies for the composites industry that make vehicles lighter, consume less fuel, and lower carbon emissions. In the construction reinforcement sector, Kordsa aims to touch every aspect of life by providing more durable and more practical reinforcement solutions for infrastructure and superstructure projects.

Kordsa's headquarters is located at Alikahya Mahallesi Sanayici Caddesi No: 90 İzmit 41310 Kocaeli, Türkiye. Kordsa's trade register number is 26907 and its website is https://kordsa.com,https://yatirimciiliskileri.kordsa.com.

The Company has 4,613 employees as of December 31, 2024. (December 31, 2023: 4,614)

b) Capital and Partnership Structure

Founded in 1973, Kordsa Teknik Tekstil A.Ş. (hereinafter "Company" or "Kordsa") operates as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. (hereinafter "Sabancı Holding").

Adopting the registered capital system in accordance with the Capital Markets Law, Kordsa Teknik Tekstil A.Ş. has an issued capital of TRY 194,529,076 within the registered capital upper limit of TRY 500,000,000. This capital consists of 19,452,907,600 (December 31, 2023: 19,452,907,600) registered shares with a nominal value of 1 Kr each.

There is no real controlling shareholder in the company. All of the Company's shares are registered to names. The Company's shares have been traded on the Borsa Istanbul A.Ş. (BIST) since 1986. The Company is unable to track the share transfers of shareholders representing 28.89% of its publicly traded capital. The Company officially recognizes only the sole shareholder of shares/dividends representing 71.11% of the Company's other share capital. As of December 31, 2024 and December 31, 2023, the Company's issued capital and its distribution among shareholders were as follows:

Distribution of Shareholders as of December 31, 2024

Shareholder	Number of Shares	Capital Ratio (%)	Share Type	Share Amount Nominal (TRY) (1 Share = 1 Kr)
Hacı Ömer Sabancı Holding A.Ş.	13,832,761,401	71.11%	Registered	138,327,614.01
Other	5,620,146,199	28.89%	Registered	56,201,461.99
Total	**19,452,907,600**	**100.00%**		**194,529,076.00**

Distribution of Shareholders as of December 31, 2023

Shareholder	Number of Shares	Capital Ratio (%)	Share Type	Share Amount Nominal (TRY) (1 Pay 1 Kr)
Hacı Ömer Sabancı Holding A.Ş.	13,832,761,401	71.11%	Registered	138,327,614.01
Other	5,620,146,199	28.89%	Registered	56,201,461.99
Total	**19,452,907,600**	**100.00%**		**194,529,076.00**

c) Board of Directors and Executive Board

Board of Directors

The Board of Directors of Kordsa has been formed in accordance with the principles set forth by the CMB.

Name & Surname	Position	Board Membership Initial Start	Start Date	End Date
Burak Turgut ORHUN	Chairman	April 19, 2024	April 19, 2024	APRIL 2027
Ali ÇALIŞKAN	Vice Chairman Member of the Early Detection of Risk Committee	April 1, 2022	April 19, 2024	APRIL 2027
Yeşim ÖZLALE ÖNEN	Board Member Member of the Corporate Governance Committee	February 24, 2023	April 19, 2024	APRIL 2027
Nusret Orhun KÖSTEM	Board Member Member of the Early Detection of Risk Committee	May 12, 2021	April 19, 2024	APRIL 2027
Şerife Ebru DOĞRUOL AYGİL	Independent Member Chairwoman of the Corporate Governance Committee Member of the Audit Committee Member of the Early Detection of Risk Committee	March 23, 2022	April 19, 2024	APRIL 2027
Güngör KAYMAK	Independent Member Chairman of the Early Detection of Risk Committee Chairman of the Audit Committee Member of the Corporate Governance Committee	March 24, 2021	April 19, 2024	APRIL 2027

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

Kordsa's Board of Directors oversees the compliance of its operations to laws, articles of association, internal regulations, and established policies while managing and representing the Company, making strategic decisions taking the Company's risks, growth and earnings into account, and pursuing its long-term interests.

The Company's Board of Directors consists of six members elected at the 2023 Ordinary General Assembly Meeting held on April 19, 2024, in accordance with the provisions of the Turkish Commercial Code and the Company's articles of association, to serve until the 2026 Ordinary General Assembly Meeting to be held in 2027.

There is no Company policy setting a target for the ratio of female members on the Board of Directors.
As of December 31, 2024, there were two female Board Members.

The résumés of the members of the Board of Directors and other details are available for the information of shareholders and stakeholders in Turkish and English at https://kordsa.com/ and https://yatirimciiliskileri.kordsa.com/tr.

Declarations of Independence of Independent Board Members were submitted for the information of shareholders and stakeholders at https://www.kap.org.tr/tr/Bildirim/1242605, https://www.kap.org.tr/en/Bildirim/1242605 on 24.01.2024 and at https://www.kap.org.tr/tr/Bildirim/1245349, https://www.kap.org.tr/en/Bildirim/1245349 on 31.01.2024.

The Board of Directors convenes as often as it can to effectively fulfill its duties, and conducts its operations in a transparent, accountable, fair, and responsible manner, taking the long-term interests of the Company into account. The Board of Directors is required to convene at least four times a year and as needed. The Board resolutions are recorded in Turkish and English. There were 26 Board resolutions in 2024.

The Committees of the Board of Directors were allocated their tasks according to the Company's articles of association pursuant to Board Resolution No. 2024/11 on April 24, 2024 following the Ordinary General Assembly Meeting of Shareholders for the year 2023 held on April 19, 2024.

Despite Kordsa's wish to comply with the recommendation in Article 4.5.5 of the Corporate Governance Communiqué that "a member of the Board of Directors should not be a member of more than one committee", a Board Member may be a member of more than one committee due to the need for expertise in various committees.

About Kordsa 2024 Activities Corporate Governance Financial Statements

Executive Board

Name & Surname	Role
İbrahim Özgür YILDIRIM (*)	CEO (Chief Executive Officer)
Ömür MENTEŞ	Deputy General Manager, Global Operations, Tire
Doğan SEVİM	Deputy General Manager, Global Sales and Marketing
Şermin MUTLU	Deputy General Manager, Finance
Deniz KORKMAZ	Deputy General Manager, Global Operations, Composites
Eray KARADUMAN	Deputy General Manager, Human Resources & Regional General Manager, North America
Müge ARİFOĞLU YENMEZ	Deputy General Manager, Technology Regional General Manager, Composite Europe, Middle East & Africa (EMEA)
Boudewijn Dominique J. DE LOOSE	Deputy General Manager, Business Development
Mehmet İlker ÇALIŞKAN	Deputy General Manager, Digitalization and Integration

(*) İbrahim Özgür YILDIRIM left the Company on January 6, 2025.
Until an appointment to the CEO position, Burak Turgut ORHUN, Sabancı Holding Material Technologies Group President and Chairman of the Board of Directors of Kordsa, has been appointed as the Chairman of the Company's Executive Board in addition to his current position.

2. FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR MANAGERS

Pursuant to Article 4.6.5 of the Corporate Governance Principles, remuneration and all other benefits provided to members of the Board of Directors and senior managers are disclosed to the public in the interim and annual reports. However, disclosure is not made regarding individual persons.

	1 January - 31 December 2024	1 January - 31 December 2023
Short-term employee benefits	118,776,228	71,123,474
Benefits after employment termination	7,590,311	815,892
Other long-term benefits	230,743	154,211
	126,597,282	**72,093,577**

Stock options or payment plans based on company performance are not used in the remuneration of Independent Board Members.

At the 2023 Ordinary General Assembly Meeting of Shareholders held on April 19, 2024, it was resolved that the Deputy Chairman of the Board of Directors and the Independent Members of the Board of Directors shall each be paid a monthly gross salary of TRY 90,000 (Nine Thousand Turkish Liras) for the duration of their terms of office and that no salary or attendance fee shall be paid to other Board of Directors Members.

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

3. RESEARCH & DEVELOPMENT ACTIVITIES

a) Research & Development

Detailed information on R&D activities is available on pages 40-47.

4. ACTIVITIES AND MAJOR RELEVANT DEVELOPMENTS

a) Subsidiaries

As of December 31, 2024, the nature of the business of the consolidated subsidiaries and the business segments in which the subsidiaries operate for the purpose of the consolidated financial statements are as follows:

Subsidiaries	Country	Area of Activity	Geographical Division	Effective Shareholding Interest (%)
Nile Kordsa Company SAE (**)	Egypt	Cord Fabric Production and Trade	Europe, Middle East & Africa	51.00
Kordsa Inc.	USA	Industrial Yarn and Cord Fabric Production and Trade	North America	100.00
Microtex Composites S.r.l.	Italy	Carbon Fiber Fabric and Prepreg Production for the Luxury Automotive and Motor Sports Industries	Europe	61.00
Kordsa Advanced Materials Inc.(***)	USA	Advanced Composite Materials Production for the Civil Aviation Industry	North America	100.00
Axiom Materials Inc.	USA	Advanced Composite Materials Production for the Civil Aviation Industry	North America	100.00
Textile Products, Inc.	USA	Advanced Composite Materials Production for the Civil Aviation Industry	North America	100.00
Fabric Development, Inc.	USA	Advanced Composite Materials Production for the Civil Aviation Industry	North America	100.00
Kordsa Brasil S.A.	Brazil	Industrial Yarn and Cord Fabric Production and Trade	South America	97.31
PT Indo Kordsa Tbk (*)	Indonesia	Industrial Yarn and Cord Fabric Production and Trade	Asia	61.59
Thai Indo Kordsa Co. Ltd.	Thailand	Cord Fabric Production and Trade	Asia	39.53
Kordsa Advanced Materials Gmbh	Germany	Research & Development Activities	Europe	100.00

(*) The company is listed on the Indonesia Stock Exchange (Indonesia Stock Exchange "IDX").
(**) Pursuant to Group Board of Directors Decision No. 2015/29 on December 31, 2015, the Company decided to categorize the financial statements of Nile Kordsa Company for Industrial Fabrics S.A.E., in which the Company has 51% shareholding, as "Assets Held for Sale" on the balance sheet as of December 31, 2015.
(***) All shares of Fabric Development Inc. and Textile Products Inc., companies operating in the composite sector, which are 100% owned and directly controlled by Kordsa Inc., were transferred to Axiom Materials Acquisition LLC, also directly controlled by Kordsa Inc., with the title being changed to "Kordsa Advanced Materials Inc."

b) Investment Expenditures

The Company invested TRY 1.6 billion (USD 49 million) in 2024.

c) Important Developments in the Reporting Period

- Kordsa was once again awarded the Gold Medal for its sustainability performance in the 2024 assessment conducted by EcoVadis, the global sustainability rating organization. Kordsa was among the top 5% of all companies included in the assessment, thus proving its leadership in sustainability once again with its exemplary practices and strong commitments in the fields of environmental, social and governance (ESG).
- The recycled polyester production process of Kordsa's Indonesia facility was recognized with the ISCC (International Sustainability Carbon Certification) Plus Certificate, one of the most prestigious and comprehensive certification programs in the field of sustainability. Recycled polyester-based tire reinforcement technologies, an important element of Kordsa's circular economy approach and sustainable product range, ensure the inclusion of end-of-life materials in the production processes.
- Kordsa Brazil was deemed one of the Best Employers in Brazil by Great Place to Work (GPTW). Kordsa Brazil was recognized as the Best Workplace in Brazil in the "Various Industries" category among medium-sized companies by the São Paulo University Business Institute Foundation (FIA).
- Aiming to contribute to women's empowerment and gender equality with its "Reinforcing Life" vision, Kordsa was awarded the Equal Opportunity Model (FEM) certificate launched by the Women Entrepreneurs Association of Türkiye (KAGİDER) in 2023 to end gender discrimination in business life. Attending the FEM Meeting held by KAGİDER at Raffles Hotel on November 20, Kordsa's HR managers shared the Company's work in the field of gender equality, procedures regarding women and related projects.
- Kordsa maintains its contribution to sustainable development with projects in foreign trade, operational efficiency, human resources and employment, ESG, digitalization, R&D and innovation. Evaluating the operations of institutions in the Marmara Region in the fields of financial performance, operational success and sustainability, Kocaeli Chamber of Industry deemed Kordsa worthy of the "Excellence Award" in the field of sustainability for the second year in a row.
- Kordsa expands its expertise in material technologies with Exenco, its Compounding brand. At the Plast Eurasia fair, welcoming the leading brands of the polymer industry, Kordsa introduced the Exenco brand with a launch event. With its product portfolio including recycled and bio-based engineering plastics, Exenco aims to offer innovative solutions to sectors such as automotive, white goods, electrical and electronics, construction, industrial applications and packaging.
- Kordsa was awarded the "Turkish Company of the Year" award by AmCham Türkiye, a trade association and non-governmental organization consisting of US-based companies operating in Türkiye, at the I Am Champion Awards. The award was dedicated to Kordsa's contributions to the economic cooperation between the two countries and its achievements in line with its sustainable growth targets.
- Within the scope of the Sabancı Youth Mobilization project initiated by Sabancı Group companies throughout Türkiye with the aim of transforming "brain drain into brain power", Kordsa opened its fifth Technology and Impact Center at Kocaeli University. Aiming to bring together young people and academics in the field of material technologies with the technologies of the future by offering mentoring and training opportunities, the Center was opened with a

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

ceremony held with the participation of Kocaeli University Rector Prof. Dr. Nuh Zafer Cantürk, Sabancı Holding Material Technologies Group President Burak Orhun, Sabancı Holding Corporate Brand Management and Communication Department Head Filiz Karagül Tüzün, Kocaeli University faculty members and students. As part of the ceremony, Sabancı Holding and Kordsa Volunteers met Kocaeli University Faculty of Engineering students at the Center and answered their questions. Moreover, they provided information on how the personal development, operational excellence and technical trainings to be organized at the Center will enable young people to better prepare for business life.

- Fast Company magazine published the "Most Innovative Companies" list in the Turkish edition of the magazine as part of its global "Most Innovative Companies" research. After its achievement in 2023, Kordsa once again took its place among Türkiye's most innovative companies in 2024 with Project Janus, developed by the Global Information Technologies department.

d) Information on Staff and the Collective Bargaining Agreement

The Company has 4,613 employees as of December 31, 2024.

Country	Number of Employees (including subcontractors)
Türkiye	1,827
Indonesia	1,162
USA	723
Thailand	397
Brazil	390
Italy	108
Germany	5
China	1
Total	**4,613**

Educational Background of White-Collar Employees (%) (as of December 31, 2024):

2.0% PhD
22.5% Master's Degree
52.5% Undergraduate
9.4% Associate Degree
13.6% High School and Below

The Textile, Knitting, Clothing, and Leather Industry Workers' Union of Türkiye (TEKSIF) (which our unionized employees are members of) and the Turkish Textile Employers' Association (which our Company is a member of) signed the XXVI. Period Group Collective Bargaining Agreement, with provisions effective for 36 months starting on April 1, 2022.

5. FINANCIAL STATUS

a) Financial Indicators

Kordsa's consolidated financial indicators are as follows:

	TRY Financials (MTL)						
	2023 Q4	2024 Q4	Δ	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Revenue	4.733	7.743	%63,6	7.239	7.586	7.865	7.743
Gross Profit	726	574	-%20,9	1.230	1.049	1.088	574
Gross Profit Margin (%)	%15,3	%7,4	-8 pts	%17,0	%13,8	%13,8	%7,4
Operating Expenses Ratio (%)	%11,6	%11,9	0 pts	%11,9	%12,4	%11,9	%11.9
Main Operating Profit	262	-463	-%277,0	366	214	286	-463
Main Operating Profit Margin (%)	%5,5	-%6,0	-12 pts	%5.1	%2,8	%3,6	-%6,0
Adjusted EBITDA*	363	-36	-%109,9	718	501	600	-36
Adjusted EBITDA Margin (%)	%7,7	-%0,5	-8 pts	%9,9	%6,6	%7,6	-%0,5
Net Profit	237	-803	-%438,9	98	22	-173	-803
Net Profit Margin (%)	%5,0	-%10,4	-15 pts	%1,4	%0,3	-%2,2	-%10,4

	USD Financials (M$)						
	2023 Q4	2024 Q4	Δ	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Revenue	231	225	-%2,6	234	235	235	225
Gross Profit	35	17	-%52,9	40	32	33	17
Gross Profit Margin (%)	%15,3	%7,4	-8 pts	%17,0	%13,8	%13,8	%7,4
Operating Expenses Ratio (%)	%11,6	%11,9	0 pts	%11,9	%12,4	%11,9	%11.9
Main Operating Profit	13	-13	-%205,3	12	7	9	-13
Main Operating Profit Margin (%)	%5,5	-%6,0	-12 pts	%5.1	%2,8	%3,6	-%6,0
Adjusted EBITDA*	18	-1	-%105,9	23	16	18	-1
Adjusted EBITDA Margin (%)	%8,0	-%0,5	-8 pts	%9,9	%6,6	%7,6	-%0,5
Net Profit	12	-23	-%301,6	3	1	-5	-23
Net Profit Margin (%)	%5,0	-%10,4	-15 pts	%1,4	%0,3	-%2,2	-%10,4

* Other income/expenses from main operations, excluding exchange rate difference income/expense, were taken into account in the adjusted EBITDA calculation.

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

b) Evaluation of Activities during the Period

Tire, construction and composite reinforcement leader Kordsa's sales revenues increased in the last quarter of 2024 compared to the same quarter of 2023;
• In the tire reinforcement segment, 3% volume growth was achieved in a market where price competition and sectoral stagnation continued,
• Price competition in the tire retrofit market due to the fact that the sectoral recovery has not yet started and demand is insufficient against high supply and
• In the composites sector, sales in the civil aviation sector decreased by 2.6% to USD 225 million, due to the fact that the production of aircraft, where composite consumption in the civil aviation sector is high, has not yet started to recover (especially the Boeing 787 Dreamliner project), seasonal variability in sales other than civil aviation, and the recession in the automotive sector in the European Region in the last quarter of the year.

During the same period, the earnings before interest, taxes, depreciation, and amortization ("EBITDA") was USD -1 million and the quarterly loss was USD 23 million.

FINANCIAL DEVELOPMENTS

In the last quarter of 2024, sales revenues decreased by 2.6% compared to the same quarter of 2023, amounting to USD 225 million. In the last quarter of 2024, compared to the same quarter of 2023:
• In the tire reinforcement segment, a 3% growth in volume was achieved in response to the price and volume competition that arose as a result of the failure to achieve a supply-demand balance in the market, but due to price pressure, the segment's turnover was realized as USD 174 million, parallel to the same quarter of 2023 (last quarter of 2023: USD 173 million).
• In wide-body aircraft, where composite consumption is high, including the Boeing 787 Dreamliner project, of which the main carbon fabric supplier is Kordsa, due to the insufficient recovery after Covid-19, the seasonal effect in sectors that may be alternatives to the civil aviation segment, and the stagnant demand in the automotive sector in Europe in the last quarter, sales revenues decreased by 11% compared to the same quarter of the previous year, amounting to USD 41 million (last quarter of 2023: USD 46 million).
• The construction reinforcement segment, which is growing in export markets, especially in Brazil, achieved a turnover of USD 3.1 million in the last quarter of 2024, exceeding the volume in the first three quarters of 2024 and increasing by 25% compared to the same quarter of 2023.

In the last quarter of 2024, the following occurred;
• Volume and price competition in the tire reinforcement segment,
• Pressure on TL costs from currency-inflation mismatch in the EMEA region,
• As a result of the reassessment of high raw material inventories, mostly from the Covid-19 period, an inventory impairment of USD 7.8 million in the tire reinforcement segment and USD 6 million in the composites segment was recognized.
• EBITDA of -1 million for the quarter due to profitability pressure in composites segment.

The factors affecting net profit in the last quarter of 2024 are
• the pressures on operating profitability,
• the high risk of non-repayment of the convertible bond in our short-term financial investments of USD 3.1 million, and the provision in our financials for the same amount, and
• the tax expenses incurred in Indonesia and Thailand operations.

Under these effects, our quarterly loss in the last quarter of 2024 was USD 23 million.

In the last quarter of 2024, an investment of USD 14 million was made for machinery and product sustainability.

With the improvement in working capital in the last quarter of 2024, the net debt level decreased by USD 14 million compared to the previous quarter, realized as USD 377 million. Moreover, with the annual decrease in EBITDA, the net debt/EBITDA ratio became 6.7 at the end of 2024. In the calculation of Adjusted EBITDA, other income and expense figures from main activities, excluding exchange rate difference income and expenses, were also taken into account.

Dividend Policy

Kordsa has a written Dividend Policy. There are no privileges regarding participation in the Company's profits.

DIVIDEND POLICY OF KORDSA TEKNİK TEKSTİL A.Ş.

The Dividend Policy of Kordsa Teknik Tekstil A.Ş. (Kordsa) is prepared in accordance with the provisions of the Turkish Commercial Code, Capital Markets Regulations, and other applicable regulations and the article regarding the dividend distribution of our Articles of Association.

The dividend to be distributed is determined in line with the decision taken at the General Assembly. However, the Company adopts the principle of distributing the entire distributable profit in the form of cash and/or bonus shares. The dividend distribution decision is taken by the General Assembly in line with the Company's medium and long-term strategies, including large fixed asset investments, acquisitions of subsidiaries, or limitations on current debt instruments, as well as national and global economic conditions.

Pursuant to Article 35 of the Articles of Association, if authorized by the General Assembly, the Board of Directors may distribute advance dividends in cash in accordance with the capital markets legislation and related regulations.

Although it is accepted that the dividends will be distributed equally, as soon as possible, regardless of all the existing shares and their issuance and acquisition dates, they will be distributed to the shareholders on the date determined by the General Assembly following the approval of the General Assembly within the specified legal periods.

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The General Assembly may decide to transfer a portion or all of the distributable profit to extraordinary reserves. If the Kordsa Board of Directors proposes not to distribute dividends to the General Assembly, the shareholders are informed at the General Assembly Meeting regarding the relevant reasons and how the undistributed profit will be used. Likewise, this information is shared with the public in the annual report and on the website.

The dividend policy is submitted to the approval of the shareholders at the General Assembly Meeting. The policy is reviewed annually by the Board of Directors in case of any adverse events in national and global economic conditions, in line with the status of projects on the agenda and funds. Amendments in the policy are also submitted to the approval of the shareholders at the first general assembly meeting after the amendment and announced to the public on the website.

Kordsa's Dividend Policy was revised pursuant to the Board of Directors decision of January 22, 2024 to comply with recent amendments to the Capital Markets Law and shared with shareholders and stakeholders on http://www.kap.gov.tr and the Company website https://yatirimciiliskileri.kordsa.com. The revision was approved at the 2023 Ordinary General Assembly meeting held on April 19, 2024.

Amounts and Ratios of Gross Dividends Distributed over the Past Three Years:

Year	2023	2022	2021
Amount (TRY)	-	57,000,000.00	160,000,000.00
Ratio (%)	-	29.30	82.25
Distribution Date	-	March 29, 2023	April 4, 2022

6. EVALUATION OF MANAGEMENT COMMITTEES AND BODIES

a) Committee of Early Detection of Risk

Kordsa's risks are managed at all levels of the Company. All Kordsa employees are responsible for risk management.

Corporate Risk Management is the culture, capabilities and practices integrated with corporate strategies to manage the risks faced while creating, maintaining and gaining value. Kordsa revised the Risk Management company standard (CFN.PO15) regarding Corporate Risk Management and published the standard within the organization on August 29, 2023. The standard is reviewed annually by the Kordsa Executive Board. The Company standard describes and secures Company practices in the following matters:

- Kordsa's Risk Management approach and positioning.
- Governance of the risk management process and design of roles and responsibilities.
- Identification and detection of risks.
- Assessment and prioritization of risks.
- Creation of risk management action plans.
- Establishment of systems for early detection of risks.
- Monitoring and reporting of risks.
- Building of a risk awareness culture and risk communication.

Kordsa's all financial or non-financial (operational, reputational, legal, environmental, staff) risks are defined on the basis of all countries of operation and facilities and prioritized in accordance with the Company's CFN.PO15 Risk Management standard. Action plans are created to manage risks with high and medium risk scores. Key Risk Indicators reports are created to detect early indicators of significant risks that Kordsa is exposed to and to take necessary precautions and actions.

The Early Detection of Risk Committee convened six times in 2024, on March 5, 2024, April 17, 2024, June 6, 2024, September 4, 2024, October 18, 2024, and December 3, 2024.

b) Corporate Governance Committee

The Corporate Governance Committee consists of members and independent members of Board of Directors with or without direct executive functions as well as senior managers with direct executive functions and knowledge and experience in Corporate Governance issues. The Corporate Governance Committee also assumes the duties of the Nomination Committee and the Remuneration Committee.

The Corporate Governance Committee determines whether the Corporate Governance Principles are applied within the Company, if not, the relevant reasons and the conflicts of interest arising from not fully complying with these principles, and makes recommendations to the Board of Directors to improve corporate governance practices.

The Corporate Governance Committee convened five times in 2024, March 5, 2024, March 14, 2024, June 6, 2024, September 4, 2024, and December 3, 2024.

c) Audit Committee

The Audit Committee is responsible for informing the Company's Board of Directors about the Company's accounting system, financial reporting, financial information disclosed to the public, the activities of the internal audit department, the functioning and effectiveness of the independent audit and internal control system, to support the Company's

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

work on compliance with the relevant laws and regulations, especially the Capital Markets Board Legislation, the Corporate Governance Principles and the Company's ethical rules, and to fulfill the oversight function regarding these issues. The Audit Committee consists of individuals who do not directly assume an executive function and who are independent members of the Board of Directors with sufficient knowledge and experience in financial matters.

The Internal Audit Committee convened four times in 2024, March 5, 2024, June 6, 2024, September 4, 2024, and December 3, 2024.

The Audit Committee convened four times in 2024, March 14, 2024, May 27, 2024, August 13, 2024, and October 25, 2024, and reviewed and approved the audit reports.

7. DIGITALIZATION

Digital Transformation and Artificial Intelligence

Detailed information on Digital Transformation and Artificial Intelligence is available on pages 33-39.

8. OTHER MATTERS

a) Donations and Charitable Work in the Reporting Period

The Company has a Donation and Charities Policy in place in accordance with the CMB's Corporate Governance Principles which is available for the information of shareholders and stakeholders on the Company's corporate website at https://yatirimciiliskileri.kordsa.com.

NAME	AMOUNT (TRY)
Earthquake Container Donation	3,069,674.00
Habitat Association	38,000.00
Izmit Municipality Youth Sports Club	300,000.00
IZBURS Izmit Scholarship Association	70,000.00
Carbon Association	32,000.00
Sabancı University	169,546.25
Turkish Earthquake Foundation	40,000.00
TEV - Turkish Educational Foundation	6,750.00
TOTAL	3,725,970.25

b) Occupational Health and Safety, and Environment

Detailed information on OHS and Environment is available on pages 74-75.

9. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Kordsa Teknik Tekstil A.Ş. complied with all of the mandatory articles of the Corporate Governance Principles annexed to the Corporate Governance Communiqué (Communiqué) numbered II-17.1 published by the Capital Markets Board (CMB) for the accounting period of 1 January 2024- 31 December 2024.
The Corporate Governance Compliance Report (URF) for the 2024 accounting period and the Corporate Governance Information Form (CGIF) for the year 2024 were announced on the Public Disclosure Platform (KAP) on February 28, 2025. On the other hand, developments within the period regarding the Company's corporate governance compliance status are announced via update notifications on the relevant tab of the Public Disclosure Platform.

https://www.kap.org.tr/en/Bildirim/1397757
https://www.kap.org.tr/en/Bildirim/1397760

In 2024, the Company paid due diligence to fully comply with the non-compulsory articles of the Corporate Governance Principles and submitted these issues in detail to the information of shareholders and stakeholders at www.kap.gov.tr and https://yatirimciiliskileri.kordsa.com.

To this end, our main policy is
• In accordance with the principle 4.2.8, a Board Members and Manager Responsibility Policy was drawn up for the damages that may be caused to the Company by the faults of the Members of the Board of Directors and managers during their duties.
• In accordance with the principle 1.6, the Company's dividend policy was submitted to the approval of the shareholders at the 2023 Ordinary General Assembly Meeting on April 19, 2024 and published on the Company website https://yatirimciiliskileri.kordsa.com and at www.kap.gov.tr.
• In accordance with the principle 1.3.10, the determination of the limit of donations to be made in 2024 as TRY 10,000,000 (Ten Million Turkish Liras), except for the donations that the Company must make in accordance with the Articles of Association, was submitted to the approval of the 2023 Ordinary General Assembly held on April 19, 2024 and accepted.

In some of the non-mandatory principles, full compliance has not been achieved yet due to difficulties in implementation, ongoing discussions both in Türkiye and in the world regarding compliance with some principles, and the failure of some principles to fully coincide with the current structure of the market and the Company. The principles in question and the reasons for non-compliance with these principles are summarized below:

Annual Report of the Board of Directors for the Accounting Year of 1 January 2024 - 31 December 2024

• Since the existing regulations in the Turkish Commercial Code are considered to be sufficient in compliance with the principles 1.2.1, 1.5.1 and 1.5.2, no separate provision was set forth in the Company's Articles of Association.
• Although full compliance with the principle 2.1.4 is aimed, such information is still provided by data distribution organizations such as Reuters, Foreks, etc. Efforts are underway to make the information on the website largely available in English.
• Although there is no Company policy regarding the principle 4.3.9, two of our current Board members are woman.
• Although due care is taken in compliance with the principle 4.5.5, a member of the Board of Directors may be a member of more than one committee due to the business expertise required by committee membership.
• Disclosures in accordance with the principle 4.6.5 are not made on an individual basis.
• In accordance with the principle 3, a model or mechanism has not been established for the participation of stakeholders in the management. Independent members of the Board of Directors make it possible to represent the Company and all stakeholders, as well as shareholders, in the management.

10. SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

The Sustainability Principles Compliance Framework was drafted according to an amendment made by the Capital Markets Board to the Corporate Governance Communiqué on October 2, 2020. Aiming for 100% compliance with this communiqué, KORDSA is included in the BIST Sustainability Index, achieving compliance to a great extent in the January 1, 2024 - December 31, 2024 accounting period as a result of its efforts as part of Sabancı Holding and Group companies.

The Sustainability Principles Compliance Reporting was launched according to the Capital Markets Board's (CMB) Corporate Governance Communiqué No. II-17.1 and the Capital Markets Board's (CMB) Communiqué on Financial Reporting Principles in Capital Markets No. II-14.1 It was accepted, commenced implementation, and disclosed by Company decision no. 2025/5 on February 28, 2025. The 2024 Sustainability Report was issued on February 28, 2025 via the Central Registry Agency (MKK) Public Disclosure Platform (PDP) using the given template and can be found at https://www.kap.org.tr/en/Bildirim/1397755 and on the Company website (https://yatirimciiliskileri.kordsa.com) for the information of shareholders and stakeholders.

KORDSA demonstrated its sustainability focus in environmental, social, and governance areas more concretely in 2024. In 2025, the Company will strive to ensure 100% compliance with the aforementioned principles announced throughout the Sabancı Group, taking into account the interests of all stakeholders, especially shareholders.

Statement of Independences

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "independent member" on the Board of Directors of **Kordsa Teknik Tekstil Anonim Şirketi** ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board ("CMB")'s Communiqué on Corporate Governance.

In this regard, I declare and confirm that:

a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
e) I am residing in Türkiye in accordance with the Income Tax Law No. 193 dated 31/12/1960,
f) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
g) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
h) I have not served as a member of the Board of the Company for more than six years within last ten years,
i) I am not registered in the name of any legal entity elected as a Board member,
j) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

(Signature)
Name/Surname: **Güngör KAYMAK**
Date: 15.01.2024

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "independent member" on the Board of Directors of **Kordsa Teknik Tekstil Anonim Şirketi** ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Corporate Governance Principles as set forth by the Capital Markets Board ("CMB")'s Communiqué on Corporate Governance.

In this regard, I declare and confirm that:

a) In the last five years, I myself, my spouse or my up to the second degree blood or affinity relatives are not or have not been; employed by as a key management personnel with significant duties and responsibilities; have not had ordinary or privileged shareholding exceeding 5% either jointly or solely by myself; or have not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders with management control of the Company or having material effect over the Company and all entities controlled by those shareholders,
b) In the last five years, I have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or have not been a shareholder (with 5% stake or more) of an entity which has had a contractual relationship with the Company for purchase or sale of goods or services such as audit (including tax audit, legal audit, and internal audit) credit rating or consulting services during the terms in which the goods or services were provided,
c) I have relevant skills, knowledge and expertise in order to duly fulfill my duties as an independent board member,
d) I do not work/will not be working full-time at public institutions and organisations, except for the faculty membership provided that it is in compliance with the relevant legislation,
e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
g) I have not served as a member of the Board of the Company for more than six years within last ten years,
h) I am not registered in the name of any legal entity elected as a Board member,
i) I am not/will not be an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders, and in more than five corporations listed on Borsa İstanbul in total.

I hereby acknowledge to the General Assembly, the Board of Directors, the shareholders and all other stakeholders of the Company that the above statements are true and correct to the best of my knowledge.

(Signature)
Name/Surname: **Şerife Ebru DOĞRUOL AYGİL**
Date: 17.01.2024

About Kordsa 2024 Activities Corporate Governance Financial Statements

Auditor's Report on the Early Detection of Risk System and Committee

Kordsa Teknik Tekstil A.Ş.
To the Board of Directors

We audited the 2024 activities of the early detection of risk system and committee established by Kordsa Teknik Tekstil Anonim Şirketi ("the Company").

Responsibility of the Board of Directors

Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors is responsible for the establishment of an expert committee and for the operation and improvement of the system in order to early detect risks that would endanger the existence, growth and continuity of the company and in order to implement relevant measures and solutions and to manage such risks.

Responsibility of the Auditor

We are responsible for issuing an opinion on the Early Detection of Risk System and Committee based on our audit. We conducted our audit in accordance with the TCC, the "Principles Regarding the Auditors' Report on Early Detection of Risk System and Committee" issued by the Public Oversight, Accounting and Auditing Standards Authority (POA) as well as with code of ethics. Accordingly, we are required to determine whether the Company has established the Early Detection of Risk System and Committee, and if so, to evaluate whether the system and the committee operate in accordance with Article 378 of the TCC. The audit of the Early Detection of Risk System and Committee does not include the assessment of whether the solutions and practices provided by the Early Detection of Risk Committee against risks are sufficient and sound.

Information on the Early Detection of Risk System and Committee

It was noted that the Company's "Early Detection of Risk Committee" was chaired by Independent Board Member Güngör Kaymak, and the Committee members included Board Member Şerife Ebru Doğruol Aygil, Ali Çalışkan and Nusret Orhun Köstem.

In 2024, the Committee convened six times on March 5, April 17, June 6, September 4, October 18, and December 3.

Conclusion

Based on our audit, we concluded that the Early Detection of Risk System and Committee of Kordsa Teknik Tekstil A.Ş. and its activities are, in all material respects, sufficient within the meaning of Article 378 of the TCC.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Zere Gaye Şentürk, Certified Public Accountant
Partner

Istanbul, February 28, 2025

Dividend Distribution Proposal and Dividend Ratios Table for 2024

With the Resolution of Board of Directors dated February 28th, 2025, no: 2025/7,

According to our financial statements for the period of 01.01.2024-31.12.2024 which are prepared in compliance with the Turkish Accounting Standards pursuant to the "Communiqué About Guidelines For Financial Reporting in Capital Market" Serial No II, Article No 14.1 of Capital Market Board, and are audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., TRY 1,096,131,983.00 consolidated loss has been obtained.

Within this framework, it has been resolved that

The approval of the profit distribution table for 2024 at the end of the negotiations as attached,

Reserving of the net distributable loss 2024 which is calculated in line with Capital Market legislation, as Retained Earnings (losses),

Not to distributing dividend due to lack of distributable profit base and

Suggest these issues to Ordinary General Meeting Assembly, which held on March 26th, 2025.

About Kordsa 2024 Activities Corporate Governance Financial Statements

KORDSA TEKNİK TEKSTİL A.Ş.
DIVIDEND RATIOS TABLE

	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE OF TRY 1 NOMINAL VALUE	
	CASH (TRY)	SHARES (TRY)	RATIO (%)	AMOUNT (TRY)	RATIO (%)
GROSS	0,00	-	0,00	0,00	0,00
NET	0,00	-	0,00	0,00	0,00

February 28th, 2025

Conclusion Section of the 2024 Annual Report Disclosing the Relationships with the Controlling and Affiliated Companies Under Article 199 of the Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code (TCC) no. 6102 that came into force on 1 July 2012, Kordsa Teknik Tekstil A.Ş. Board of Directors is obliged to produce a report within the first three months of the fiscal year concerning its relations with the Company's controlling shareholder and affiliated companies thereof in the past fiscal year, and to quote the conclusion section of the said report in its annual report. Necessary explanations regarding the transactions Kordsa Teknik Tekstil A.Ş. carried out with related parties are presented in note 27 to the financial report. At its meeting held on 28 February 2025, the Company's Board of Directors approved the report disclosing our relationships with our controlling shareholder and affiliated companies within the scope of Article 199 of the TCC, and the report's conclusion section is quoted herein below:

According to the conditions and circumstances known to us at the time any transaction was carried out in line with true and fair accounting principles by and between our Company and its controlling company and its affiliated companies in the operating year from 01 January 2024 through 31 December 2024, legal acts carried out to the benefit of the controlling company or an affiliated company thereof at the instruction of the controlling company and any and all actions taken or avoided to the benefit of the controlling company or an affiliated company thereof during 2024 operating year have been addressed in the form of a report.

In this report prepared by Kordsa Board of Directors and dated 24 February 2025, it has been observed that, in all transactions Kordsa carried out with its controlling company and the affiliated companies thereof during 2024 and all legal acts were carried out and actions were taken as specified in Article 199 of the TCC no. 6102 and as required as per the responsibilities conferred upon the Board of Directors.

We hereby represent that the acts performed are in conformity with precedents according to the controlling company commentaries provided in the relevant articles of the TCC no. 6102 and that Kordsa sustained no losses by reason of its being included in the group of companies.

The Agenda of the 2024 Ordinary General Meeting to be Held on March 26th, 2025

AGENDA

1- Opening and Formulation of the Meeting Council,
2- Reading and discussion of the Board of Directors Annual Report concerning the year 2024,
3- Reading of Auditors' Reports concerning the year 2024,
4- Reading, discussion, and approval of the financial statements concerning the year 2024,
5- Release of the members of the Board of Directors with the regard to the 2024 activities,
6- Determining the use of profit, amount of dividend and ratios for dividend shares concerning the year 2024,
7- Determination of the salaries and benefits such as attendance fees, bonuses and premiums for the Board Members,
8- Selection of the auditor,
9- Discussion and approval of authorizing the Board of Directors to distribute advance dividends, effective for the 2025 accounting period,
10- Informing the General Assembly about the donations and aid made in 2024,
11- Determination of the donation limits for the year 2025,
12- Granting permission to the Chairman and the Members of the Board to make the transactions specified in Articles No. 395 and No. 396 of the Turkish Commercial Code,
13- Wishes and Expectations.

Meeting Date: March 26th, 2025 Wednesday
Time: 10.00 AM
Location: Sabancı Center, Hacı Ömer Conference Hall
34330 4. Levent, Beşiktaş - ISTANBUL

FINANCIAL STATEMENTS

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Kordsa Teknik Tekstil A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Kordsa Teknik Tekstil A.Ş. ("the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as of 31 December 2024 and the consolidated statement of income, consolidated statement of changes in shareholders' equity, and consolidated statement of cash flows for the period then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Key Audit Matters

Key audit matters are those that, in our professional judgment, are of the most importance in an independent audit of the current period's consolidated financial statements. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, on which we do not express a separate opinion.

KEY AUDIT MATTER	HOW THIS MATTER WAS ADDRESSED IN THE AUDIT
Revenue Recognition The Group's principal revenue streams consist of sales to companies operating in the tire industry of industrial fabrics and fabrics that form the main skeleton of vehicle tires and advanced composite materials to the civil aviation industry. The Group recognizes revenue when it fulfills its performance obligation by transferring control of the products to its customers. The Group's total revenue for the year ended 31 December 2024 is amounting to TL 30.432.802.993. Since sales contracts can be complex, the recognition of revenue in the period to which it relates depends on an accurate assessment of the sales conditions specific to each situation. Therefore, there is a risk that revenue may not be recognized in the correct period or amount for the products that may be returned from the products whose production is completed and delivered, and for those for which invoices have been issued but control has not been transferred to the customer. "Revenue recognition" was identified as a key audit matter due to its importance as a performance measurement criteria for the Group and the risk that it may not be recognized in the correct period or amount, due to the nature of the item. The Group's accounting policies and amounts related to revenue are disclosed in Note 2.5 and Note 20.	-The procedures for revenue recognition in the consolidated financial statements were reviewed and the design and implementation of the internal controls established were assessed, -For the sales transactions selected through sampling, the transfer of control was examined through the sales documents obtained, and the compliance of revenue with the accounting policies and whether the revenue was recognized in the reporting period when control was transferred was assessed., -The timing of revenue recognition in the consolidated financial statements for different shipment arrangements was evaluated by examining the terms of sale and shipment conditions in contracts with customers, -The external confirmation was obtained for the trade receivables selected by sampling and the compliance with the financial statements was checked, -The collections made for sales revenues recognized during the year were tested by comparing them with bank statements by sampling, -The supporting documents obtained for the transactions selected by sampling method from the returns realized after the reporting period were tested to ensure that the revenue was recognized in the correct reporting period. - The journal entries related to the revenue recognized by the Group during the year were analyzed, - The adequacy and compliance of the Group's disclosures related to revenue in the consolidated financial statements with TFRS 15 were assessed.

Independent Auditor's Report

KEY AUDIT MATTER	HOW THIS MATTER WAS ADDRESSED IN THE AUDIT
Intangible Assets with Indefinite Life As of 31 December 2024, goodwill and trademarks amounting to TL 5.476.328.966 and TL 976.023.060, respectively, are recognized as intangible assets with indefinite life in the consolidated financial statements. In accordance with TFRS, these intangible assets with indefinite life are required to be tested for impairment annually. The recoverable amount of the cash generating units, calculated based on the higher of value in use or fair value less costs to sell, is derived from discounted cash flow models. These models use a number of key assumptions, including future earnings before interest tax depreciation and amortization ("EBITDA") growth expectations, terminal value growth rates and weighted average cost of capital ("WACC"). Intangible assets with indefinite life are identified as a key audit matter as they are material to the consolidated financial statements and the determination of the assumptions used in the estimation of recoverable amounts requires significant judgment.	We have performed the following audit procedures in this area: -Evaluating the appropriateness of cash generating units determining by Group management, -Conducting interviews with the Group management to understand the futureplans for the relevant cash generating units and evaluating the explanations made within the framework of macroeconomic data, -Evaluating the appropriateness of the cash flow projections prepared for each cash generating unit by comparing them with past financial performance results, -Assessing the appropriateness of the discount rates, EBITDA growth rates and long-term growth rates used, including comparison with WACC averages in the sectors in which each cash generating unit operates, with the assistance of our valuation experts, - Reviewing the structure and mathematical accuracy of the discounted cash flow calculation model, -Reviewing management's analysis of the sensitivity of the assumptions used to market conditions, -Evaluating the adequacy of financial statement disclosures about impairment, including disclosures about key assumptions, judgments and sensitivities.

4) Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another independent audit firm and an unqualified opinion was given in the consolidated financial statements on 21 March 2024.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and the SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.) · Grup'un iç kontrolünün etkinliğine ilişkin bir görüş bildirmek amacıyla değil ama duruma uygun denetim prosedürlerini tasarlamak amacıyla denetimle ilgili iç kontrol değerlendirilmektedir.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on the Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 28 February 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and consolidated financial statements prepared for the period 1 January – 31 December 2024 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Zere Gaye Şentürk,
Partner

İstanbul, 28 March 2025

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Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Financial Position as at 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2024 USD	31 December 2023 USD	Audited 31 December 2024	Audited 31 December 2023
Assets					
Current Assets:					
Cash and Cash Equivalents	4	120,671,648	58,171,638	4,257,331,933	1,712,468,307
Financial Investments	5	325,822	3,112,929	11,495,103	91,639,021
Trade Receivables	7	161,271,552	162,168,166	5,689,708,730	4,773,938,898
Due from Related Parties	*27*	*9,519,476*	*10,789,059*	*335,849,965*	*317,610,477*
Due from Third Parties		*151,752,076*	*151,379,107*	*5,353,858,765*	*4,456,328,421*
Other Receivables	8	5,721,606	15,262,003	201,859,979	449,285,901
Due from Third Parties		*5,721,606*	*15,262,003*	*201,859,979*	*449,285,901*
Derivatives	29	4,377,114	115,524	154,425,893	3,400,830
Inventories	9	211,855,880	232,349,787	7,474,338,998	6,839,959,506
Prepayments	10	5,806,892	14,727,546	204,868,887	433,552,431
Prepayments To Third Parties		*5,806,892*	*14,727,546*	*204,868,887*	*433,552,431*
Current Tax Assets	25	2,577,748	1,612,792	90,943,734	47,477,693
Other Current Assets	18	15,350,780	13,257,769	541,580,100	390,284,876
Other Current Assets from Third Parties		*15,350,780*	*13,257,769*	*541,580,100*	*390,284,876*
Total Current Assets		**527,959,042**	**500,778,154**	**18,626,553,357**	**14,742,007,463**
Non-Current Assets:					
Financial Investments	5	63,089	66,894	2,225,796	1,969,244
Other Receivables	8	5,067,922	3,839,913	178,797,797	113,040,134
Due from Third Parties		*5,067,922*	*3,839,913*	*178,797,797*	*113,040,134*
Derivatives	29	-	639,341	-	18,821,056
Investment Properties	14	16,661,771	23,678,631	587,832,293	697,056,265
Property, Plant, and Equipment	11	322,879,774	322,103,844	11,391,295,305	9,482,157,379
Right of Use Assets	13	26,214,187	29,573,785	924,844,371	870,598,988
Intangible Assets		*280,633,314*	*255,743,509*	*9,900,827,509*	*7,528,628,568*
Goodwill	15	*155,223,424*	*134,508,928*	*5,476,328,966*	*3,959,700,724*
Other Intangible Assets	12	*125,409,890*	*121,234,581*	*4,424,498,543*	*3,568,927,844*
Prepayments	10	1,194,597	3,871,636	42,145,737	113,974,008
Prepayments to Third Parties		*1,194,597*	3,871,636	*42,145,737*	113,974,008
Deferred Tax Assets	25	48,398,451	34,844,705	1,707,511,868	1,025,765,381
Other Non-Current Assets	18	12,605,835	12,979,585	444,737,645	382,095,611
Total Non-Current Assets		**713,718,940**	**687,341,843**	**25,180,218,321**	**20,234,106,634**
Total Assets		**1,241,677,982**	**1,188,119,997**	**43,806,771,678**	**34,976,114,097**

The accompanying notes form an integral part of these consolidated financial statements.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Financial Position as at 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	31 December 2024 USD	31 December 2023 USD	Audited 31 December 2024	Audited 31 December 2023
LIABILITIES					
Short Term Liabilities					
Short Term Borrowings	6	247,153,670	235,821,724	8,735,349,887	6,954,689,210
Short Term Portion of Long-Term Borrowings	6	162,677,778	14,500,000	5,749,650,855	427,623,845
Short Term Lease Liabilities	6	4,201,237	3,832,393	148,487,674	113,022,245
Trade Payables	7	90,660,718	114,448,638	3,204,294,280	3,375,239,130
Due to Related Parties	27	*2,479,812*	*2,597,325*	*87,645,988*	*76,598,491*
Due to Third Parties		*88,180,906*	*111,851,313*	*3,116,648,292*	*3,298,640,639*
Payables Related to Employee Benefits	17	3,902,507	2,775,546	137,929,437	81,854,474
Other Payables	8	5,418,221	4,842,964	191,500,512	142,825,312
Due to Third Parties		*5,418,221*	*4,842,964*	*191,500,512*	*142,825,312*
Deferred Revenue		1,066,148	504,405	37,681,738	14,875,555
Deferred Revenue from Third Parties	10	*1,066,148*	*504,405*	*37,681,738*	*14,875,555*
Current Tax Liabilities	25	2,964,139	4,742,825	104,763,935	139,872,061
Short Term Provisions		10,006,840	8,132,545	353,680,483	239,839,144
Short-Term Employee Benefits	17	*9,591,720*	*6,913,004*	*339,007,837*	*203,873,470*
Other Short Term Provisions		*415,120*	*1,219,541*	*14,672,646*	*35,965,674*
Other Short-Term Liabilities	18	15,786,043	11,253,945	557,938,741	331,893,469
Other Short-Term Liabilities to Third Parties		*15,786,043*	*11,253,945*	*557,938,741*	*331,893,469*
Derivative Financial Instruments	29	1,073,532	256,022	37,942,697	7,550,407
Subtotal		**544,910,833**	**401,111,007**	**19,259,220,239**	**11,829,284,852**
Liability Directly Associated with the Assets Held For Sale	31	1,303,993	1,002,532	46,088,054	29,565,974
Total Short-Term Liabilities		**546,214,826**	**402,113,539**	**19,305,308,293**	**11,858,850,826**
Long Term Liabilities					
Long Term Borrowings	6	87,507,467	144,760,633	3,092,846,398	4,269,179,252
Long Term Lease Liabilities	6	25,983,674	28,881,825	918,361,769	851,762,569
Deferred Income		1,195,403	1,268,490	42,250,073	37,409,611
Long Term Provisions		*14,111,441*	*14,846,639*	*498,751,940*	*437,846,681*
Long-Term Employee Benefits	17	*11,668,469*	*12,352,625*	*412,408,041*	*364,294,960*
Other Long-Term Provisions		*2,442,972*	*2,494,014*	*86,343,899*	*73,551,721*
Deferred Tax Liabilities	25	*42,933,909*	*20,193,111*	*1,517,447,490*	*595,521,083*
Other Long-Term Liabilities	18	34,482,990	27,752,048	1,218,759,902	818,443,973
Derivative Financial Instruments	29	221,828	1,574,188	7,840,253	46,424,861
Total Long-Term Liabilities		**206,436,712**	**239,276,934**	**7,296,257,825**	**7,056,588,030**
Total Liabilities		**752,651,538**	**641,390,473**	**26,601,566,118**	**18,915,438,856**
Shareholder's Equity:					
Equity Attributable to Owners of The Company		**384,152,646**	**437,684,769**	**13,498,264,771**	**12,844,248,184**
Share Capital	19	14,594,428	14,594,428	194,529,076	194,529,076
Share Premium		4,654,099	4,654,099	62,052,856	62,052,856
Put Option Valuation Fund on Non-Controlling Interest		(34,482,989)	(27,752,048)	(753,189,126)	(515,292,078)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(2,265,846)	(1,861,519)	1,901,410,501	1,787,801,476
Revaluation And Remeasurement Gain /(Loss)	19	*(5,269,659)*	*(4,865,332)*	*(105,971,754)*	*(91,681,312)*
Defined Benefit Plans Remeasurement Fund		*(5,269,659)*	*(4,865,332)*	*(105,971,754)*	*(91,681,312)*
Revaluation and Reclassification Gain /(Loss)	19	*3,003,813*	*3,003,813*	*40,027,097*	*40,027,097*
Gain / (Loss)	19	*3,003,813-*	*3,003,813*	*40,027,097*	*40,027,097*
Currency Translation Difference		-	-	*1,967,355,158*	*1,839,455,691*
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss		216,533,845	229,073,568	9,890,185,075	8,015,748,482
Currency Translation Difference	*19*	*286,101,374*	*300,519,796*	*10,780,943,130*	*8,967,964,364*
Gain/Loss on Hedge Reserve	*19*	*(69,550,416)*	*(71,425,960)*	*(890,487,904)*	*(951,945,731)*
Investment Hedging Losses Related to Foreign Operations		*(71,583,438)*	*(71,583,438)*	*(954,135,431)*	*(954,135,431)*
Cash Flow Hedge Gains/Loss		*2,033,022*	*157,478*	*63,647,527*	*2,189,700*
Revaluation and Reclassification Gain /(Loss)		*(20,268)*	*(20,268)*	*(270,151)*	*(270,151)*
Other Revaluation and Reclassification Gain/(Loss)	*19*	*(20,268)*	*(20,268)*	*(270,151)*	*(270,151)*
Restricted Reserves	19	29,553,676	29,073,674	458,633,027	444,065,124
Retained Earnings		189,019,882	182,078,436	2,840,775,345	2,672,019,932
(Loss)/Profit for The Period		(33,451,293)	7,824,132	(1,096,131,983)	183,323,316
Total Non-Controlling Interests	**19**	**104,873,801**	**109,044,755**	**3,706,940,789**	**3,216,427,057**
Total Equity		**489,026,447**	**546,729,524**	**17,205,205,560**	**16,060,675,241**
Total Equity and Liabilities		**1,241,677,982**	**1,188,119,997**	**43,806,771,678**	**34,976,114,097**

The accompanying notes form an integral part of these consolidated financial statements.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Profit or Loss for the Year Ended 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January-31 December 2024 USD	1 January-31 December 2023 USD	Audited 1 January-31 December 2024	Audited 1 January-31 December 2023
Profit or Loss					
Revenue	20	928,735,443	1,003,097,703	30,432,802,993	23,503,080,721
Cost of Sales	20	(808,473,344)	(853,016,340)	(26,492,054,540)	(19,986,599,362)
GROSS PROFIT		**120,262,099**	**150,081,363**	**3,940,748,453**	**3,516,481,359**
General and Administrative Expenses	21	(61,199,849)	(60,599,028)	(2,005,396,639)	(1,419,865,517)
Selling, Marketing and Distribution Expenses	21	(45,662,926)	(41,359,503)	(1,496,282,751)	(969,073,823)
Research and Development Expenses	21	(4,940,761)	(5,511,234)	(161,898,860)	(129,130,962)
Other Income from Operating Activities	22	23,730,262	23,404,240	777,593,240	573,120,563
Other Expenses from Operating Activities	22	(19,897,714)	(13,572,447)	(652,008,286)	(342,756,728)
Operating Profit		**12,291,111**	**52,443,391**	**402,755,157**	**1,228,774,892**
Income From Investing Activities	23	4,233,617	3,894,083	138,727,162	91,240,311
Expense From Investing Activities	23	(4,120,047)	(746,859)	(135,005,710)	(17,499,271)
Operating Profit Before Finance Cost		**12,404,681**	**55,590,615**	**406,476,609**	**1,302,515,932**
Finance Income	24	19,910,574	21,371,605	543,127,009	500,747,401
Finance Expense	24	(65,296,295)	(61,729,128)	(2,030,326,300)	(1,446,344,336)
(Loss)/Profit Before Tax From Continuing Operations		**(32,981,040)**	**15,233,092**	**(1,080,722,682)**	**356,918,997**
Tax (Expense)/Benefit from Continuing Operations		6,875,549	1,706,993	225,297,996	39,995,705
Current Tax Expense	25	*(7,762,470)*	*(13,218,399)*	*(254,360,622)*	*(309,713,695)*
Deferred Tax Benefit/(Expense)	25	*14,638,019*	*14,925,392*	*479,658,618*	*349,709,400*
(Loss)/Profit For The Year From Continuing Operations		**(26,105,491)**	**16,940,085**	**(855,424,686)**	**396,914,702**
Net Profit/(Loss) For The Year From Discontinued Operations	31	**(8,282)**	**(104,464)**	**(271,392)**	**(2,447,635)**
Loss)/Profit For The Year		**(26,113,772)**	**16,835,623**	**(855,696,078)**	**394,467,067**
(Loss) Profit Attributable to:					
Non-Controlling Interests		7,337,522	9,011,491	240,435,905	211,143,751
Owners of the Company		(33,451,294)	7,824,132	(1,096,131,983)	183,323,316
Earnings (Loss) per share; (thousand of shares TL)	26				
Earnings/(losses) per share from continuing operations		*(1.719)*	*0.41*	*(56.34)*	*9.49*
Earnings/(losses) per share from discontinuing operations		*(0.000)*	*(0.003)*	*(0.007)*	*(0.064)*

The accompanying notes form an integral part of these consolidated financial statements.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Other Comprehensive Income for the Year Ended 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January-31 December 2024 USD	1 January-31 December 2023 USD	Audited 1 January-31 December 2024	Audited 1 January-31 December 2023
(LOSS)/PROFIT FOR THE PERIOD		**(26,113,772)**	**16,835,623**	**(855,696,078)**	**394,467,067**
OTHER COMPREHENSIVE INCOME					
Items That Will Not Be Reclassified to Profit or Loss		(423,936)	(1,147,218)	112,915,968	1,312,284,192
Defined Benefit Plans Remeasurement Fund	17	*(562,630)*	*(1,524,959)*	*(19,885,467)*	*(44,191,439)*
Deferred Tax Benefit/(Expense)	25	*138,694*	*377,741*	*4,901,968*	*10,946,475*
Foreign Currency Translation Differences		-	-	*127,899,467*	*1,345,529,156*
Items That Are or May Be Reclassified Subsequently to Profit or Loss		(16,055,501)	2,801,904	2,410,719,230	4,609,543,798
Foreign Currency Translation Differences		*(17,931,045)*	*2,794,974*	*2,349,261,403*	*4,609,381,440*
Hedging gains/(losses) on investment risk related to foreign operation	19	*2,500,725*	*9,239*	*81,943,769*	*216,477*
Deferred Tax Benefit/(Expense)	25	*(625,181)*	*(2,310)*	*(20,485,942)*	*(54,119)*
Total Other Comprehensive Income		**(16,479,437)**	**1,654,686**	**2,523,635,198**	**5,921,827,990**
Total Comprehensive Income		**(42,593,209)**	**18,490,309**	**1,667,939,120**	**6,316,295,057**
Total comprehensive income attributable to:					
Owners of the company		(46,801,181)	9,925,724	891,913,635	4,884,562,451
Non-controlling interests		4,207,973	8,564,585	776,025,485	1,431,732,606

The accompanying notes form an integral part of these consolidated financial statements.

About Kordsa 2024 Activities Corporate Governance Financial Statements

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

				Other comprehensive income or expenses that will not be reclassified to profit or loss			Other comprehensive income or expenses that will be reclassified to profit or loss				Retained earnings				
				Revaluation and reclassification gain/(loss)				Gain/(loss) on hedge reserve	Revaluation and reclassification gain/(loss)						
	Share capital	Share premium	Put option valuation fund on non-controlling interest	Currency translation differences	Defined benefit plans remeasurement fund	Other revaluation and reclassification gain/(loss)	Currency translation differences	Cash flow hedge gains / (losses))	Other revaluation and reclassification gain/(loss)	Restricted reserves	Retained earnings	Net profit for the year	Equity attributable to owners of the Company	Total non-controlling interests	Total equity
Balance on 1 January 2023	**194,529,076**	**62,052,856**	**(527,789,084)**	**493,926,535**	**(58,880,941)**	**40,027,097**	**5,579,616,372**	**(952,108,089)**	**(270,151)**	**408,833,825**	**1,488,723,818**	**1,289,197,611**	**8,017,858,925**	**2,008,456,479**	**10,026,315,404**
Transfer	-	-	-	-	-	-	-	-	-	35,231,299	1,253,966,312	(1,289,197,611)	-	-	**-**
Total comprehensive income	-	-	-	1,345,529,156	(32,800,371)	-	3,388,347,992	162,358	-	-	-	183,323,316	4,884,562,451	1,431,732,606	**6,316,295,057**
Gains/(losses) due to other changes (**)	-	-	12,497,006	-	-	-	-	-	-	-	(13,670,198)	-	(1,173,192)	(2,360,683)	**(3,533,875)**
Dividend paid (*)	-	-	-	-	-	-	-	-	-	-	(57,000,000)	-	(57,000,000)	(221,401,345)	**(278,401,345)**
Balance on 31 December 2023	**194,529,076**	**62,052,856**	**(515,292,078)**	**1,839,455,691**	**(91,681,312)**	**40,027,097**	**8,967,964,364**	**(951,945,731)**	**(270,151)**	**444,065,124**	**2,672,019,932**	**183,323,316**	**12,844,248,184**	**3,216,427,057**	**16,060,675,241**
Balance on 1 January 2024	**194,529,076**	**62,052,856**	**(515,292,078)**	**1,839,455,691**	**(91,681,312)**	**40,027,097**	**8,967,964,364**	**(951,945,731)**	**(270,151)**	**444,065,124**	**2,672,019,932**	**183,323,316**	**12,844,248,184**	**3,216,427,057**	**16,060,675,241**
Transfer	-	-	-	-	-	-	-	-	-	14,567,903	168,755,413	(183,323,316)	-	-	**-**
Total comprehensive income	-	-	-	127,899,467	(14,290,442)	-	1,812,978,766	61,457,827	-	-	-	(1,096,131,983)	891,913,635	776,025,485	**1,667,939,120**
Increase / (decrease) due to other changes (**)	-	-	(237,897,048)	-		-	-	-	-	-	-	-	(237,897,048)	-	**(237,897,048)**
Dividend paid	-	-	-	-		-	-	-	-	-	-	-	-	(285,511,753)	**(285,511,753)**
Balance on 31 December 2024	**194,529,076**	**62,052,856**	**(753,189,126)**	**1,967,355,158**	**(105,971,754)**	**40,027,097**	**10,780,943,130**	**(890,487,904)**	**(270,151)**	**458,633,027**	**2,840,775,345**	**(1,096,131,983)**	**13,498,264,771**	**3,706,940,789**	**17,205,205,560**

(*) At the 2022 Ordinary General Assembly Meeting held on March 27, 2023, the shareholders representing a capital of TL 194.529.076 for 2022 will receive a gross of 29,30%, depending on their legal status; It has been decided to pay dividends at a net rate of 26,37%, totaling TL 57.000.000 (gross 0,2930 TL/Krş per share, net 0,2637 TL/Krş) and to distribute the dividends in cash as of March 29, 2023.

(**) The increase (decrease) due to other changes consists of the call/put option valuation fund on non-controlling interest of the Group's subsidiary Microtex Composites S.r.l (Microtex).

At the 2023 Ordinary General Assembly meeting held on April 19, 2024, it was decided that the distributable net profit for the period amounting to TL 183.323.316 remaining after deducting legal obligations and non-controlling interests will not be subject to distribution and will be set aside as Extraordinary Reserves in order to further increase the financial flexibility of the company within the framework of the global economic conditions experienced.

The accompanying notes form an integral part of these consolidated financial statements.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Cash Flow for the Year Ended 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January-31 December 2024 USD	1 January-31 December 2023 USD	Audited 1 January-31 December 2024	Audited 1 January-31 December 2023
A.CASH FLOWS FROM (USED IN) / OPERATING ACTIVITIES		**55,724,736**	**136,968,799**	**1.833.683.298**	**3.213.212.412**
(Loss) / Profit for the period		(26,113,772)	16,835,623	(855,696,078)	394,467,067
Profit/(loss) for the period from continuing operations		*(26,105,490)*	*17,044,550*	*(855,424,686)*	*396,914,702*
Profit/(loss) from discontinuing operations		*(8,282)*	*(208,927)*	*(271,392)*	*(2,447,635)*
Adjustments to reconcile profit/(loss) for the period		**71,799,825**	**89,335,334**	**2,373,538,380**	**2,125,341,714**
Adjustments related to depreciation and amortization	11, 12, 13, 21	42,905,568	40,687,998	1,405,929,652	953,340,137
Adjustments related to provisions for (reversal) of impairment		4,317,003	4,485,576	141,459,552	105,099,294
Adjustments related to provision for (reversal) of doubtful receivables	7	*627,772*	*(93,579)*	*20,570,819*	*(2,192,616)*
Adjustments related to provision for (reversal) of inventory allowances	9	*3,689,231*	*4,579,156*	*120,888,733*	*107,291,910*
Adjustments related to provisions		4,494,416	5,435,033	99,006,454	85,111,207
Adjustments related to provision for employee benefit provision		*4,753,841*	*4,258,562*	*107,507,304*	*57,545,903*
Adjustments Related to Other Provision (Reversal)		*(259,425)*	*1,176,471*	*(8,500,850)*	*27,565,304*
Adjustments related to interest (income)/expense		45,260,468	38,975,264	1,483,095,006	913,209,909
Adjustments related to interest income	23	*(3,808,727)*	*(2,471,006)*	*(124,804,381)*	*(57,896,905)*
Adjustments related to interest expense	24	*49,651,338*	*40,192,298*	*1,626,975,045*	*941,725,646*
Adjustments related to unrealized finance expenses on credit purchases	7	*(1,213,477)*	*(1,294,474)*	*(39,763,233)*	*(30,330,193)*
Adjustments related to unrealized finance income on credit sales	7	*631,335*	*2,548,446*	*20,687,575*	*59,711,361*
Adjustments related to unrealized currency translation difference		(17,739,903)	1,864,987	(409,837,321)	120,549,718
Foreign exchange (gain) or loss(net)	24	*(9,560,091)*	*(5,302,747)*	*(313,265,047)*	*(124,246,013)*
Other finance (income)/expense(net)	24	*11,109,906*	*5,937,630*	*261,925,260*	*139,121,644*
Adjustments related to fair value changes		(1,709,854)	(1,343,763)	(56,028,503)	(31,485,034)
Adjustments related to fair value losses /(gains) of investment properties	23	*988,997*	*(874,104)*	*32,407,464*	*(20,480,692)*
Adjustments related to fair value losses /(gains) of derivatives	24	*(2,698,852)*	*(469,659)*	*(88,435,967)*	*(11,004,342)*
Adjustments related to tax (benefit)/expense	25	(6,875,549)	(1,706,993)	(225,297,996)	(39,995,705)
Adjustments related to losses /(gains) on disposal of non-current assets		(252,330)	302,349	(8,539,748)	4,636,557
Adjustments related to gains on disposal of tangible assets	23	*(252,330)*	*302,349*	*(8,539,748)*	*4,636,557*
Other		(149,809)	-	(4,908,929)	-
Changes in working capital		**12,914,981**	**30,797,842**	**315,840,996**	**693,403,631**
(Increase)/decrease in trade receivables		(416,889)	41,916,575	(10,731,039)	978,175,036
(Increase)/decrease in other receivables		(4,022,085)	(15,395,528)	(140,296,532)	(333,159,605)
(Increase)/decrease in inventories		16,804,676	57,069,548	550,655,623	1,337,168,040
(Increase) in prepaid expenses		11,597,693	(4,745,443)	380,033,212	(111,188,104)
Increase/(decrease) in trade payables		(22,574,443)	(42,889,672)	(739,719,348)	(1,004,926,444)
Increase(decrease) in retirement pay and employee benefit obligation		2,462,439	(5,816,688)	29,796,280	(204,878,857)
Increase/(decrease) in other payables		15,576,445	7,787,497	510,408,959	293,290,224
Increase/(decrease) in deferred income		484,675	(749,761)	15,881,823	(17,567,274)
Other increase/(decrease) in working capital		3,588,381	3,866,876	117,584,073	90,602,845
Decrease/(increase) in other assets from operating activities		*(1,719,261)*	*4,945,895*	*(56,336,736)*	*115,884,801*
Increase/(decrease) in other liabilities from operating activities		*5,307,642*	*(1,079,019)*	*173,920,809*	*(25,281,956)*
Payments related to the provision of employee benefits		(1,472,978)	(1,802,537)	(99,159,467)	(136,287,919)
Lawsuit Provisions		1,100,000	-	36,044,800	-
Income tax returns/(payments)		(10,506,112)	(8,599,550)	(344,264,278)	(201,491,760)
Other		293,179	156,525	9,606,890	3,667,449
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(37,926,027)**	**(42,499,130)**	**(1,245,872,978)**	**(1,011,728,593)**
Proceeds from sales of property. plant and equipment and intangible assets		7,810,803	10,304,146	252,831,454	241,431,291
Acquisition of sales of property. plant and equipment and intangible assets	11,12	(49,219,748)	(54,680,117)	(1,612,832,704)	(1,295,025,908)
Securities Purchase		(325,809)	-	(10,676,109)	-
Acquisition of subsidiary and/or associates or cash outflow for capital increase of subsidiaries		-	(594,146)	-	(16,030,881)
Interest received	23	3,808,727	2,471,006	124,804,381	57,896,905
C. CASH FLOWS FROM FINANCING ACTIVITIES		**46,568,069**	**(73,345,283)**	**1,525,942,478**	**(1,706,528,863)**
Proceeds from borrowings	6	364,597,7385	483,396,390	11,568,557,081	11,069,362,435
Cash inflows /(outflows) from borrowing transactions	6	(255,362,245)	(508,770,753)	(8,076,042,960)	(11,728,679,534)
Cash outflows for financial lease liabilities		(4,390,481)	(2,362,071)	(46,001,714)	(45,111,805)
Dividend paid		-	(2,983,560)	-	(57,000,000)
Interest paid	6	(51,536,573)	(35,150,246)	(1,688,750,412)	(746,309,047)
Cash outflows from derivatives (net)		1,638,557	965,000	53,692,236	22,610,433
Cash outflow for dividends paid to non-controlling interest	28	(8,378,927)	(8,440,044)	(285,511,753)	(221,401,345)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		**64,366,778**	**21,124,386**	**2,113,752,798**	**494,954,956**
D.IMPACT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT		**(1,866,768)**	**(5,696,112)**	**431,110,828**	**418,285,105**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**58,171,638**	**42,743,364**	**1,712,468,307**	**799,228,246**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**4**	**120,671,648**	**58,171,638**	**4,257,331,933**	**1,712,468,307**

The accompanying notes form an integral part of these consolidated financial statements.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa" or the "Company") was established in 1973 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") in İzmit district of Kocaeli city and is registered in Turkey. The Company operates under the Turkish Commercial Code.

The Company is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism, construction, advanced composite manufacture to civil aviation sector, carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa changed its name which was "Kordsa Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi", to "Kordsa Teknik Tekstil Anonim Şirketi" in accordance with the decision made at the General Assembly for the year 2016 dated 27 March 2017. The change of the title has been registered by the Registery of Commerce of Kocaeli on 10 April 2017.

Kordsa is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa Istanbul ("BIST") since 1986. As at 30 September 2024, 28,89% of the Group's shares are listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

Shareholder Structure	Shareholding %	
	31 December 2024	31 December 2023
Sabancı Holding	71.11	71.11
Other	28.89	28.89
	100.00	**100.00**

Group's main shareholder and the ultimate controlling party is Sabancı Holding A.Ş.

The number of employees within the Group is 4.613. (31 December 2023: 4.614).

The address of the registered office is as follows:

Kordsa Teknik Tekstil A.Ş.
Alikahya Fatih Mah.
Sanayici Cad. No:90
41310 İzmit
Kocaeli

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2024
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (CONTINUED)

Subsidiaries

Geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 31 December 2024 and 31 December 2023 in accordance with the operating country and segment reporting purpose are as follows:

31 December 2024

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East, and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Kordsa Advanced Materials Inc.(***)	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products. Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Kordsa Brezilya S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht
Kordsa Advanced Materials Gmbh	Germany	Europe	Research and Development Facility	EUR

31 December 2023

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East, and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products. Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Kordsa Brasil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht
Kordsa Advanced Materials Gmbh	Germany	Europe	Research and Development Activities	EUR

(*) The Company's shares are traded on the Indonesia Stock Exchange ("IDX").
(**) According to the Group's Board of Directors, decision numbered 2015/29 dated 31 December 2015, the Company has to classify the financial statements of Nile Kordsa Company for Industrial Fabrics S.A.E., in which the Company has 51% shareholding, as 'Assets Held for Sale' in the consolidated statement of financial position as of 31 December 2015.
(***)As of 2 January 2024, all of the shares of Fabric Development Inc. and Textile Products Inc., which are 100% owned and directly controlled by Kordsa Inc. and operate in the field of composites, were transferred to Axiom Materials

The Company and its subsidiaries will collectively be referred to as the "Group".

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2024
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to Turkish Financial Reporting Standards ("TFRS"s)

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published in the Official Gazette numbered 28676. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy Announcement and Financial Statements Example and User Guide published by CMB on 4 July 2024.

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 28 February 2025, and have been signed by the Chief Finance Officer Şermin Mutlu ve Global Finance Group Manager Ceyda Özdemir Kolay on behalf of the Board of Directors. General Assembly and related regulatory authorities have the right to make changes to these consolidated financial statements.

Conversion to presentation currency

Each item in the financial statements of the companies within the group is accounted for using the currency that is functional in the primary economic environment in which the companies operate (the 'functional currency'). The functional currency of the Group is US Dollars. The presentation currency of the Group is TL. Financial statements prepared in USD within the scope of TAS 21 ("Effects of Currency Changes") have been translated into TL using the following method:

a. Assets in the balance sheet are translated into TL using the USD buy exchange rate of 35,2803 TL = 1 USD (2023: 29,4382) announced by the Central Bank of the Republic of Turkey and the liabilities are converted into TL using the foreign exchange selling rate of 35,3438 TL = 1 USD (2023: 29,4913). The capital account of the company is shown over the nominal capital amount, all other equity items are kept at their historical TL values and all differences are accounted for in the foreign currency translation differences account.
b. The profit or loss and other comprehensive income statement are translated into TL using the monthly average exchange rates of 32,7680 TL = 1 USD (2023: 23,4305).
c. All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)
Statement of Compliance to Turkish Financial Reporting Standards ("TFRS"s) (continued)

Adjustment of Financial Statements in High Inflation Periods
Public Oversight Authority (POA) made an announcement on 23 November 2023 related with "TAS 29 Financial Reporting in Hyperinflation Economies and BOBI FRS Chapter 25 Financial Reporting in Hyperinflation Economies". According to this announcement the financial statements of the entities applying TFRS for the reporting periods ending on or after 31 December 2023 should be presented adjusted for the effects of inflation in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Hyperinflationary Economies."

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023. In accordance with the above explanations, since the functional currency of the Company is US Dollars as of the reporting date, there is no need to make any adjustments within the scope of TAS 29 in the financial statements to be prepared in accordance with TFRS. However as of 31 December 2024 financial statements which are- prepared according to Tax Procedure Law are considered to inflation adjustment.

Basis of Consolidation
The table below sets out all Subsidiaries and shows their shareholding rates as at 31 December 2024:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51.00	51.00
Kordsa Inc.	100.00	100.00
Microtex Composites S.r.l.	61.00	61.00
Kordsa Advanced Materials Inc.(*)	100.00	100.00
Axiom Materials Inc.	100.00	100.00
Fabric Development Inc.	100.00	100.00
Textile Products. Inc.	100.00	100.00
Kordsa Brasil S.A.	97.31	97.31
PT Indo Kordsa Tbk	61.59	61.59
Thai Indo Kordsa Co., Ltd.	64.19	39.53
Kordsa Advanced Materials Gmbh	100.00	100.00

(*)As of 2 January 2024, all of the shares of Fabric Development Inc. and Textile Products Inc., which are 100% owned and directly controlled by Kordsa Inc. and operate in the field of composites, were transferred to Axiom Materials Acquisition LLC, which is also directly controlled by the company and the title was changed to "Kordsa Advanced Materials Inc".

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)
The table below sets out all Subsidiaries and shows their shareholding rates as at 31 December 2023:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51.00	51.00
Kordsa Inc.	100.00	100.00
Microtex Composites S.r.l.(*****)	61.00	61.00
Axiom Materials Acquisition LLC	100.00	100.00
Axiom Materials Inc. (**)	100.00	100.00
Fabric Development Inc.	100.00	100.00
Textile Products. Inc.	100.00	100.00
Kordsa Brasil S.A.	97.31	97.31
PT Indo Kordsa Tbk(***)	61.59	61.59
Thai Indo Kordsa Co., Ltd.	64.19	39.53
Kordsa Advanced Materials Gmbh(****)	100.00	100.00

(**) The merger process under the name of Axiom Materials Inc for Axiom Materials Inc and Advanced Honeycomb Technologies which are 100% subsidiaries of our subsidiary Kordsa Inc is completed.
(***) Our indirect subsidiary PT Indo Kordsa Polyester is acquired by our subsidiary PT Indo Kordsa Tbk and the progress is completed after getting legal approvals relating the merger.
(****) The incorporation of Kordsa Advanced Materials Gmbh based on Munich, Germany was completed on January 13, 2023
(*****) The purchase of 1% shares of our subsidiary Microtex Composites S.r.l was completed on September 21, 2023.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:
• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect the amount of the investor's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to the control power, including:

• The comparison of voting rights held by the Group to those held by the other shareholders;
• Potential voting rights held by the Group and other shareholders;
• Rights arising from other contractual arrangements; and
• Any additional facts and circumstances that indicate whether the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income is attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Elimination in Consolidation

Intercompany balances and unrealized income and expenses arising from intercompany transactions are eliminated during the preparation of financial statements.

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods' Financial Statements

Accounting policies have been consistently applied by the Group in all periods presented in the consolidated financial statements. Significant changes in accounting policies are applied retrospectively and previous period consolidated financial statements are rearranged.

There is no change in accounting policies while preparing the consolidated financial statements as of 31 December 2024.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted for in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

2.4 New and Revised Turkish Accounting Standards

a) Amendments and interpretations effective from 2024

TAS 1 (Amendments)	*Classification of Liabilities as Current or Non-Current*
TFRS 16 (Amendments)	*Lease Liability in Sale and Leaseback Transaction*
TAS 1 (Amendments)	*Long-term liabilities under the terms of loan agreements*
TAS 7 and TFRS 7 (Amendments)	*Supplier Financing Agreements*
TSRS 1	*General Requirements for Disclosure of Sustainability-Related Financial Information*
TSRS 2	*Climate Related Explanations*

TAS 1 (Amendments) ***Classification of Liabilities as Current or Non-Current***

The purpose of these amendments is to ensure consistent application of the requirements of the standard by assisting entities in deciding whether debt and other liabilities in the statement of financial position that have no fixed maturity should be classified as current (expected to be settled within one year) or non-current.

TFRS 16 (Amendments) ***Lease Liability in Sale and Leaseback Transaction***

These amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in TFRS 15 to be recognized as sales.

TAS 1 (Amendments) ***Long-term liabilities under the terms of loan agreements***

The amendments to TAS 1 clarify how conditions that an entity should meet within twelve months after the reporting period affect the classification of a liability.

TAS 7 and TFRS 7 (Amendments) ***Supplier Financing Agreements***

The amendments to TAS 7 and TFRS 7 add guidance that requires entities to provide qualitative and quantitative information about supplier financing arrangements and disclosure requirements to existing disclosure requirements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 New and Revised Turkish Accounting Standards (Continued)

a) Amendments and interpretations effective from 2024 (continued)

TSRS 1 ***General Requirements for Disclosure of Sustainability-Related Financial Information***
TSRS 1 sets out general requirements for sustainability-related financial disclosures, requiring an entity to disclose information about sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after January 1, 2024 for the entities that meet the criteria specified in POA's announcement dated January 5, 2024 and numbered 2024-5 and the Board Decision dated December 16, 2024 amending this announcement.

TSRS 2 ***Climate Related Explanations***
TSRS 2 sets out requirements for the identification, measurement and disclosure of climate-related risks and opportunities that are useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement.

The Group continues to evaluate TSRS 1 and TSRS 2 standards.

b) Standards, amendments and interpretations to existing standards that are not yet effective
The Group has not yet adopted the following standards, amendments and interpretations to existing standards that are not yet effective:

TFRS 17	*Insurance Contracts*
TFRS 17 (Amendments)	*Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information*
TMS 21 (Amendments)	*Lack of Exchangeability*

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 New and Revised Turkish Accounting Standards (Continued)

b) Standards, amendments and interpretations to existing standards that are not yet effective

TFRS 17 ***Insurance Contracts***
IFRS 17 requires insurance liabilities to be measured at a current settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for 1 year and will replace TFRS 4 Insurance Contracts on January 1, 2026.

TFRS 17 (Amendments) ***Insurance Contracts and First-time Adoption of IFRS 17 and IFRS 9 - First-time Adoption of TFRS 17 and TFRS 9***
Amendments have been made to TFRS 17 to reduce implementation costs, improve disclosure of results and ease the transition.

The amendment also permits entities that are first-time adopters of TFRS 7 and TFRS 9 to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset.

These amendments will be applied when TFRS 17 is first adopted.

TMS 21 (Amendments) ***Lack of Exchangeability***
These amendments include guidance on determining when a currency is fungible and how to determine the exchange rate when it is not. The amendments are effective for annual periods beginning on or after January 1, 2025.

The Group is in the process of assessing the potential impact of the standards, amendments and improvements on the consolidated financial position and performance of the Group.

2.5 Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of the consolidated financial statements are summarized below:

a) Revenue
<u>The general model for accounting of revenue</u>
In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract
A contract is only recognised under TFRS 15 when all of the following criteria are met: the contract is legally enforceable and collectible, the rights and payment terms for goods and services are identifiable, the contract has commercial substance, the contract is approved by the parties and the parties are committed to fulfil their obligations.
Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

a) Revenue (continued)

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performance obligations as a performance obligation:

a) a good or service (or a bundle of goods or services) that is distinct; or
b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variable considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. A significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

Step 4: Allocate the transaction price

In case that different goods or services are delivered under a single contract, the contract price is allocated based on the relative stand-alone selling prices of the separate goods or services (different performance obligations). In case that directly observable stand-alone selling prices are not available, the total consideration in the contracts is allocated on the basis of the expected cost plus profit margin.

Step 5: Recognize revenue

Group recognizes revenue over time when one of the following criteria are met:
- Customer simultaneously receives and consumes the benefits as the entity performs, or
- Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For each performance obligation that is satisfied over time, Group applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, Group selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

a) Revenue (continued)

Step 5: Recognize revenue (continued)

If a performance obligation is not fulfilled in time, then the Group recognizes revenue when the control of goods or services is transferred to the customer.

The Group generates revenue by producing and selling products such as cord fabric, polyester and nylon yarn and composite materials. Revenue is recognized in accordance with delivery terms agreed with the customer when the control of the products is transferred to the customer.

In cases where the cost to be incurred by the Group exceeds the expected economic benefits to be incurred to fulfil the contractual obligations exceeds the expected economic benefit, the Group provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are, the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The group records revenue when it transfers control of the products to the customer in accordance with the contracts. Net sales are shown by deducting returns, discounts and sales-related taxes from the sales amounts of goods.

b) Inventories

Inventories are valued based on the lower of acquisition cost or net realizable value. The cost of inventories includes all acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their current state and location. The unit cost of inventories is determined on the moving weighted average basis (Note 9). The net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. In line with the purpose of their use spare parts are reclassified under other non-current assets.

c) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment if any (Note 11). Depreciation is provided on a straight-line basis over the estimated useful lives of property, plant and equipment. The estimated useful lives of these assets are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Leasehold Improvements	15
Furniture and fixtures	3-7

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

c) Property, plant and equipment (continued)

Useful lives and residual values are reviewed at each reporting date and adjusted if necessary. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare part changes and labour costs included in the large comprehensive maintenance and repair expenses are capitalised and depreciated on average useful lives until the next-largest comprehensive maintenance period.

d) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are recognized at acquisition cost and amortisation is calculated using the straight-line method over a period (Note 12). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The fair value of intangible assets, which includes customer relationships and brand names acquired through business combinations, is determined on basis of the expected cash flow from the use or disposal of the related assets. Indefinite life has been determined for trademarks.

The estimated useful lives of these assets are as follows:

	Useful Lives
Customer relationship	14-30
Technology licences	7-8
Other intangible assets	5-20
Computer software and Capitalized development costs	5-10
Rights	5-7

Internally generated intangible assets – research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

d) Intangible assets (continued)

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

After initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Financial instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets other than those at fair value through profit or loss (other than trade receivables that do not have a significant financing component) and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at transaction value on initial recognition.

ii) Classification and subsequent measurement

According to TFRS 9, on initial recognition, a financial asset is classified as either measured at amortised cost; measured at fair value through other comprehensive income ("FVOCI") - investments in debt instruments; measured at FVTOCI - investments in equity instruments; or measured at fair value through profit or loss - investments in equity instruments.

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

A debt instrument is measured at FVTOCI when both of the following conditions are met and the debt instrument is not classified as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of investments in equity instruments that are not held for trading, an irrevocable election may be made to present subsequent changes in fair value through other comprehensive income. The choice of this preference is for each investment that can be made on the basis of each investment.

All financial assets stated above that are not measured at amortised cost or at FVTOCI are measured at FVTPL. These also include all derivative financial assets. On initial recognition of financial assets, a financial asset may be irrevocably designated as measured at fair value through profit or loss, provided that this designation eliminates or significantly reduces an accounting mismatch that would arise from measuring financial assets in a different manner and recognising gains or losses related thereto on them differently.

Financial assets- Business model assessment:

The Group assesses of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- the purpose of the business model may be to manage daily liquidity needs, to maintain a given interest yield, or to align the maturity of financial assets with the maturity of the debt that funds those assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The transfer of financial assets to third parties in transactions that are not eligible for derecognition is not considered a sale for this purpose, consistent with the Group's continuous recognition of assets in its financial statements.

Financial assets- Assessment of whether contractual cash flows are solely payments of principal and interest

The principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are sole payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate (including variable rate features);
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meet the sole payments of principal and interest criteria. It is managed in accordance with the business model based on a collection of these receivables.

Financial assets- Subsequent measurement and gains and losses

The accounting policies below are applicable for the following measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity instruments at FVTPL	These instruments are subsequently measured at fair value. Dividens are recognized in profit or loss unless recovery of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified in profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost and at FVTPL. If a financial liability meets the definition of held for trading, it is classified as FVTPL. A financial liability is classified as a financial liability held for trading if it is a derivative instrument or if it is defined in this way at the time of first registration. Financial liabilities, whose fair value is reflected in profit or loss, are measured at their fair value and net gains and losses, including interest income, are recognized in profit or loss. Following their initial recording, other financial liabilities are measured by deducting impairments over the amortized cost values of future principal and interest cash flows at effective interest rates. Interest expenses and exchange differences are recognized in profit or loss. Gains and losses arising from the derecognition of these liabilities are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

iii) Derecognition

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liability

The Group derecognises a financial liability from the statement of financial position only and only when the liability for the related liability is eliminated or cancelled. In addition, the Group derecognises a financial liability from the statement of financial position in the event of a significant change in the conditions or cash flows of an existing financial liability. Instead, it requires recognition of a new financial liability at fair value based on the modified conditions.

In derecognising the financial liability from its records, the difference between the carrying amount and the amount paid (including any transferred non-cash assets or any liabilities assumed) is included in the financial statements as profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge foreign currency. Embedded derivative instruments are separated from the main contract and recognized separately when the underlying contract is not a financial asset and meets certain criteria.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

v) Derivative financial instruments and hedge accounting (continued)

Derivatives are initially recognized at fair value. After the initial recognition of derivative instruments, changes in fair value are recognized in profit or loss or other comprehensive income.

The Group defines certain derivatives as hedging instruments to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates.

At the beginning of the hedge relationship, the Group makes documentation regarding the risk management purpose and strategy that causes the protection relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the protection means are expected to offset each other.

Hedge accounting- cash flow hedge

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

In the cash flow hedge relationship, the Group defines only the change in the spot item of the forward contract as a means of the hedging instrument.

The change in the fair value of (forward value) forward foreign exchange contracts is recognized as a hedging reserve in equity as a hedging cost.

The amount accumulated in the hedge reserve and the cost of hedging are included directly in the initial cost of the non-financial asset or liability if a hedged transaction results in a non-financial asset or liability which is subsequently recognized in the financial statements.

For all other hedge transactions, the hedging reserve and the hedging cost are classified as profit or loss in the period or periods when the estimated future cash flows of the hedged item are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedge reserve shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is classified as profit or loss in the period or periods in which the estimated future cash flows are affected by profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified as profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

f) Impairment of assets

i. Non-derivative financial assets
Financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses for the following:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Bank balances, the credit risk of which (i.e., the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group applied lifetime ECL for the calculation of loss allowances for trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. ECLs are discounted over the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- *the significant financial difficulty of the borrower or issuer;*
- *a breach of contract such as a default or being more than 90 days past due;*
- *the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;*

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

f) Impairment of assets (continued)

- *it is probable that the borrower will enter bankruptcy or other financial re-organization; or*
- *the disappearance of an active market for security because of financial difficulties.*

Presentation of impairment in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

g) Borrowing costs
In the case of assets (qualifying assets) that take a substantial period of time to get ready for their intended use or sale, borrowing costs directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset until the asset is ready for its intended use or sale. All other borrowing costs are classified on the income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on the income statement in the period.

h) Business combinations
The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:
- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is calculated as the excess of the aggregate of the consideration transferred for the acquisition, the fair value of any non-controlling interests, if any, in the acquiree and, in a business combination achieved in stages, the fair value of any equity interest in the acquiree previously held by the acquirer over the net amount of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date. If, after reassessment, the net amount of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date exceeds the aggregate of the fair value of the consideration transferred, any non-controlling interests in the acquiree and, if applicable, the fair value of the acquiree's interest in the acquiree before the acquisition, this amount is recognized directly in profit or loss as a bargain purchase gain.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

h) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The measurement period is the period after the acquisition date during which the acquirer can adjust the provisional amounts recognized in a business combination. This period cannot be more than 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration that is classified as an asset or liability is a financial instrument and within the scope of TFRS 9 Financial Instruments Standard, the contingent consideration is measured at fair value, with the gain or loss arising from the modification recognized in profit or loss or other comprehensive income. Those not within the scope of IFRS 9 are accounted for in accordance with IAS 37 Provisions or other appropriate IFRSs.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree before the acquisition date that has previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses if any.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit/loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Goodwill (continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

j) Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchases or sales. These kinds of income / (charges) are accepted as financial income and expenses which result from credit purchases or sales come true during the accounting period and are included in the other operating income and expenses within the maturity period.

k) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made. If these criteria are not met, the Group discloses these matters in the notes to the financial statements. Provisions are determined by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The discount amount is recognized as finance expense. Contingent assets are not recognized unless they are realized and are disclosed only in the notes to the financial statements.

l) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except for inventories, deferred tax assets and investment properties, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to cash-generating units when a reasonable and consistent basis of allocation can be determined. Where this is not possible, Group assets are allocated to the smallest cash-generating unit for the purpose of determining a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher fair value fewer costs to sell and value in use. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit. Value in use is calculated using a pre-tax discount rate that reflects the current market assessment of the value in use of money and the risks specific to the asset that are not taken into account in the estimation of future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount. In this case, the impairment loss is treated as a revaluation decrease.

When an impairment loss is reversed in a subsequent period, the carrying amount of the asset (or the related cash-generating unit) is increased by an amount equal to the revised estimate of the recoverable amount. The increased carrying amount should not exceed the carrying amount that the asset (or the related cash-generating unit) would have reached had no impairment loss been recognized for the asset in prior periods. Reversal of an impairment loss is recognized directly in profit or loss, unless the asset is carried at a revalued amount.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

m) Leases transactions

The Group – as a lessee

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use, and
d) the Group has the right to direct use of the asset. The Group concludes to have the right of use when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right-of-use asset is initially recognized at cost comprising of:
a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and

To apply a cost model, the Group measure the right-of-use asset at a cost:
a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment. If the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of the right to use property indicates that the Group will use a purchase option, the Group depreciates the right to use the right to the end of the useful life of the underlying asset from the effective date of the lease. In other cases, the Group depreciates the right of use by the shorter than the useful life of the asset or the lease term, starting from the date on which the lease actually commences.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

m) Leases transactions (continued)

The Group – as a lessee (continued)

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

a) fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
b) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic interest rate, if readily determinable, is the interest rate implicit in the lease. If this rate is not readily determinable, the Group uses the Group's alternative borrowing rate. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:
a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term, or
b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

m) Leases transactions (continued)

The Group – as a lessee (continued)

The Group remeasure the lease liability by discounting the revised lease payments, if either:

a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.

b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and

b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Short-term leases and low-value leases

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term machinery leases with a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group – as a lessor

All the leasings of the Group as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties in the consolidated statement of financial position and rental income is accounted for in the consolidated profit or loss in equal amounts for the leasing period. Rental income is accounted for in the consolidated profit or loss for the leasing period on a straight-line basis.

The Group distributes an amount that takes place in an agreement which includes an item that has or has not had one or more extra leasing qualities along with a leasing item through applying the TFRS 15 "Revenue arising from agreements made with customers" standard.

n) Provision for post-employment benefits

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 17).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants, as a financing instrument, should be recognized in the statement of financial position (balance sheet) as non-deferred income, rather than recognized in profit or loss to offset the expenditure item they finance, and should be recognized in profit or loss on a systematic basis over the economic life of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

p) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) and the related income tax effects is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to inflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered contributions by shareholders.

In the restatement of shareholders' equity items added to share capital, the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

r) Taxes on income

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year's income by reference to corporate income tax rates enacted as of the reporting date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

r) Taxes on income (continued)

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that there will probably be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognized for unused tax losses and tax credits (research and development allowances) to the extent that it is probable that future taxable income will be available against which they can be utilized.

Group companies, while recording all deferred tax assets, make their assessment according to whether there is a sufficient amount of taxable profit in the future or not for 3 years taking into account business plans.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax during the calculation of assets and liabilities, the Group's assets as of the balance sheet date the methods anticipated to recover the book value or fulfil its obligations tax consequences are taken into account.

Deferred tax assets and liabilities are net off when there is a legal right to set off current tax assets and current tax liabilities if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items (in which case the deferred tax on the related items is also recognized directly in equity) credited or debited directly to equity, or where they arise from the initial accounting for a business combination. In business combinations, in the calculation of goodwill or in determining the portion exceeding the purchase cost of the share acquired by the purchaser in the fair value of the identifiable assets, liabilities and contingent liabilities of the purchased subsidiary, the tax effect is taken into consideration.

Deferred tax, provided that the tax legislation of the same country is subject and there is a legally enforceable right to offset current tax assets from current tax liabilities assets and deferred tax liabilities are mutually deducted from each other (Note 25).

<u>Tax risk</u>

While determining the amount of current and deferred tax expense, the Group takes into account the uncertain tax positions and whether there are any additional tax and interest obligations to be paid. Based on the tax law and past experiences, the Group believes that the tax provisions are sufficient for the periods not subjected to tax inspection. This assessment may contain many professional judgments about future events and is based on estimates and assumptions. In case new information arises that will change the professional opinion of the Group regarding the adequacy of the existing tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

s) Effect of changes in foreign exchange rates

<u>Foreign Currency Transactions and Balances</u>

The effects of currency changes on the Group's consolidated financial statements are explained under the heading 2.1 Change in Functional Currency in Note 2, Basis of Presentation. In the conversion of the consolidated financial statements to TL for presentation purposes, the assets in the balance sheet are translated into TL using the USD buying rate and the liabilities are converted into TL using the FX selling rate. The capital account of the company is shown over the nominal capital amount, all other equity items are kept at their historical TL values and all differences are accounted for in the foreign currency translation differences account.

Exchange differences are recognized in profit or loss in the period in which they occur, except as follows:

- Exchange differences related to assets under construction for future use and included in the cost of such assets, treated as an adjustment to interest costs on foreign currency denominated liabilities,
- Exchange differences arising from transactions carried out to provide financial hedging against foreign currency risks (accounting policies for financial hedging are explained below),
- Exchange differences arising from monetary debts and receivables from foreign operations that form part of the net investment in foreign operations, recognized in translation reserves and attributed to profit or loss on the sale of the net investment.

<u>Financial Statements of Foreign Subsidiaries</u>

To present consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve.

t) Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity").

a) An individual or a close family member is considered a related party of the reporting entity when the following criteria are met: If a certain individual,

(i) Has control or joint control over the reporting entity,
(ii) Has significant influence over the reporting entity,
(iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered a related party of the reporting entity when the following criteria are met:

(i) If the entity and the reporting entity are within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
(ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
(iii) If both of the entities are a joint venture of a third party.
(iv) If one of the entities is a joint venture of a third party while the other entity is a subsidiary of this third party.
(iv) If an entity has plans of post-employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its plans, sponsor employers are also considered related parties.
(v) If the entity is controlled or jointly controlled by an individual defined in article (a).
(vi) If an individual defined in clause (i) of the article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

t) Related parties (continued)
Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration. For these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties The Group determined its top management as the board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

u) Earnings per share
Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 26).

v) Statement of cash flows
Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities represent the Group's cash flows used in and generated from investing activities (asset investments and financial investments).

Cash flows from financing activities are the cash flows from the Group's changes in the size and composition of the contributed equity and borrowings.

y) Share premium
Share premium represents the difference arising on the sale of subsidiary or associate shares held by the Group at a price higher than their nominal value or the difference between the nominal value and the fair value of the shares issued by the Group in respect of the companies acquired (Note 19).

z) Investment property
Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

z) Investment property (continued)
Transfers are made when there is a change in the use of investment properties. When the use of a property change such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of use change (Note 14).

If a land or building is changed to investment property while its owner is using it, that property is remeasured at fair value and classified as an investment property. Gains on fair value remeasurement are recognised in profit or loss up to a pre-existing impairment on a particular property; the remainder is recognized in other comprehensive income and presented as a revaluation reserve in equity. Losses are recognized directly in profit or loss.

aa) Segment reporting
The Group has four operating segments, which include the information used by the management to evaluate their performance and decide on resource allocation. These segments are managed separately, as they are affected by different economic situations and different geographic locations in terms of risk and return. Group management has determined the operating profit as the most appropriate method while evaluating the performance of the segments (Note 3).

ab) Discontinued operations and liabilities directly associated with the assets held for sale
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

The details of profit or loss before tax and profit or loss after tax of discontinued operations recognized in the consolidated financial statements on the disposal of assets or groups of assets that comprise discontinued operations are disclosed in the notes to the consolidated financial statements. In addition, net cash flows attributable to operating, investing and financing activities of discontinued operations are disclosed in the related note.

Non-current asset groups are classified as held for sale if they will be recovered through sale rather than through use. Liabilities directly associated with these assets are grouped in a similar way.

ac) Events after reporting period
The Group corrects the amounts received in the consolidated financial statements in accordance with this new situation in the case of events that need to be corrected after the reporting date. Those matters that do not require adjustment after the reporting date are disclosed in the notes to the financial statements in the event those matters affect the financial decisions of users of the financial statements.

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Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2024
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6 Critical accounting estimates and assumptions

Preparation of the consolidated financial statements in accordance with Turkish Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of reporting date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related to the current conditions and transactions, actual results may differ from these estimations. Estimations are revised regularly necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below.

a) Impairment test of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in Note 2.5. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These value-in-use calculations include the discounted after-tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Management covering 10 years.

To predict the future cash flows (infinite), a terminal growth rate of 3.0%, not exceeding the estimated average growth rate of the country's economy is used.

In order to calculate the recoverable amount of the unit, the weighted average cost of capital rate between 8.1% and 9.1% has been used as the after-tax discount rate. For the calculation of the terminal value, 9.1%-9.2% was used.

As at 31 December 2024, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Useful lives depend on the best estimates of management, are reviewed in each financial period and necessary corrections are made.

d) Provisions

In accordance with the accounting policy given in Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for employment termination benefits

The Group uses actuarial assumptions such as employee turnover, discount rates and salary increases in the calculation of provision for employment termination benefits. The details of the calculation are disclosed in the employee benefits note (Note 17).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6 Critical accounting estimates and assumptions (continued)

e) Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between financial statements which are prepared according to TFRS and tax bases of financial statements. Based on available evidence, both positive and negative, it is determined whether all or a portion of the deferred tax assets will probably be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, the Group believes that taxable profit will not be available sufficiently to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has recognized deferred tax assets on its unused tax losses in Turkey (no deferred tax asset has been recognized on tax losses for 2024) and in the United States and on its R&D operations. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficiently to recognize deferred tax assets. According to Brazilian tax legislation, there is no time limit for carrying forward operating losses. However, the maximum deductible balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits. The deferred tax effect of the financial losses which are not calculated as deferred tax of Kordsa Brasil is TL 1.016.968.545.

Recovery of internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated. The technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by future market transactions.

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NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenue	1 January-31 December 2024	1 January-31 December 2023
Europe, Middle East and Africa	11,700,175,595	8,677,820,321
North America	9,500,837,427	7,269,303,551
South America	2,985,697,954	2,238,429,852
Asia	6,246,092,017	5,317,526,997
	30,432,802,993	**23,503,080,721**

b) Segment assets	31 December 2024	31 December 2023
North America	17,556,086,490	16,092,046,575
Europe, Middle East and Africa	14,288,916,108	9,206,063,746
Asia	10,271,319,494	8,793,547,555
South America	2,166,293,319	2,238,374,588
Segment assets (*)	**44,282,615,411**	**36,330,032,464**
Unallocated assets	3,424,244,187	1,949,486,942
Less: Intersegment elimination	(3,900,087,920)	(3,303,405,309)
Total assets per consolidated financial statements	**43,806,771,678**	**34,976,114,097**

c) Segment liabilities	31 December 2024	31 December 2023
Europe, Middle East and Africa	16,081,505,744	10,054,984,349
North America	8,305,385,103	7,523,398,698
South America	469,149,322	481,560,369
Asia	1,957,941,555	1,769,026,917
Segment liabilities (**)	**26,813,981,724**	**19,828,970,333**
Unallocated liabilities	2,735,148,922	1,729,743,932
Less: Intersegment elimination	(2,947,564,528)	(2,643,275,409)
Total liabilities per consolidated financial statements	**26,601,566,118**	**18,915,438,856**

(*) Segment assets mainly comprised assets regarding operations. Deferred tax assets, time deposits and financial investments have not been associated with segments.

(**) Segment liabilities mainly comprised liabilities regarding operations. Tax liabilities, and other financial liabilities have not been associated with segments.

d) Segment analysis for the period 1 January – 31 December 2024

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	11,700,175,595	9,500,837,427	2,985,697,954	6,246,092,017	-	30,432,802,993
Intersegment revenue	708,605,134	389,698,644	19,834,682	1,139,377,437	(2,257,515,897)	-
Revenue	12,408,780,729	9,890,536,071	3,005,532,636	7,385,469,454	(2,257,515,897)	30,432,802,993
Segment operating expenses	(12,028,146,654)	(10,733,541,832)	(2,771,716,868)	(6,824,502,299)	2,327,859,817	(30,030,047,836)
Segment operating results	380,634,075	(843,005,761)	233,815,768	560,967,155	70,343,920	402,755,157
OPERATING PROFIT	**380,634,075**	**(843,005,761)**	**233,815,768**	**560,967,155**	**70,343,920**	**402,755,157**

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NOTE 3 - SEGMENT REPORTING (CONTINUED)

e) Segment analysis for the period 1 January – 31 December 2023

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	8,677,820,321	7,269,303,551	2,238,429,852	5,317,526,997	-	23,503,080,721
Intersegment revenue	628,613,568	432,359,888	14,290,486	477,670,040	(1,552,933,982)	-
Revenue	9,306,433,889	7,701,663,439	2,252,720,338	5,795,197,037	(1,552,933,982)	23,503,080,721
Segment operating expenses	(8,791,840,284)	(7,429,421,809)	(2,323,898,609)	(5,240,374,179)	1,511,229,052	(22,274,305,829)
Segment operating results	514,593,605	272,241,630	(71,178,271)	554,822,858	(41,704,930)	1,228,774,892
OPERATING PROFIT	**514,593,605**	**272,241,630**	**(71,178,271)**	**554,822,858**	**(41,704,930)**	**1,228,774,892**

(*) Unallocated consolidation adjustments are included in this line.

(**) Kordsa Türkiye has been included in Europe, Middle East and Africa Segment.

f) Capital expenditure	1 January – 31 December 2024	1 January – 31 December 2023
Europe, Middle East and Africa	1,000,882,946	498,347,548
North America	341,061,648	424,785,020
South America	81,345,329	103,344,683
Asia	189,542,781	268,548,657
	1,612,832,704	**1,295,025,908**

g) Depreciation and amortization expense	1 January – 31 December 2024	1 January – 31 December 2023
Europe, Middle East and Africa	376,658,707	207,675,365
North America	570,956,661	434,615,441
Asia	391,923,283	266,341,812
South America	66,391,001	44,707,519
	1,405,929,652	**953,340,137**

h) Provision/(reversal) for doubtful receivables	1 January – 31 December 2024	1 January – 31 December 2023
South America	2,669,836	921,514
Europe, Middle East and Africa	(7,844,565)	4,218,172
North America	25,745,548	(7,332,302)
	20,570,819	**(2,192,616)**

i) Provision/ (reversal) for inventory obsolescence	1 January – 31 December 2024	1 January – 31 December 2023
Europe, Middle East and Africa	32,360,681	(4,671,772)
North America	114,505,170	20,940,459
South America	6,852,162	6,878,920
Asia	(32,829,280)	84,144,303
	120,888,733	**107,291,910**

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NOTE 3 - SEGMENT REPORTING (CONTINUED)

The segment reporting based on industry groups of reportable segments is as follows:

a) External revenue	1 January – 31 December 2024	1 January – 31 December 2023
Industrial Yarn and Cord Fabric	23,184,526,168	18,121,856,016
Advanced Composite Materials	6,219,623,561	4,702,613,025
Other	1,028,653,264	678,611,680
	30,432,802,993	**23,503,080,721**

b) Capital expenditures	1 January – 31 December 2024	1 January – 31 December 2023
Industrial Yarn and Cord Fabric	641,259,454	925,148,733
Advanced Composite Materials	349,898,996	109,553,874
Other	621,674,254	260,323,301
	1,612,832,704	**1,295,025,908**

NOTE 4 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 31 December 2024 and 2023 are as follows

	31 December 2024	31 December 2023
Cash	186,846	19,890,239
Bank-demand deposits	1,846,855,101	1,306,452,816
Bank-time deposits	1,170,117,015	386,125,252
Other (*)	1,240,172,971	-
	4,257,331,933	**1,712,468,307**

Time deposits have less than 3 months of maturity. The average annual interest rate for time deposits is 2,00% for Euro (31 December 2023: 0,01%). The Average annual interest rate for time deposits is 3,25% for US Dollars (31 December 2023: 0,01%) and the annual interest rate of time deposits in TL is 35,00% (31 December 2023:25,00%).

The Group's related party balance related to cash and cash equivalents are disclosed in Note 27.

As of December 31, 2024, the Group has blocked deposits amounting to TL 32.684.728 (December 31, 2023: None).

Foreign currency, interest rate and sensitivity risks for the financial assets and liabilities of the Group are presented under Note 29.
(*) Other cash and cash equivalents consist of short-term free liquid funds that the Company bought from Ak Portföy Yönetimi A.Ş. The interest rate of the related fund is 46.74%.

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NOTE 5 – FINANCIAL INVESTMENTS

	31 December 2024	31 December 2023
Common Stocks	2.225.796	1.969.244
	2.225.796	**1.969.244**

Detail of the common stocks are as follows:

	31 December 2024		31 December 2023	
	Percentage of shareholding %	**Amount**	**Percentage of shareholding %**	**Amount**
Investimentos Lei 8200	<0.01	-	<0.01	-
Desenbanco	<0.01	433,136	<0.01	470,305
Cetrel	<0.01	47,858	<0.01	43,039
Other	-	1,744,802	-	1,455,900
		2,225,796		**1,969,244**

	31 December 2024	31 December 2023
Financial Investments *	11,495,103	91,639,021
	11,495,103	**91,639,021**

NOTE 6 – BORROWINGS

	31 December 2024	31 December 2023
Short-term borrowings	8,735,349,887	6,954,689,210
Short-term portion of long-term borrowings	5,749,650,855	427,623,845
Total short-term financial borrowings	**14,485,000,742**	**7,382,313,055**
Long-term borrowings	3,092,846,398	4,269,179,252
Total long-term financial borrowings	**3,092,846,398**	**4,269,179,252**
Total borrowings	**17,577,847,140**	**11,651,492,307**

	31 December 2024	31 December 2023
Short Term Lease Payables	148,487,674	113,022,245
Long Term Lease Payables	918,361,769	851,762,569
Total Leases transactions	**1,066,849,443**	**964,784,814**

The Group has long-term guarentees given by Kordsa Teknik Tekstil A.Ş for Kordsa Inc's USD loans (Note 16). The Group does not have any other guarentees given for it's loans.

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NOTE 6 – BORROWINGS (CONTINUED)

The details of long and short term borrowings as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024		31 December 2023	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	26.93	3,144,411,843	34.79	1,646,920,444
USD borrowings	8.00	3,652,706,130	8.68	4,242,790,470
EUR borrowings	6.02	1,756,378,272	8.23	908,398,549
Other borrowings (*)	4.30	181,853,642	4.42	156,579,747
		8,735,349,887		**6,954,689,210**
Short-term portion of long-term borrowings				
USD borrowings	7.65	5,749,650,855	9.33	427,623,845
		5,749,650,855		**427,623,845**
Total short-term borrowings		**14,485,000,742**		**7,382,313,055**
Long term borrowings				
USD Borrowing	7.14	2,356,261,348	8.25	4,040,308,100
EUR Borrowing	6.06	736,585,050	3.59	228,871,152
Total long-term borrowings		**3,092,846,398**		**4,269,179,252**

(*) Consists of Thai Baht (THB) currency loans.

As of 31 December 2024 and 31 December 2023, the redemption schedules of long term borrowings are summarized below:

	31 December 2024	31 December 2023
1 to 2 years	2,101,907,309	1,605,328,906
2 to 3 years	966,943,607	1,529,907,507
3 to 4 years	8,612,148	846,845,320
4 to 5 years	4,959,849	184,584,201
Over 5 years	10,423,485	102,513,318
	3,092,846,398	**4,269,179,252**

As of 31 December 2024 and 31 December 2023, the redemption schedules of long-term lease liabilities are summarized below:

	31 December 2024	31 December 2023
1 to 2 years	212,999,600	198,554,207
2 to 3 years	100,074,846	85,360,126
3 to 4 years	71,540,433	84,400,032
4 to 5 years	61,283,471	78,960,952
Over 5 years	472,463,419	404,487,252
	918,361,769	**851,762,569**

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NOTE 6 – BORROWINGS (CONTINUED)

There are financial commitments that could not be partially met in this period within the scope of the loan agreements in USD. Among the financial commitments that the Group is obliged to fulfill within the scope of USD denominated loan agreements, there are commitments that cannot be partially fulfilled in this period, and action has been taken to waive them by contacting the relevant financial institutions and loans amounting to USD 100.250.000 have been reclassified from long term to short term in accordance with TAS 1.

The reconciliation of the Group's obligations arising from its financial activities is as follows:

	2024	2023
1 January	**11,651,492,307**	**7,889,839,329**
Proceed from borrowings	11,568,557,081	11,069,362,435
Repayment of borrowings	(8,076,042,960)	(11,728,679,534)
Interest expense recognized in the statement of profit or loss (Note 24)	1,626,975,045	941,725,646
Interest payment	(1,688,750,412)	(746,309,047)
Currency translation differences	2,495,616,079	4,225,553,478
31 December	**17,577,847,140**	**11,651,492,307**

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2024	31 December 2023
Trade receivables		
Trade receivables	5,400,197,293	4,525,475,297
Cheques received	22,949,448	14,139,530
Due from related parties (Note 27)	335,849,965	317,610,477
	5,758,996,706	**4,857,225,304**
Less: Provision for doubtful receivables	(48,600,401)	(23,575,045)
Less: Unearned credit finance income	(20,687,575)	(59,711,361)
	5,689,708,730	**4,773,938,898**

As of 31 December 2024, the annual interest rates used for the discount of trade receivables and payables are 55.55%, 7.84% and 6.27% for TL, USD and EUR, respectively (2023: 52.73%, 9.47%, and 8.60%). As of 31 December 2024, the average maturity of trade receivables is 67 days and the average maturity of trade payables is 53 days (31 December 2023: 68 days, 56 days respectively).

As of 31 December 2024, trade receivables amounting to TL 712.731.951 (31 December 2023: 543.697.365) were past due but not impaired. The aging of these receivables as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Up to 1 month	454,138,195	320,989,742
1 to 3 months	153,039,733	126,601,175
3 to 12 months	41,592,589	52,026,502
1 to 5 years	63,961,434	44,079,946
	712,731,951	**543,697,365**

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (CONTINUED)

As of 31 December 2024, trade receivables amounting to TL 48.600.401 (2023: TL 23.575.044) are overdue and the provisions have been booked for these doubtful receivables, as of 31 December 2024 and 31 December 2023, the aging schedule of the related receivables is as follows:

	31 December 2024	31 December 2023
Up to 1 month	4,205,516	1,572,399
1 to 3 months	4,752,525	961,998
3 to 12 months	26,185,183	9,800,653
1 to 5 years	13,457,177	11,239,994
	48,600,401	**23,575,044**

Movement schedules of provision for doubtful receivables for the years ended 31 December 2024 and 31 December 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Balance on 1 January	**23,575,045**	**16,431,373**
Additions	28,704,299	6,222,227
Reversals	(8,133,480)	(8,414,843)
Currency translation differences	4,454,537	9,336,287
Balance on 31 December	**48,600,401**	**23,575,044**

Trade payables	31 December 2024	31 December 2023
Trade payables	3,156,411,525	3,328,970,832
Due to related parties (Note 27)	87,645,988	76,598,491
	3,244,057,513	**3,405,569,323**
Less: Unrealised credit finance expense on purchases	(39,763,233)	(30,330,193)
	3,204,294,280	**3,375,239,130**

NOTE 8 – OTHER RECEIVABLES AND OTHER PAYABLES

Other short-term receivables	31 December 2024	31 December 2023
Taxes and other duties (*)	103,008,510	304,496,833
Other	98,851,469	144,789,068
	201,859,979	**449,285,901**

Other long-term receivables	31 December 2024	31 December 2023
Litigation guarantee receivables (**)	178,645,104	108,197,159
Other	152,693	4,842,975
	178,797,797	**113,040,134**

(*) Prepaid taxes and other withholding taxes mainly comprise VAT receivables of Kordsa Brasil arising from production incentives related to state regulations.

(**) Litigation guarantee receivables comprise guarantees given to courts by Kordsa Brazil.

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NOTE 8 – OTHER RECEIVABLES AND OTHER PAYABLES (CONTINUED)

Other short-term payables	31 December 2024	31 December 2023
Taxes and duties payable	173,893,486	109,056,976
Other	17,607,026	33,768,336
	191,500,512	**142,825,312**

NOTE 9 – INVENTORIES

	31 December 2024	31 December 2023
Finished Goods	3,529,879,884	2,735,008,091
Raw materials and supplies	2,493,163,343	2,512,795,610
Semi-finished goods	347,767,060	530,719,908
Spare parts	458,442,440	400,160,356
Intermediate goods	850,413,608	735,863,664
Other inventories	251,808,995	195,826,698
	7,931,475,330	**7,110,374,327**
Less: Provision for obsolescence	(457,136,332)	(270,414,821)
	7,474,338,998	**6,839,959,506**

The allocation of the impairment of inventories for the years ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Finished goods	178,241,846	90,321,148
Spare parts	134,334,059	91,293,450
Semi-finished and intermediate goods	35,348,235	33,992,739
Other inventories	28,129,757	25,319,725
Raw materials and supplies	81,082,435	29,487,759
Balance on 31 December	**457,136,332**	**270,414,821**

Movement schedules for impairment of inventories for the years ended 31 December 2024 and 31 December 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Balance on 1 January	**270,414,821**	**116,576,248**
Additions	199,079,012	116,763,021
Reversals	(78,190,279)	(9,471,111)
Currency translation differences	65,832,778	46,546,663
Balance on 31 December	**457,136,332**	**270,414,821**

The amount of provision for impairment of inventory charged to the cost of goods sold for the year 2024 is TL 120.888.733 (2023: TL 107.291.910).

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NOTE 10 – PREPAYMENTS AND DEFERRED INCOME

Short-term prepaid expenses	**31 December 2024**	**31 December 2023**
Prepaid expenses	138,908,253	334,131,186
Advances given	54,060,273	87,283,649
Other prepaid expenses	11,900,361	12,137,596
	204,868,887	**433,552,431**

Long-term prepaid expenses	**31 December 2024**	**31 December 2023**
Advances given	19,706,290	93,765,659
Other prepaid expenses	22,439,447	20,208,349
	42,145,737	**113,974,008**

Deferred revenue	**31 December 2024**	**31 December 2023**
Deferred revenue (*)	37,681,738	14,875,555
	37,681,738	**14,875,555**

(*) Deferred revenue comprises advances received from customers.

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2024 is as follows:

	1 January 2024	**Additions**	**Disposals**	**Transfers (*)**	**Currency translation differences**	**31 December 2024**
Cost:						
Land and land improvements	411,662,574	-	(25,358,533)	2,376,692	80,020,190	468,700,923
Buildings	2,929,748,614	120,564,113	-	20,299,026	559,654,718	3,630,266,471
Machinery and equipment	15,562,483,304	222,294,774	(150,463,334)	1,146,426,105	2,808,973,477	19,589,714,326
Motor vehicles	14,204,400	-	-	-	2,280,203	16,484,603
Furniture and fixtures	609,934,632	34,691,360	(1,229,503)	90,338,227	81,726,057	815,460,773
Construction in progress	1,440,735,769	826,726,585	(18,685,309)	(1,345,077,998)	220,622,151	1,124,321,198
	20,968,769,293	**1,204,276,832**	**(195,736,679)**	**(85,637,948)**	**3,753,276,796**	**25,644,948,294**
Accumulated depreciation:						
Land improvements	88,392,002	3,903,452	-	-	17,366,598	109,662,052
Buildings	1,584,654,926	97,993,671	-	-	296,507,523	1,979,156,120
Machinery and equipment	9,390,708,808	763,518,409	(147,957,458)	-	1,626,603,010	11,632,872,769
Motor vehicles	9,199,194	1,115,740	-	-	1,372,451	11,687,385
Furniture and fixtures	413,656,984	50,601,722	(1,008,496)	-	57,024,453	520,274,663
	11,486,611,914	**917,132,994**	**(148,965,954)**	**-**	**1,998,874,035**	**14,253,652,989**
Net book value	**9,482,157,379**					**11,391,295,305**

(*) For the twelve months period ended 31 December 2024, TL 85.637.948 (31 December 2023: TL 109.445.647 TL) was transferred to other intangible assets.

TL 1.035.287.953 (31 December 2023: TL 705.141.647) of depreciation and amortization expenses related to tangible fixed assets, intangible assets and right of use assets in the current period is to cost of goods sold, TL 26.571.965 (31 December 2023: TL 12.895.093) to research and development expenses, TL 336.339.239 (31 December 2023: TL 229.327.799) to general administrative expenses and TL 7.730.495 (31 December 2023: TL 5.975.598) to marketing, sales and distribution expenses.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movement of property, plant and equipment for the year ended 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	Transfers	Currency translation differences	31 December 2023
Cost:						
Land and land improvements	253,098,156	-	(15,097)	9,387,942	149,191,573	411,662,574
Buildings	1,771,419,385	29,551,498	-	72,186,844	1,056,590,887	2,929,748,614
Machinery and equipment	9,422,412,646	135,214,652	(214,260,365)	554,553,632	5,664,562,739	15,562,483,304
Motor vehicles	8,204,576	3,328,959	(854,113)	-	3,524,978	14,204,400
Furniture and fixtures	331,465,529	5,345,805	(4,925,172)	62,593,733	215,454,737	609,934,632
Construction in progress	853,049,916	1,063,481,018	(170,082,298)	(808,167,798)	502,454,931	1,440,735,769
	12,639,650,208	**1,236,921,932**	**(390,137,045)**	**(109,445,647)**	**7,591,779,845**	**20,968,769,293**
Accumulated depreciation:						
Land improvements	53,197,366	3,588,292	-	-	31,606,344	88,392,002
Buildings	934,089,818	76,013,923	-	-	574,551,185	1,584,654,926
Machinery and equipment	5,548,520,347	552,927,657	(138,671,119)	-	3,427,931,923	9,390,708,808
Motor vehicles	2,814,282	899,963	(854,113)	-	6,339,062	9,199,194
Furniture and fixtures	267,462,760	31,486,073	(4,543,965)	-	119,252,116	413,656,984
	6,806,084,573	**664,915,908**	**(144,069,197)**	**-**	**4,159,680,629**	**11,486,611,914**
Net book value	**5,833,565,634**					**9,482,157,379**

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NOTE 12 – INTANGIBLE ASSETS

The movement of intangible assets for the year ended 31 December 2024 is as follows:

	1 January 2024	Additions	Disposals	Transfers	Currency translation differences	31 December 2024
Cost:						
Rights	131,557,298	215,567,118	-	6,590,844	40,876,773	394,592,033
Technology licences	459,482,836	760	-	26,265,749	89,918,310	575,667,655
Capitalized development costs	445,242,207	158,341,692	-	-	100,499,614	704,083,513
Computer software	168,854,299	34,646,302	-	52,781,355	20,554,937	276,836,893
Customer relationships	2,649,081,651	-	-	-	525,718,281	3,174,799,932
Trademarks	821,141,717	-	-	-	162,958,062	984,099,779
Other intangible assets	130,318,755	-	-	-	25,862,152	156,180,907
	4,805,678,763	**408,555,872**	**-**	**85,637,948**	**966,388,129**	**6,266,260,712**
Accumulated Depreciation						
Rights	69,251,048	22,350,834	-	-	14,828,243	106,430,125
Technology licences	246,838,240	62,092,208	-	-	52,059,393	360,989,841
Capitalized development costs	201,553,712	90,367,514	-	-	46,927,360	338,848,586
Computer software	135,210,637	28,597,933	-	-	18,415,566	182,224,136
Customer relationships	522,494,873	138,611,784	-	-	114,317,961	775,424,618
Trademarks	1,468,083	5,867,438	-	-	741,198	8,076,719
Other intangible assets	59,934,326	2,978,906	-	-	6,854,912	69,768,144
	1,236,750,919	**350,866,617**	**-**	**-**	**254,144,633**	**1,841,762,169**
Net book value	**3,568,927,844**					**4,424,498,543**

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NOTE 12 – INTANGIBLE ASSETS (CONTINUED)

The movement of intangible assets for the year ended 31 December 2023 is as follows:

	1 January 2023	Addition	Disposals	Transfers	Currency translation differences	31 December 2023
Cost:						
Rights	74,597,405	4,100,974	-	4,191,076	48,667,843	131,557,298
Technology licences	291,275,314	-	-	-	168,207,522	459,482,836
Capitalized development costs	182,895,674	22,546,164	-	102,648,491	137,151,878	445,242,207
Computer software	76,883,714	31,456,838	-	2,606,080	57,907,667	168,854,299
Customer relationships	1,682,620,657	-	-	-	966,460,994	2,649,081,651
Trademarks	521,565,284	-	-	-	299,576,433	821,141,717
Other intangible assets	82,774,734	-	-	-	47,544,021	130,318,755
	2,912,612,782	**58,103,976**	**-**	**109,445,647**	**1,725,516,358**	**4,805,678,763**
Accumulated Depreciation						
Rights	34,410,568	9,596,952	-	-	25,243,528	69,251,048
Technology licences	123,268,391	41,477,179	-	-	82,092,670	246,838,240
Capitalized development costs	89,851,894	47,829,182	-	-	63,872,636	201,553,712
Computer software	76,271,179	9,618,256	-	-	49,321,202	135,210,637
Customer relation-ships	254,617,687	96,808,172	-	-	171,069,014	522,494,873
Trademarks	932,671	-	-	-	535,412	1,468,083
Other intangible assets	36,251,323	2,277,152	-	-	21,405,851	59,934,326
	615,603,713	**207,606,893**	**-**	**-**	**413,540,313**	**1,236,750,919**
Net book value	**2,297,009,069**					**3,568,927,844**

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NOTE 13 – RIGHT OF USE ASSETS

	1 January 2024	Addition	Disposals	Transfer	Currency translation differences	31 December 2024
Cost						
Properties	951,957,561	6,129,460	(17,569,227)	-	179,259,725	1,119,777,519
Fixtures	2,151,334	-	(239,665)	-	289,492	2,201,161
Vehicles	101,729,633	26,202,152	(2,251,817)	-	22,137,721	147,817,689
Other	93,230,741	20,640,417	-	-	20,203,480	134,074,638
	1,149,069,269	**52,972,029**	**(20,060,709)**	**-**	**221,890,418**	**1,403,871,007**
Accumulated depreciation						
Properties	170,801,169	80,303,658	-	-	39,229,466	290,334,293
Fixtures	1,825,997	297,429	(239,665)	(2,379,058)	495,297	-
Vehicles	54,519,889	32,432,845	(2,251,817)	2,891,637	13,270,597	100,863,151
Other	51,323,226	24,896,109	-	(512,579)	12,122,436	87,829,192
	278,470,281	**137,930,041**	**(2,491,482)**	**-**	**65,117,796**	**479,026,636**
Net book value	**870,598,988**					**924,844,371**

	1 January 2023	Addition	Disposals	Transfers	Currency translation differences	31 December 2023
Cost						
Properties	543,335,686	93,439,694	-	2,463,257	312,718,924	951,957,561
Fixtures	736,759	-	-	-	1,414,575	2,151,334
Vehicles	58,391,069	15,242,052	(5,434,475)	(2,463,257)	35,994,244	101,729,633
Other	39,649,193	24,962,944	(1,719,714)	-	30,338,318	93,230,741
	642,112,707	**133,644,690**	**(7,154,189)**	**-**	**380,466,062**	**1,149,069,269**
Accumulated depreciation						
Properties	96,712,513	41,573,169	-	1,261,967	31,253,520	170,801,169
Fixtures	461,194	753,314	-	-	611,489	1,825,997
Vehicles	23,521,236	21,059,561	(5,127,232)	(1,261,967)	16,328,291	54,519,889
Other	20,004,528	17,431,292	(1,412,479)	-	15,299,885	51,323,226
	140,699,471	**80,817,336**	**(6,539,711)**	**-**	**63,493,185**	**278,470,281**
Net book value	**501,413,236**					**870,598,988**

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NOTE 14 – INVESTMENT PROPERTIES

	31 December 2024	31 December 2023
Balance on 1 January	**697,056,265**	**426,405,882**
(Losses)/gains from fair value adjustments (Note23) (*)	(32,407,464)	20,480,692
Disposals	(197,520,981)	-
Currency translation differences	120,704,473	250,169,691
Balance on 31 December	**587,832,293**	**697,056,265**

(*) As of December 31, 2024 and December 31, 2023, the fair value of investment properties of PT Indo Kordsa located in Asia Pacific Region has been determined by a valuation company independent of the Group. The independent appraisal company has sufficient experience and qualifications in fair value measurement of properties in the relevant regions. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest value in use has been considered. In the current period, no different valuation methodology is performed. As of 31 December 2024, the fair value hierarchy level of investment properties measured by the revaluation method is 3.

NOTE 15 – GOODWILL

The goodwill by amount of USD 155.223.424 as of 31 December 2024 consisted of USD 3.193.789, which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, USD 226.961, which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006, respectively USD 9.656.000 and USD 19.893.604 which accrued in consequence of the acquisition of the Fabric Development Inc. ("FDI") and Textile Products, Inc.("TPI") on 13 July 2018, USD 1.268.000 accrued in consequence of the acquisition of the Advanced Honeycomb Technologies Corporation ("AHT") on 1 October 2018 and USD 105.814.156 which accrued in consequence of the acquisition of the Axiom Materials Acquisition LLC on 23 July 2019 and USD 15.170.916 consists of Microtex acquisition.

As of 31 December, the movements in goodwill were as follows;

	31 December 2024	31 December 2023
Balance on 1 January	**3,959,700,724**	**2,515,088,288**
Currency translation difference and other	1,516,628,242	1,444,612,436
Balance on 31 December	**5,476,328,966**	**3,959,700,724**

As disclosed in Note 2.6 in detail, there is no change in the book value of the goodwill after assessment for the impairment, which is TL 5.476.328.966 and TL 3.959.700.724 for the year ended as of 31 December 2024 and 31 December 2023 respectively.

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NOTE 16 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

a) Guarantees given	31 December 2024	31 December 2023
Pledges given to banks	813,930,268	619,450,052
Securities (*)	3,007,645,575	3,691,877,368
Letter of credits	676,875,725	796,049,692
Letter of guarantees	5,471,423,077	1,340,614,363
Commitments	1,905,094	1,551,295
	9,971,779,739	**6,449,542,770**

(*) Kordsa Teknik Tekstil A.Ş. have been joint guarantor to borrowings used by Kordsa Inc. amounting to total USD 85.250.000 equivalents TL 3.007.645.575 (31 December 2023: USD 125.411.111, TL 3.691.877.368).

b) Guarantees received	31 December 2024	31 December 2023
Letter of guarantees	64,105,970	100,062,473
Cheques and notes received as collateral	331,350	331,350
	64,437,320	**100,393,823**

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NOTE 16 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES (CONTINUED)

31 December 2024	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A. Total amount of CPMSs given in the name of its legal entity	6,964,134,164	4,516,373,733	55,882,155	4,000,000	140,178,995	183,771,579
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	3,007,645,575	-	85,250,000	-	-	-
C. Total amount of CPMSs given in order to ensure the debts of other third parties for the execution of ordinary commercial activities	-	-	-	-	-	-
D. Total amount of other CPMS	-	-	-	-	-	-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-	-	-
iii. Total amount of CPMS given to on behalf of third parties which are not in the scope of clause C	-	-	-	-	-	-
	9,971,779,739	**4,516,373,733**	**141,132,155**	**4,000,000**	**140,178,995**	**183,771,579**

31 December 2023	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A. Total amount of CPMSs given in the name of its own legal entity	2,757,665,402	950,635,909	42,710,536	8,810,393	140,147,143	142,166,483
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	3,691,877,368	-	125,411,111	-	-	-
C. Total amount of CPMSs given in order to ensure the debts of other third parties for the execution of ordinary commercial activities	-	-	-	-		-
D. Total amount of other CPMS	-	-	-	-		-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-		-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-		-
iii. Total amount of CPMS given to on behalf of third parties which are not in scope of clause C	-	-	-	-		-
	6,449,542,770	**950,635,909**	**168,121,647**	**8,810,393**	**140,147,143**	**142,166,483**

Group equity ratio to other CPMS given by the Group is 0% as of December 31, 2024 (December 31, 2023: 0%).

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NOTE 17 – SHORT TERM PROVISIONS

Short-term provisions for employee benefits	31 December 2024	31 December 2023
Provision for unused vacation	113.359.350	95.788.338
Provision for bonus accrual	186.243.847	75.269.921
Provision for capital contribution plan (*)	39.404.640	32.815.211
	339.007.837	**203.873.470**

(*) The Group operates a profit sharing plan for its employees in the North America geographical area, called the "Capital Contribution Plan", which is a profit sharing plan with contribution to compensation (premium paid). Accordingly, the Group makes an annual contribution of 5% of the total contribution to employees' accounts and employees are entitled to receive this contribution after completing three years of service.

In addition to this benefit, another plan called 401(k) is applied to employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employee's contribution.

Movements in the provision for unused vacation during the year are as follows:

	1 January-31 December 2024	1 January-31 December 2023
Balance on 1 January	95,788,338	65,461,747
Increase during the year	17,461,240	30,562,955
Decrease during the year	(15,338,072)	(42,234,333)
Currency translation differences	15,447,844	41,997,969
Balance on 31 December	**113,359,350**	**95,788,338**

Long-term provisions for employee benefits	31 December 2024	31 December 2023
Provision for employment termination benefits (*)	252,124,537	233,272,716
Accruals for employee retirement benefit plans (**)	160,283,504	131,022,244
	412,408,041	**364,294,960**

(*) Provision for employment termination benefits

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires after completing 25 years of service and achieves the retirement (age 60 for men 58 for women).

Also, the possibility of saving severance payment for employees whose insurance-entry dates went back earlier than 8 September 1999 and before, and who had completed their 15th year in the company has been calculated as 100% (0-5 years 95%, 5-10 years 98%, 10-15 years %98,5).

As at 31 December 2024 the amount payable consists of one month's salary limited to a maximum of TL 41.828,42 (31 December 2023: TL 23.489,83) for each year of service.

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NOTE 17 – SHORT TERM PROVISIONS (CONTINUED)

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2024	2023
Discount rate (%)	3.0	0.5

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As at December 31, 2024, provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The maximum amount of TL 46.656,61 effective from January 1, 2025 has been taken into consideration in the calculation of the Group's provision for employment termination benefits (January 1, 2024: TL 35.058,58).

Movements in the provision for employment termination benefits during the year are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Balance on 1 January	**233,272,716**	**256,985,439**
Increase during the year	102,506,497	69,517,596
Payment during the year	(99,159,467)	(136,287,919)
Actuarial loss	17,512,270	41,458,986
Currency translation differences	(2,007,479)	1,598,614
Balance on 31 December	**252,124,537**	**233,272,716**

(**) Provision for employee retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations.

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NOTE 17 – SHORT TERM PROVISIONS (CONTINUED)

Provision for employee retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to the work hours of the employees. Work hours and salary provisions that should be paid are listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days - 1 year	30 days
Within 1 year - 3 years	90 days
Within 3 years - 6 years	180 days
Within 6 years - 10 years	240 days
Over 10 years	300 days

The provision of employee termination benefits is calculated by an independent firm by considering the variables such as employee age, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in the consolidated profit or loss statement as income or expense with considering the expected working period of employees.

The movement schedule of provision for employee retirement benefit plans is as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Balance on 1 January	**131,022,244**	83,248,961
Addition during the year	10,365,187	7,223,962
Payment during the year	(7,487,548)	(7,524,277)
Actuarial (gain)/loss	2,373,197	2,732,453
Currency translation differences	24,010,424	45,341,145
Balance on 31 December	**160,283,504**	**131,022,244**

Employee benefit obligations	31 December 2024	31 December 2023
Wage accruals	31,311,695	27,056,762
Due to personnel	106,617,742	54,797,712
	137,929,437	**81,854,474**

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NOTE 18 – OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2024	31 December 2023
Deferred VAT	333,528,972	143,085,812
Deductible VAT	115,334,028	115,748,729
Prepaid taxes and funds	35,727,539	66,586,201
Other	56,989,561	64,864,134
	541,580,100	**390,284,876**

Other non-current assets	31 December 2024	31 December 2023
Long-term spare parts	441,950,682	377,689,283
Long-term deposits	2,786,963	4,406,328
	444,737,645	**382,095,611**

Other current liabilities	31 December 2024	31 December 2023
Expense accruals	251,715,208	216,875,678
Sales discounts and commission accruals (*)	95,225,284	52,554,340
Other tax accruals (**)	25,102,044	19,434,913
Other	185,896,205	43,028,538
	557,938,741	**331,893,469**

(*) Sales discount and commission accruals consist of the accrued intermediary commissions as of the reporting date.
(**) Other tax accruals mainly comprise foreign Subsidiaries' export, environmental, security and other tax liabilities.

Other long-term liabilities	31 December 2024	31 December 2023
Other (*)	1,218,759,902	818,443,973
	1,218,759,902	**818,443,973**

(*) The Group has the option to buy/sell the remaining 39% of Microtex's shares from non-controlling shares, according to the shareholder agreement regarding the purchase of shares. The option to buy/sell shares will expire on August 05, 2027. The mentioned share buy/sell option is recorded under other long-term liabilities at EBITDA value (December 31, 2024: 753.189.126 TL) in the consolidated financial statements of the Group and is shown separately under equity attributable to owners of the Company.

NOTE 19 - EQUITY

Paid-in share capital

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 share of Kr nominal value (2023: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shares on 31 December 2024 and 31 December 2023 are as follows:

	2024	Ownership interest %	2023	Ownership interest %
Sabancı Holding A.Ş.	138,327,614	71.11	138,327,614	71.11
Other	56,201,462	28.89	56,201,462	28.89
Paid-in capital total	**194,529,076**	**100.00**	**194,529,076**	**100.00**

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NOTE 19 - EQUITY (CONTINUED)

Group has adopted the registered capital system in accordance with the provisions of the Capital Market Law No.6362 numbered 594 dated 21.09.1989 and has passed to this system with the permission of the Capital Market Board. The registered capital ceiling of the Company is TL 500.000.000 and consists of 50.000.000.000 shares each with a nominal value of Kr 1.

All company shareholders have the same equal rights and no privilage is granted to any one shareholder.

Revalution and edging reserves

	31 December 2024	31 December 2023
Financial assets fair value reserve	(270,151)	(270,151)
Hedging reserve	(890,487,904)	(951,945,731)
	(890,758,055)	**(952,215,882)**

Financial Assets Fair Value Reserve:
Financial Asset Revaluation Reserve arises from the revaluation of financial assets at fair value through other comprehensive income. When a financial instrument measured at fair value is disposed of, the portion of the revaluation reserve that relates to the financial asset sold is recognized directly in profit or loss. If a revalued financial instrument is impaired, the portion of the revaluation surplus associated with the impaired financial asset is recognized in profit or loss.

Hedging Reserve:
The Hedging Reserve arises when changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity. The cumulative gain or loss arising on changes in the fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Movements of Hedging Reserve:

	1 January-31 December 2024	1 January-31 December 2023
Balance on 1 January	**(951,945,731)**	**(952,108,089)**
Increases/decreases	81,943,769	216,477
Income tax related to gains /losses recognized in other comprehensive income	(20,485,942)	(54,119)
Balance on 31 December	**(890,487,904)**	**(951,945,731)**

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through the acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.856 was accounted as an addition to sharing premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

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NOTE 19 - EQUITY (CONTINUED)

Restricted Reserves

Reserve s reserve for specific purposes other than profit from the previous period, due to law or contractual obligations or other profit distributions. These reserves are shown in the amounts in the statutory records of the Group and differences arising in preparing the consolidated financial statements in accordance with TFRS are associated with prior years' profit/loss.

As at December 31, 2024 restricted reserves comprised legal reserves amounting to TL 458.633.027 (December 31, 2023: TL 444.065.124). The legal reserves consist of the first and the second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions over 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other users unless they exceed 50% of paid-in share capital.

Other comprehensive income that will not be reclassified to profit or loss

Revaluation gains on property, plant and equipment

The amount for property, plant and equipment that is not recognized in profit or loss is recognized as other comprehensive income. As at 31 December 2024, the gains arising from the fair value changes arising from the parcels and lands transferred from the lands of PT Indo Kordsa in the Asia Pacific Region to the investment properties.

For the years ended 31 December, the movement of revaluation gains on tangible assets was as follows;

	2024	2023
Balance at the beginning of the period	40,027,097	40,027,097
Balance on the closing of the period	**40,027,097**	**40,027,097**

Defined Benefit Plans Remeasurement Fund

As at December 31, 2024, TL 105.971.754 (December 31, 2023: TL 91.681.312) consists of actuarial gain or loss of long-term employee benefits and retirement plan provision (Turkey, Indonesia and Thailand) recognized as other comprehensive income.

Other accumulated comprehensive income or expenses that will be reclassified in profit or loss

Currency translation difference

Currency translation difference consists of foreign currency difference arising from translating to reporting currency from the functional currency of financial statements of the Group's subsidiaries in the foreign country and exchange difference arising from net investment hedge. As of December 31, 2024, the Group has foreign currency translation differences amounting to TL 10.780.943.130 (December 31, 2023: 8.967.964.364) in the accompanying consolidated financial statements.

Dividend Payments

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communique mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

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NOTE 19 - EQUITY (CONTINUED)

Retained Earnings

Accumulated gain and loss are shown in retaining earnings as net-off except for net income for the period. Extraordinary reserves that are accumulated as profit/loss by their nature are also recognized as retained earnings shown.

Net Profit for the Period

As of 31 December 2024, the Group has a net loss of TL 855.696.078 (2023: TL 394.467.067 profit).

Non-controlling Interest

The portion of the net assets of the subsidiaries that are not directly or indirectly controlled by the parent company is classified as a "non-controlling interest" in the Group's consolidated financial statements.

For the year ended 31 December, the movements of non-controlling interests were as follows:

	2024	2023
Balance at the beginning of the period	**3,216,427,057**	**2,008,456,479**
The portion of total comprehensive income attributed to non-controlling interest	776,025,485	1,431,732,606
Dividend paid to non-controlling interest	(285,511,753)	(221,401,345)
Other(*)	-	(2,360,683)
Closing at the beginning of the period	**3,706,940,789**	**3,216,427,057**

(*) Other changes comprimises of the share purchase effect of Microtex Composites S.r.l (Microtex), a subsidiary of the Group.

NOTE 20 - REVENUE AND COST OF SALES

	1 January-31 December 2024	1 January-31 December 2023
Sales income (gross)	30,851,625,286	24,029,149,450
Sales returns (-)	(146,411,287)	(94,728,158)
Sales discounts (-)	(149,556,926)	(160,936,236)
Other sales discounts (-)	(122,854,080)	(270,404,335)
Sales income (net)	**30,432,802,993**	**23,503,080,721**
Cost of sales (-)	(26,492,054,540)	(19,986,599,362)
Gross Profit	**3,940,748,453**	**3,516,481,359**

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NOTE 21 - EXPENSES BY NATURE

	1 January-31 December 2024	1 January-31 December 2023
Raw material and supply expenses	18,117,841,398	14,145,669,396
Personnel expenses	4,888,004,329	3,304,848,735
Energy expenses	1,990,140,363	1,649,282,200
Depreciation and amortization expenses	1,405,929,652	953,340,137
Distribution expenses	857,623,298	501,273,242
Packaging expenses	505,700,876	368,356,470
Consultancy expenses	200,242,889	327,588,334
Idle mill expenses	342,400,532	113,800,349
Maintenance expenses	50,887,426	60,158,254
Rent expenses	33,457,177	14,049,162
Other	1,763,404,850	1,066,303,385
	30,155,632,790	**22,504,669,664**

General administrative expenses amounting to TL 2.005.396.639 (31 December 2023: TL 1.419.865.517), marketing expenses amounting to TL 1.496.282.751 (31 December 2023: TL 969.073.823), research and development expenses amounting to TL 161.898.860 (31 December 2023: TL 129.130.962) are shown in expenses by nature.

Fees for Services Obtained from Independent Auditors/Independent Audit Firms

Fees for the services rendered by the independent audit firms, which are prepared pursuant to the Board Decision of the POA published in the Official Gazette on 30 March 2024 and prepared in accordance with the letter of the POA dated 19 August 2024 are as follows;

	2024(*)	2023(*)
Independent audit fee for the reporting period	28,164,289	19,184,690
Fees for other assurance services	245,853	50,037
	28,410,142	**19,234,727**

(*) The fees above have been determined by including the legal audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January-31 December 2024	1 January-31 December 2023
Unearned finance income on credit sales	428,211,245	283,748,150
Domestic production incentive income (*)	210,083,990	163,697,575
Export incentive income	28,891,707	28,012,156
Foreign exchange gain/loss on trade receivables/payables (net)	-	24,747,507
Government incentive	-	17,297,265
Income from insurance claims	2,866,845	-
Other	107,539,453	55,617,910
	777,593,240	**573,120,563**

(*) Domestic production incentive income refers to the Brazilian Subsidiary's sales tax return income on finished goods produced and sold in its own country.

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NOTE 22 - OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

Other operating expenses	1 January-31 December 2024	1 January-31 December 2023
Unrealized finance expense on credit purchase	217,947,501	106,815,719
Donations	3,725,970	106,622,805
Taxes and Duties	49,674,179	68,987,426
Expenses of the customer damages	19,629,617	2,276,334
Foreign exchange gain/loss on trade receivables/payables (net)	222,130,467	-
Other	138,900,552	58,054,444
	652,008,286	**342,756,728**

NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January-31 December 2024	1 January-31 December 2023
Interest income	124,804,381	57,896,905
Income from the fair value of investment properties (Note 14)	-	20,480,692
Gain on sale of property, plant and equipment	9,013,851	12,862,714
Other	4,908,930	-
	138,727,162	**91,240,311**

Losses from investing activities	1 January-31 December 2024	1 January-31 December 2023
Loss on sale of property, plant and equipment	474,103	17,499,271
Impairment losses on investment properties (Note 14)	32,407,464	-
Other (*)	102,124,143	-
	135,005,710	**17,499,271**

(*) Due to the high risk of non-collection of convertible bonds amounting to TL 102.004.031 in the Group's short-term financial investments, a provision amounting to the same amount has been recognized in the financial statements.

NOTE 24 - FINANCIAL INCOME AND EXPENSES

Finance income	1 January 31 December 2024	1 January 31 December 2023
Foreign exchange gain	441,088,653	479,660,163
Derivative financial instruments	100,406,667	18,100,141
Other	1,631,689	2,987,097
	543,127,009	**500,747,401**

Finance expense	1 January-31 December 2024	1 January-31 December 2023
Interest expenses	1,626,975,045	941,725,646
Foreign exchange losses	127,823,606	355,414,150
Losses on derivative instruments	11,970,700	7,095,799
Other	263,556,949	142,108,741
	2,030,326,300	**1,446,344,336**

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NOTE 25 - TAXATION ON INCOME

Corporate Tax

	31 December 2024	31 December 2023
Corporate tax payable	254,360,622	309,713,695
Less: Prepaid taxes	(240,540,421)	(217,319,327)
Current tax (asset)/ liability, net	**13,820,201**	**92,394,368**

The Group and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is paid in the fourth month following the end of the relevant accounting period. Corporations are required to calculate advance tax at the current rate on their quarterly financial profits, declare it until the seventeenth day of the second month following the period and pay it until the evening of the seventeenth day. Provisional taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If the provisional tax amount remains despite the offset, this amount can be refunded in cash or offset against other financial debts.

As of December 31, 2023, the general corporate tax rate applied to the statutory tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Turkey, was 20%. However, pursuant to Article 21 of the Law on the Amendment of Certain Laws and the Decree Law No. 375 with the Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2024, published in the Official Gazette dated July 15, 2024 and numbered 32249, With the amendments made to Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general corporate tax rate was increased from 20% to 25% starting from the declarations to be submitted as of October 1, 2024. Therefore, the Company has used the tax rate of 25% in the calculation of period tax for 2024.

Within the scope of the said amendment, the tax rate used in deferred tax calculation as of December 31, 2024, is 25%. (31 December 2023: 25%).

The conditions required for the inflation adjustment of the financial statements as of December 31, 2021, have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated January 29, 2023, and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2023 accounting periods and the temporary tax periods of the 2024 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,

- 31 December 2024 dated financial statements will be subject to inflation adjustment in a way that will have no effect on the corporate tax base.

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

Pursuant to the "General Communiqué on Tax Procedure Law No. 555" published in the 2nd Official Gazette dated December 30, 2024 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2024 accounting period are subject to inflation adjustment. The aforementioned inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of January 1, 2024, and inflation effects will not be taken into consideration in the calculation of the period tax for 2024.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of December 31, 2024, are included in the deferred tax calculation as of December 31, 2024.

As of 31 December 2024, tax rates (%) which are used in deferred tax calculations and considering the tax legislation in each country are mentioned below:

Country	31 December 2024	31 December 2023
Turkey	25%	25%
Egypt	30%	30%
United States of America	25%	25%
Brazil	34%	34%
Indonesia	22%	22%
Thailand	20%	20%
Italy	24%	24%

Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the financial statements has been calculated on a company-by-company basis.

According to the Corporate Tax Law, financial losses shown on the return can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another corporation subject to full liability are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, the usufruct shares and the preference rights, are exempt from corporate tax. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of July 15, 2024, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before July 15, 2024.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Tax is withheld on dividend payments made to companies resident in Turkey, except for those who are not liable for corporate and income tax and those who are exempt from corporate and income tax, and on dividend payments made to real persons resident and non-resident individuals and non-resident legal entities in Turkey. The withholding tax rate is 15%.

In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not considered a dividend distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Disguised profit distribution through such transfer pricing is considered as a non-deductible expense for corporate tax.

The taxes on income reflected in consolidated income statements for the years ended 31 December 2024 and 31 December 2023 are summarized as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Current period corporate tax expense	(254,360,622)	(309,713,695)
Deferred tax income	479,658,618	349,709,400
	225,297,996	**39,995,705**

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

The reconciliation of tax on the consolidated statement of profit or loss for the years ended 31 December 2024 and 31 December 2023 is as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Profit/ (loss) before tax in the consolidated financial statements	(1,080,722,682)	356,918,997
Tax charge according to the parent company's tax rate	270,180,671	(89,229,749)
Tax rate differences of subsidiaries	(138,368,245)	(50,207,233)
Expected tax charge of the Group	**131,812,426**	**(139,436,982)**
Disallowable expenses	(22,789,444)	(127,086,625)
Lump-sum expense provision	-	7,196,201
Research and development incentive allowance	117,766,285	97,758,283
Effects of current period loss that no deferred tax calculated	(407,576,944)	(23,831,708)
Effect of legal tax rate change on deferred tax amount	-	133,336,720
Non-taxable income	94,270,385	23,237,215
Foreign currency translation differences and other(***)	(111,681,456)	68,822,602
Current period tax expense	**225,297,996**	**39,995,705**

(***)The Group calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising as a result of different evaluations between the financial statements prepared in accordance with TFRS and the tax financial statements in the balance sheet items. The main reason for temporary differences is that the functional currency TFRS based financials is the US Dollar, while the functional currency in the tax-based financial statements is TL. Exchange rate fluctuations are one of the main causes of temporary differences. Another difference consists of the deferred tax effect of temporary differences created by the corrections made regarding inflation accounting, together with the tax procedural law's communiqué dated 30 December 2024 and numbered 32415 (2nd Duplicate). The net effect from these differences is included in the other item.

On August 2, 2024, the Government of Turkey, where the parent company is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. Under the legislation, the parent company shall be required to pay additional tax on the profits of its subsidiaries that are taxed in Turkey at an effective tax rate below 15%.

Law No. 7524 published in the Official Gazette dated August 2, 2024, the Domestic Minimum Corporate Tax, has entered into force effective from January 1, 2025. It has no effect on current tax expense and deferred tax income/expense.

Deferred Tax

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the goodwill that is not subject to a tax deduction and the first recorded asset and liability differences that are not subject to accounting and taxation.

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided on 31 December 2024 and 31 December 2023 using the enacted tax rates are as follows:

	Deferred tax assets/(liabilities)	
	31 December 2024	31 December 2023
Derivative financial instruments	(23,293,056)	7,938,346
Tangible and intangible assets	(1,227,370,979)	(351,245,352)
Research and development	416,698,524	106,567,856
Inventories	(48,431,579)	40,642,182
Provision for employment termination benefits	97,274,187	86,214,157
Prepaid expenses	46,206,260	51,855,217
Unused previous year losses	547,504,882	425,285,367
Finance income	99,450,893	14,247,680
Other, net	282,025,246	48,738,845
Net deferred tax assets	**190,064,378**	**430,244,298**

According to the Tax Procedure Law, financial losses from previous year are taken into account at their relative values and can be carried forward for a maximum of five years. The Group management has evaluated that it is probable that there will be sufficient taxable profit in the future depending on the expected operational performance improvement in the following years, and accordingly, deferred tax asset amounting to TL 422.045.698 (31 December 2023: TL 425.285.367) is reflected. TL 291.993.168 of the deferred tax assets can be utilized in 2027 and TL 130.052.530 in 2028 at the latest. For Kordsa Inc., deferred tax asset arising from unused financial losses amounting to TL 125.459.184 is reflected in the consolidated financial statements and its utilization period is unlimited.

	1 January- 31 December 2024	1 January- 31 December 2023
Balance on 1 January	**430,244,298**	**(4,381,392)**
Current year deferred tax income/(expense) - net	479,658,618	349,709,400
Charges to equity	(15,583,974)	10,892,356
Currency translation differences and other	(704,254,564)	74,023,934
Balance on 31 December	**190,064,378**	**430,244,298**

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NOTE 26 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated income statements is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 31 December 2024	1 January- 31 December 2023
Net (loss)/income attributable to equity holders of the parent	(1,096,131,983)	183,323,316
Weighted average number of ordinary shares	19,452,907,600	19,452,907,600
Per 1.000 units of common stocks	(56.35)	9.42
Earning per share from continuing operations		
Net (loss)/income attributable to equity holders of the parent	(1,095,993,573)	184,571,610
Weighted average number of ordinary shares	19,452,907,600	19,452,907,600
Per 1.000 units of common stocks	(56.34)	9.49
Earning per share from discontinued operations		
Net (loss) attributable to equity holders of the parent	(138,410)	(1,248,294)
Weighted average number of ordinary shares	19,452,907,600	19,452,907,600
Per 1.000 units of common stocks	(0.01)	(0.06)

Nominal values of ordinary shares for the years ended 31 December 2024 and 31 December 2023 are assumed to be Kr 1 each.

NOTE 27 - RELATED PARTY DISCLOSURES

Bank balances:	31 December 2024	31 December 2023
Akbank T.A.Ş. - time deposit	4,081,615	386,100,745
Akbank T.A.Ş. - demand deposit	246,964,040	36,791,480
	251,045,655	**422,892,225**

	31 December 2024	31 December 2023
Akbank T.A.Ş. - bank borrowings	3,372,011,094	117,752,800
	3,372,011,094	**117,752,800**

Other Cash and Cash Equivalents:	31 December 2024	31 December 2023
Ak Portföy Yönetimi A.Ş.	1,240,172,971	-
	1,240,172,971	**-**

Due from related party:	31 December 2024	31 December 2023
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	328,892,087	317,359,840
Sabancı Dijital Teknoloji Hizm. A.Ş ("SabancıDx")	248,558	-
Aksigorta A.Ş.("Aksigorta")	77,389	-
Akçansa	4,608,932	-
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	152,340	-
Çimsa	1,813,002	204,831
Other	57,657	45,806
	335,849,965	**317,610,477**

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NOTE 27 – RELATED PARTY DISCLOSURES (CONTINUED)

Due to related party:	31 December 2024	31 December 2023
Enerjisa	56,144,149	58,935,945
Sabancı Dx	17,636,784	9,931,431
Akbank T.A.Ş.	6,401,341	-
Aksigorta	4,029,329	6,634,392
Sabancı Holding	2,283,516	1,003,382
Other	1,150,869	93,341
	87,645,988	**76,598,491**

Product sales:	1 January-31 December 2024	1 January-31 December 2023
Brisa	831,803,396	759,260,760
Other	24,724,742	2,486,726
	856,528,138	**761,747,486**

Service received:	1 January-31 December 2024	1 January-31 December 2023
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	588,386,609	544,532,599
SabancıDX	120,811,189	79,852,292
Aksigorta	218,933,448	92,016,424
Other	15,538,061	8,727,745
	943,669,307	**725,129,060**

Property, plant and equipment purchases:	1 January-31 December 2024	1 January-31 December 2023
Teknosa	2,395,671	1,854,735

Interest expense:	1 January-31 December 2024	1 January-31 December 2023
Akbank T.A.Ş.	77,676,548	20,837,681

Foreign exchange gain /(losses), net:	1 January-31 December 2024	1 January-31 December 2023
Akbank T.A.Ş.	(40,079,131)	101,301,215

Other income:	1 January-31 December 2024	1 January-31 December 2023
SabancıDX	3,196,224	254,268
Enerjisa	640,300	462,753
Akbank T.A.Ş.	697,031	690,479
	4,533,555	**1,407,500**

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NOTE 27 – RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with key management personnel:

The Group defined its top management as the board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided which consist of per diem payment, salary and other additional remunerations by the Group for 2024 and 2023 are as follows:

	1 January-31 December 2024	1 January-31 December 2023
Short-Term Employee Benefits	118,776,228	71,123,474
Benefits Due to Dismissal	6,724,681	-
Post-Employment Benefits	865,630	815,892
Other Long-Term Benefits	230,743	154,211
	126,597,282	**72,093,577**

NOTE 28 - INTERESTS IN OTHER ENTITIES

Financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

	31 December 2024			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries PT Indo Kordsa Tbk (*)	38.41%	201,145,513	3,533,525,008	(285,511,753)
Other		39,290,392	173,415,781	
Total		**240,435,905**	**3,706,940,789**	

	31 December 2023			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries PT Indo Kordsa Tbk (*)	38.41%	183,912,275	2,995,903,962	(221,401,345)
Other		27,231,476	222,506,098	
Total		**211,143,751**	**3,216,427,057**	

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk and Thai Indo Kordsa Co., Ltd.

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NOTE 28 - INTERESTS IN OTHER ENTITIES (CONTINUED)

The summarized financial information regarding the aforementioned subsidiaries after consolidation adjustments and before elimination is as follows:

Summary statement of financial position:	PT Indo Kordsa Tbk	
	31 December 2024	31 December 2023
Cash and cash equivalents	1,177,292,783	968,835,796
Other current assets	2,620,258,667	2,357,743,053
Non-current assets	6,754,617,762	5,724,887,878
Total assets	**10,552,169,212**	**9,051,466,727**
Short-term borrowings	181,526,917	156,579,743
Other short-term liabilities	1,657,156,958	1,552,530,493
Other long-term liabilities	711,423,508	601,872,979
Total liabilities	2,550,107,383	2,310,983,215
Total equity	**8,002,061,829**	**6,740,483,512**
Total equity attributable to owners of the Company	**7,255,296,023**	**6,079,849,896**
Non-controlling interest (*)	**746,765,806**	**660,633,617**

Summary statement of profit and loss:	PT Indo Kordsa Tbk	
	1 January – 31 December 2024	1 January – 31 December 2023
Revenue	7,385,469,454	5,795,197,036
Cost of sales	(5,925,058,490)	(4,701,391,288)
Depreciation and amortization expense	(391,923,301)	(266,341,825)
Operating income	579,288,230	554, 822,856
Finance income /(expense), net	-	20,596,415
Profit before tax	579,288,230	575,419,271
Tax expenses	(173,982,585)	(174,584,843)
Non-controlling interests (*)	(73,823,047)	(48,630,900)
Profit for the year	331,482,598	352,203,528

(*) Arises from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. These risks are liquidity risk, market risk (currency risk, interest rate risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Finance department of Kordsa under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual non-discounted cash flow amounts and the Group performs its liquidity management by considering the expected non-discounted cash flows.

The analysis of the Group's financial liabilities to their maturities as of 31 December 2024 and 31 December 2023 is as follows:

Derivative and Non-derivative financial liabilities (1)(2):

31 December 2024	Carrying value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Borrowings	17,577,847,140	17,581,381,478	4,895,428,069	4,878,954,798	7,796,575,126	10,423,485
Lease liabilities	1,066,849,443	1,066,849,428	263,844,353	50,223,213	209,910,810	542,871,052
Trade payables	3,204,294,280	3,262,586,546	2,549,389,404	713,197,142	-	-
Other payables	211,959,339	214,326,395	193,552,985	314,581	4,626,990	15,831,839
	22,060,950,202	**22,125,143,847**	**7,902,214,811**	**5,642,689,734**	**8,011,112,926**	**569,126,376**

Derivative financial liabilities

Unrealized purchase/sale contracts (net)	108,642,943	108,642,943	116,483,196	-	(7,840,253)	-
	108,642,943	**108,642,943**	**116,483,196**	**-**	(7,840,253)	

31 December 2023	Carrying value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Borrowings	11,651,492,307	11,851,896,348	3,755,975,236	3,826,741,860	4,255,139,834	14,039,418
Lease liabilities	964,784,814	964,784,814	58,094,841	54,927,417	398,785,783	452,976,773
Trade payables	3,375,239,130	3,402,468,004	2,852,115,126	550,352,878	-	-
Other payables	159,778,974	159,778,974	142,096,086	729,226	3,834,258	13,119,404
	16,151,295,225	**16,378,928,346**	**6,808,281,495**	**4,432,751,381**	**4,657,759,875**	**480,135,595**

Derivative financial liabilities

Unrealized purchase/sale contracts (net)	(31,753,382)	(31,753,382)	(4,149,577)	-	(27,603,805)	-
	(31,753,382)	**(31,753,382)**	**(4,149,577)**	**-**	**(27,603,805)**	

(1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.
(2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of fewer than 3 months are immaterial, the discounted amounts are equal to the carrying value.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate-sensitive assets and liabilities. The Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates.

As at 31 December 2024 and 31 December 2023, the interest rate profile of the Group interest-bearing financial instruments is as follows:

Fixed interest rate financial instruments	**31 December 2024**	**31 December 2023**
Financial Liabilities	13,206,764,530	6,146,955,618
Time Deposits	1,137,432,287	386,821,747

Variable interest rate financial instruments	**31 December 2024**	**31 December 2023**
Financial liabilities	4,371,082,610	5,357,762,904

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

On 31 December 2024, if the annual interest rate on US Dollar denominated floating rate borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the current year would have been approximately lower/higher by TL 24.667.891 (2023: TL 62.887.921) as a result of higher interest expense on floating rate borrowings.

On 31 December 2024, if the annual interest rate on EUR denominated floating rate borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the current year would have been approximately lower/higher by TL 582.719 as a result of higher interest expense on floating rate borrowings (2023: TL -).

Derivative financial instruments

The Group's derivative financial instruments consist of forward foreign exchange transcations.

As of 31 December 2024, Kordsa Teknik Tekstil has IRS as a derivative instrument for the repayment of the loan agreement amounting to USD 110.000.000, to manage the variable interest risk of USD 74.750.000. The fair value of the derivative instrument as of 31 December 2024 is TL 7.902.791 of loss (2023: TL 16.232.606 loss).

As of 31 December 2024, the net book values of derivative forward option and clearing instruments are as follows:

EUR sell USD buy	**Average Rate**	**Foreign Currency (EUR)**	**Contract Value (USD)**	**Fair Value (TL)**
Between 0-3 months	1.0918	18,000,000	19,653,000	32,171,196
Between 3-6 months	1.0943	18,000,000	19,698,000	28,191,746
Between 6-9 months	1.0968	18,000,000	19,743,000	23,256,494
Between 9-12 months	1.0993	18,000,000	19,788,000	18,227,329
Total				**101,846,765**

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Derivative financial instruments (continued)

BRL sell USD buy	**Average Rate**	**Foreign Currency (USD)**	**Contract Value (BRL)**	**Fair Value (TL)**
Between 6-9 months	5,5443	4.881.072	27.062.126	14.698.969
Total				**14.698.969**

As of 31 December 2023, the net book values of derivative forward and clearing instruments are as follows:

EUR sell USD buy	**Average Rate**	**Foreign Currency (EUR)**	**Contract Value (USD)**	**Fair Value (TL)**
Between 0-3 months	1.1082	15,000,000	16,623,100	2,613,894
Between 3-6 months	1.1099	15,000,000	16,648,100	1,730,272
Between 6-9 months	1.1114	15,000,000	16,671,500	1,075,045
Between 9-12 months	1.1131	15,000,000	16,696,300	453,824
Total				**5,873,035**

BRL sell USD buy	**Average Rate**	**Foreign Currency (USD)**	**Contract Value (BRL)**	**Fair Value (TL)**
Between 6-9 months	5.0300	9,443,637	47,501,495	(4,149,603)
Total				**(4,149,603)**

USD sell JPY buy	**Average Rate**	**Foreign Currency (JPY)**	**Contract Value (TL)**	**Fair Value (TL)**
Between 3-6 months	1.1965	500,000,000	103,733,500	(17,244,208)
Total				**(17,244,208)**
Forward/Swap Net				**(15,520,776)**

Foreign currency position

Group's assets and liabilities denominated in foreign currencies on 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	**31 December 2023**
Assets	3,519,832,421	2,166,638,611
Liabilities	(6,790,095,890)	(3,158,224,240)
Net foreign currency position	**(3,270,263,469)**	**(991,585,629)**

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2024	**Total TL equivalent**	**TL (*)**	**Euro (*)**	**Indonesian Rupiah ('000) (*)**	**Other TL equivalent(**)**
Assets:					
Trade receivables	1,636,364,679	143,275,716	30,434,277	118,596,364,260	114,795,786
Cash and cash equivalent	1,383,135,117	1,261,595,687	1,042,969	31,018,940,493	15,155,569
Other monetary receivables and assets	479,354,319	329,369,572	1,737,151	39,183,820,187	181,934
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	**3,498,854,115**	**1,734,240,975**	**33,214,397**	**188,799,124,940**	**130,133,289**
Other monetary receivables and assets	20,978,306	2,786,964	-	8,289,753,420	-
Non-current assets	**20,978,306**	**2,786,964**	**-**	**8,289,753,420**	**-**
Total assets (a)	**3,519,832,421**	**1,737,027,939**	**33,214,397**	**197,088,878,360**	**130,133,289**
Liabilities:					
Trade payables	1,024,255,018	394,741,094	10,177,847	99,140,611,634	36,273,990
Financial liabilities	5,042,184,450	3,380,000,000	45,000,000	-	-
Other monetary payable and liabilities	207,170,369	167,725,803	-	17,805,284,998	-
Current liabilities	**6,273,609,837**	**3,942,466,897**	**55,177,847**	**116,945,896,632**	**36,273,990**
Financial liabilities	515,232,508	-	14,000,000	-	-
Other monetary receivables and assets	1,253,545	-	-	570,211,820	-
Non-current liabilities	**516,486,053**	**-**	**14,000,000**	**570,211,820**	**-**
Total liabilities (b)	**6,790,095,890**	**3,942,466,897**	**69,177,847**	**117,516,108,452**	**36,273,990**
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset /(liability) position (a-b+c-d)	**(3,270,263,469)**	**(2,205,438,958)**	**(35,963,450)**	**79,572,769,908**	**93,859,299**
Fair value of financial instruments used for foreign exchange hedge	14,698,969	-	-	-	-
Hedges amount of foreign currency amount	-	-	-	-	-

(*) The amounts are denominated in the related currency.
(**) The amounts are in British Pound (GBP), Japanese Yen (JPY), Swiss Franc (CHF).

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2023	**Total TL equivalent**	**TL (*)**	**Euro (*)**	**Indonesian Rupiah ('000) (*)**	**Other TL equivalent**
Assets:					
Trade receivables	1,806,458,558	202,447,424	37,643,275	131,444,709,561	126,693,957
Cash and cash equivalent	176,147,868	47,921,795	2,306,662	20,516,086,749	13,892,395
Other monetary receivables and assets	149,246,928	4,920,331	706,490	59,577,345,718	7,488,744
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	**2,131,853,354**	**255,289,550**	**40,656,427**	**211,538,142,028**	**148,075,095**
Non-current assets held for sale	-	-	-	-	-
Other monetary receivables and assets	34,785,257	18,944,507	-	8,291,253,454	-
Non-current assets	**34,785,257**	**18,944,507**	**-**	**8,291,253,454**	**-**
Total assets (a)	**2,166,638,611**	**274,234,057**	**40,656,427**	**219,829,395,482**	**148,075,095**
Liabilities:					
Trade payables	651,599,332	281,489,793	7,971,781	33,306,110,531	45,631,374
Financial liabilities	2,426,549,907	1,646,920,444	23,800,000	-	-f
Other monetary payable and liabilities	79,450,273	0	110,181	39,631,467,118	729
Current liabilities	**3,157,599,512**	**1,928,410,237**	**31,881,962**	**72,937,577,649**	**45,632,103**
Financial liabilities	-	-	-	-	-
Other monetary receivables and assets	624,728	-	-	326,400,308	-
Non-current liabilities	**624,728**	**-**	**-**	**326,400,308**	**-**
Total liabilities (b)	**3,158,224,240**	**1,928,410,237**	**31,881,962**	**73,263,977,958**	**45,632,103**
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset /(liability) position (a-b+c-d)	**(991,585,629)**	**(1,654,176,180)**	**8,774,465**	**146,565,417,524**	**102,442,992**
Fair value of financial instruments used for foreign exchange hedge	(4,149,603)	-	-	-	-
Hedges amount of foreign currency liabilities	-	-	-	-	-

(*) The amounts are denominated in the related currency.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency position (continued)

TL conversion rates of the foreign currencies where the Group operates are as follows:

Closing rates	31 December 2024	31 December 2023
US Dollars (Buy/Sell)	35.2803/35.3438	29.4382/29.4913
Euro	36.7362	32.5739
Indonesian Rupiah (1000 units)	2.1944	1.9096
Brazilian Real	5.6975	6.0806
Thai Baht	1.0380	0.8602
Egyptian Pound	0.6942	0.9527

Average rates	31 December 2024	31 December 2023
US Dollars	32.7680	23.4305
Euro	35.4642	25.3362
Indonesian Rupiah (1000 units)	2.0775	1.5377
Brazilian Real	6.0800	4.6906
Thai Baht	0.9284	0.6732
Egyptian Pound	0.8021	0.7614

The table below summarizes the impact of 10% changes in foreign exchange rates on the Group's net foreign currency position in the balance sheet for the years ended 31 December 2024 and 31 December 2023.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2024	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase/(decrease) 10% of TL parity				
TL net asset/liability	(220,543,882)	220,543,882	-	-
Hedged portion of TL amounts (-)	-	-	-	-
Net effect of TL	**(220,543,882)**	**220,543,882**	**-**	**-**
Increase/(decrease) 10% of EUR parity				
EUR net asset/liability	(132,116,185)	132,116,185	-	-
Hedged portion of EUR amounts (-)	-	-	-	-
Net effect of EUR	**(132,116,185)**	**132,116,185**	**-**	**-**
Increase/(decrease) 10% of other parities				
Other foreign currency net asset/liability	25,633,720	(25,633,720)	-	-
Hedged portion of other foreign currency amounts (-)	-	-	-	-
Net effect of other foreign currencies	**25,633,720**	**(25,633,720)**	**-**	**-**
	(327,026,347)	**327,026,347**	**-**	**-**

31 December 2023	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase/(decrease) 10% of TL parity				
TL net asset / liability	(150,082,309)	150,082,309	-	-
Hedged portion of TL amounts (-)	-	-	-	-
Net effect of USD	**(150,082,309)**	**150,082,309**	**-**	**-**
Increase/(decrease) 10% of EUR parity				
EUR net asset / liability	28,581,816	(28,581,816)	-	-
Hedged portion of EUR amounts (-)	-	-	-	-
Net effect of EUR	**28,581,816**	**(28,581,816)**	**-**	**-**
Increase/(decrease) 10% of other parities				
Other foreign currency net asset / liability	37,704,912	(37,704,912)	-	-
Hedged portion of other foreign currency amounts (-)	-	-	-	-
Net effect of other foreign currencies	**37,704,912**	**(37,704,912)**	**-**	**-**
	(83,795,581)	**83,795,581**	**-**	**-**

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NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

The import and export balances of Turkey for the years ended 31 December 2024 and 31 December 2023 are presented in the tables below:

	31 December 2024		31 December 2023	
	Original Amount	**TL Equivalent**	**Original Amount**	**TL Equivalent**
Euro	158,605,857	5,624,829,834	173,603,032	4,398,447,748
US Dollars	91,421,107	2,995,686,834	84,746,078	1,985,642,980
Total export		**8,620,516,668**		**6,384,090,728**

	1 January- 31 December 2024	1 January- 31 December 2023
Total import	6,508,445,051	3,801,994,175

(c) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counterparty and if necessary by obtaining a guarantee.

The Group uses an internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, the Group approves, increases or decreases individual customer credit limits for customers with large balances. The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letters of guarantees, mortgages and other guarantees are received for high-risk customers.

Disclosures on the credit quality of financial assets
As at 31 December 2024 and 31 December 2023, banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise the customers/related parties that are worked with for a long time and without significant collection problems.

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NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

	Trade Receivables		Other Receivables (*)	Derivatives	Bank Deposits	
31 December 2024	**Related Party**	**Third Party**	**Related Party**	**Other**	**Related Party**	**Other**
As of reporting date, credit risk exposure (**)	**335,849,965**	**5,353,858,765**	**-**	**154,425,893**	**1,491,218,626**	**2,765,926,461**
- The part of maximum risk under guarantee with collateral	**-**	***64,437,320***	**-**	**-**	**-**	**-**
Net book value of financial assets that are neither past due nor impaired	335,849,965	4,641,126,814	-	-	1,491,218,626	2,766,113,307
Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	712,731,951	-	-	-	-
- *The part under guarantee with collateral*	-	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- *Past due (gross carrying amount)*	-	48,600,401	-	-	-	-
- *Impairment (-)*	-	(48,600,401)	-	-	-	-
- *The part under guarantee with collateral*	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by excluding received guarantees during the assessment of credibility.

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NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

As of 31 December 2023, the credit risks that the Group is exposed to by types of financial instruments are as follows:

	Trade Receivables		Other Receivables (*)	Derivatives	Bank Deposits	
31 December 2023	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**
As of reporting date, credit risk exposure (**)	**317,610,477**	**4,456,328,421**	**-**	**3,400,830**	**422,892,225**	**1,269,685,843**
- The part of maximum risk under guarantee with collateral	**-**	***100,393,823***	**-**	**-**	**-**	**-**
Net book value of financial assets that are neither past due nor impaired	317,610,477	3,912,631,056	-	-	422,892,225	1,269,685,843
Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	543,697,365	-	-	-	-
- The part under guarantee with collateral	-	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- *Past due (gross carrying amount)*	-	23,575,044	-	-	-	-
- *Impairment (-)*	-	(23,575,044)	-	-	-	-
- *The part under guarantee with collateral*	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by excluding received guarantees during the assessment of credibility.

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of the collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired is analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms are as follows:

	31 December 2024	31 December 2023
Less than 1 month	454.138.195	320.989.742
Between 1-3 months	153.039.733	126.601.175
Between 3-12 months	41.592.589	52.026.502
Up to 5 years	63.961.434	44.079.946
	712.731.951	**543.697.365**

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NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital based on the debt/(equity+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents. As at 31 December 2024 and 31 December 2023 net debt/(equity+net debt+non-controlling interest) ratio is:

	31 December 2024	31 December 2023
Total financial liabilities	17,577,847,140	11,651,492,307
Cash and cash equivalents	(4,257,331,933)	(1,712,468,307)
Net debt	**13,320,515,207**	**9,939,024,000**
Equity	13,498,264,771	12,844,248,184
Non-controlling interest	3,706,940,789	3,218,410,060
Equity+net debt+non-controlling interest	**30,525,720,767**	**26,001,682,244**
Net debt/(Equity+net debt +non-controlling interest) ratio	44%	38%

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price if one exists.

The methodology and assumptions used for determining the fair value of the financial instruments are as follows:

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

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NOTE 30 - FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2024 Financial assets	Financial assets at amortised cost	FVOCI	Financial liabilities at amortized cost	Derivative financial assets and liabilities	Carrying value (*)	Note
Cash and cash equivalents	4,257,331,933	-	-	-	4,257,331,933	4
Trade receivables	5,689,708,730	-	-	-	5,689,708,730	7
Receivables from related parties	335,849,965	-	-	-	335,849,965	27
Financial investments	-	13,720,899	-	-	13,720,899	5
Derivative financial instruments	-	-	-	154,425,893	154,425,893	30
Financial liabilities						
Borrowings	-	-	17,577,847,140	-	17,577,847,140	6
Lease Liabilities	-	-	1,066,849,442	-	1,066,849,442	6
Trade payables	-	-	3,204,294,280	-	3,204,294,280	7
Payables to related parties	-	-	87,645,988	-	87,645,988	27
Other financial liabilities (**)	-	-	191,500,512	-	191,500,512	8
Derivative financial instruments	-	-	-	45,782,950	45,782,950	30

31 December 2023 Financial assets	Financial assets at amortised cost	FVOCI	Financial liabilities at amortized cost	Derivative financial assets and liabilities	Carrying value (*)	Note
Cash and cash equivalents	1,712,468,307	-	-	-	1,712,468,307	4
Trade receivables	4,773,938,898	-	-	-	4,773,938,898	7
Receivables from related parties	317,610,477	-	-	-	317,610,477	27
Financial investments	-	93,608,265	-	-	93,608,265	5
Derivative financial instruments	-	-	-	22,221,886	22,221,886	30
Financial liabilities						
Borrowings	-	-	11,651,492,307	-	11,651,492,307	6
Lease Liabilities	-	-	964,784,814	-	964,784,814	6
Trade payables	-	-	3,375,239,130	-	3,375,239,130	7
Payables to related parties	-	-	76,598,491	-	76,598,491	27
Other financial liabilities (**)	-	-	142,825,312	-	142,825,312	8
Derivative financial instruments	-	-	-	53,975,268	53,975,268	30

(*) The Group believes that the carrying values of the financial instruments approximate their fair values.
(**) Excludes tax and other legal receivables and payables.

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NOTE 30 - FINANCIAL INSTRUMENTS (CONTINUED)

Monetary assets
The balances denominated in foreign currencies are translated into Turkish Lira using the exchange rates prevailing at the period end. These balances are considered to approximate the carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities
The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since long-term foreign currency loans generally have a floating rate, fair value is close to their book value. The fair value of long-term bank loans is discounted amounts of contractual cash flows with the market interest rate (Note 6).

Fair value estimation
The fair values of financial assets and financial liabilities are determined and grouped as follows:

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in the market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

Fair value hierarchy of financial assets and liabilities:
Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below the detail how the fair value of the financial assets and liabilities aforementioned are determined:

Financial assets / Financial liabilities	Fair Value		Fair value hierarchy	Valuation technique
	31 December 2024	31 December 2023		
Foreign currency forward/ swap contracts	108,642,943	(31,753,382)	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.

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NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

According to The Group's Board of Management, decision numbered 2015/29 dated 31 December 2016, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. 51% of rates, would be classified as "Assets Held for Sale" in the balance sheet as of 31 December 2016. Hence, in the preparation of the consolidated financial statements as of 31 December 2024 and 31 December 2023, Nile Kordsa Company for Industrial Fabrics S.A.E. financials, non-current assets classified as held for sale in the statement of financial position (31 December 2024: None, 31 December 2023: None, TL) and liabilities related to asset groups classified as held for sale (31 December 2024: 46.088.054 TL, 31 December 2023: 29.565.974 TL).

Between the dates of 1 January- 31 December 2024 and 1 January- 31 December 2023, the operating results of Nile Kordsa are given below:

NILE KORDSA

	1 January- 31 December 2024	1 January- 31 December 2023
GROSS PROFIT		
Revenue	-	-
Cost of sales (-)	-	-
OPERATING PROFIT	-	-
General and administrative expenses (-)	-	-
Selling, marketing and distribution expenses (-)	-	-
Research and development expenses (-)	-	-
Other income from operating activities	-	-
Other expenses from operating activities (-) (*)	(271,392)	(2,447,635)
OPERATING PROFIT BEFORE FINANCE COSTS	**(271,392)**	**(2,447,635)**
Gain from investing activities	-	-
Loss from investing activities (-)	-	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(271,392)**	**(2,447,635)**
Finance income	-	-
Finance costs (-)	-	-
TAX EXPENSE/INCOME FROM CONTINUING OPERATIONS	**(271,392)**	**(2,447,635)**
Current tax expense	-	-
Deferred tax benefit	-	-
PROFIT/ (LOSS) FOR THE PERIOD	**(271,392)**	**(2,447,635)**

(*) Refers to provision expenses which are related to the impairment of net assets of Nile Kordsa.

NOTE 32 – EVENTS AFTER THE REPORTING PERIOD

None.

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