

Kordsa

3Q'25 Financial Results

Earnings Release

Oct 27, 2025

Sales revenues of Kordsa, which is a tire, construction and composite reinforcement leader decreased by 15.9% in the third quarter of 2025 compared to the same quarter of the last year and realized as 198 million US Dollars ("USD"). In the third quarter of 2025, the following material developments have been occurred;

- Following the recent flooding at our Indonesia facility, production is being gradually restored, while the process of regaining customers impacted during the temporary disruption is steadily progressing,
- High price competition on the supply side in response to stagnant demand in the tire reinforcement segment, and
- Ongoing uncertainties arising from global trade tensions, coupled with price pressures from competitors, - especially those based in China – have continued to weigh on market dynamics,

In the third quarter of 2025, Kordsa's Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was realized as 11.6 million USD while net loss for the period was 10.4 million USD.

FINANCIAL DEVELOPMENTS

In the third quarter of 2025, the revenues decreased by 15.9% compared to the same period of 2024, and realized as 198 million USD. In the third quarter of 2025 compared to the same period of 2024;

- In the Tire Reinforcement segment, production at our Indonesia facility is gradually being restored following the recent flooding, while the return of customers impacted during the temporary disruption is progressing steadily. Additionally, coupled with low demand and continued production in China leading to intensified price competition in export markets. As a result, the segment's revenue decreased by 19% compared to the same quarter of 2024, reaching 145 million US dollars. (3Q'24: 179 million USD; 2Q'25: 144 million USD)

- Although demand in the European automotive sector remained stagnant and production levels in industries with high composite consumption where we serve as a key carbon fabric supplier, have yet to reach the desired levels, the favorable impact of a shift towards higher value-added products and an improved product/sector mix led the segment's revenue to increased by 4% compared to the same quarter of 2024 and 2% compared to the last quarter, reaching 50 million USD (Q3'24: 48 million USD – Q2'25 : 49 million USD).
- It has been decided that the Company's Construction Reinforcement (Kratos) business line which is one of the key outputs of our competencies relating to the result of our company's Research&Development and innovation capabilities being translated into value-added outcomes for customers — including machineries, certain patents, trademarks and other intellectual property rights, as well as tangible and intangible assets such as inventories, spare parts, and customer lists — shall be transferred to Afyon Çimento Sanayi T.A.Ş., through an asset transfer, for a consideration of USD 10,000,000 (excluding VAT), based on the results set out in the valuation report prepared by Ernst Young Kurumsal Finansman Danışmanlık A.Ş. (attached), and under the terms and conditions to be set forth in the agreement to be signed in line with the Company's strategic priorities and with the aim of focusing on our core business areas of tire reinforcement and composite technologies. The quarterly segment's revenues is 1.7 million USD (Q3'24: 2.5 million USD – Q2'25 : 2.2 million USD).

In the third quarter of 2025;

- Negative impact of volume and price competition in the tire reinforcement segment (5.2 million USD),
- Pressure on TL costs due to currency-inflation mismatch in the EMEA region (4.1 million USD),
- The negative impact of the flood disaster that occurred at our Indonesian facility at the beginning of March (quarterly effect: 6.2 million USD; 9-months effect: 18.6 million USD),
- Recording the net negative impact amounting to 5.1 million USD coming from offsetting positive impacts of 20 million USD insurance income and 1 million USD proceeds from the sale of scrap inventories and the negative impacts of 26.1 million USD inventory and asset impairment losses,
- Despite the EBITDA contraction in the tire reinforcement segment, the quarterly EBITDA figure was USD 11.6 million (excluding flood impact : 22.9 million USD), thanks

to increased sales to profitable sectors in the composite segment and the favorable impact of cost efficiency projects.

The pressures on operating profitability in the third quarter of 2025 are also impacting net income level. Under these impacts, our quarterly loss for the third quarter of 2025 was USD 10.4 million.

In the third quarter of 2025, USD 8.3 million was invested in machinery and product sustainability.

Despite the adverse impacts of the flood incident in Indonesia and the acquisition of the remaining 39% minority shares in our subsidiary Microtex Composites Srl in May 2025 for EUR 34.9 million (USD 39 million), the improvement in net working capital led to a net debt level of USD 395 million in the second quarter of 2025. With continued effective working capital management during the third quarter of 2025, net debt decreased further to USD 376 million. However, due to the year-on-year decline in EBITDA, the net debt-to-EBITDA ratio stood at 6.9x at the end of the third quarter of 2025 (4.8x excluding the impact of the flood). In the calculation of Adjusted EBITDA, other operating income and expenses excluding FX gains and losses are also taken into account. In addition, the impairment of long-lived inventories amounting to USD 14.8 million in the last quarter of 2024 has been adjusted in the EBITDA calculation.

SUMMARY FINANCIAL RESULTS

	USD Financials (MUSD)						
	3Q'24	3Q'25***	Δ	4Q'24**	1Q'25	2Q'25	3Q'25***
Sales	235	198	-15.9%	225	217	197	198
Gross Profit	33	29	-12.2%	16	30	27	29
Gross Margin (%)	13.8%	14.4%	0 pts'	7.4%	13.9%	13.9%	14.4%
OPEX (%)	11.9%	12.9%	1 pts'	11.9%	12.5%	12.9%	12.9%
Operating Profit	9	1	-86.8%	-15	5	7	1
Operating Profit Margin (%)	3.6%	0.6%	-3 pts'	-6.0%	2.1%	3.3%	0.6%
Adjusted EBITDA*	18	12	-35.2%	-1	14	15	12
Adjusted EBITDA* Margin (%)	7.6%	5.9%	-2 pts'	-0.5%	6.7%	7.5%	5.9%
Net Income	-5	-10	101.3%	-24	-8	-4	-10
Net Income (%)	-2.2%	-5.3%	-3 pts'	-10.4%	-3.5%	-2.1%	-5.3%

	TL Financials (MTL)						
	3Q'24	3Q'25***	Δ	4Q'24**	1Q'25	2Q'25	3Q'25***
Sales	7,865	8,037	2.2%	7,743	7,847	7,612	8,037
Gross Profit	1,088	1,160	6.7%	574	1,094	1,061	1,160
Gross Margin (%)	13.8%	14.4%	0 pts'	7.4%	13.9%	13.9%	14.4%
OPEX (%)	11.9%	12.9%	1 pts'	11.9%	12.5%	12.9%	12.9%
Operating Profit	286	46	-83.9%	-463	168	254	46
Operating Profit Margin (%)	3.6%	0.6%	-3 pts'	-6.0%	2.1%	3.3%	0.6%
Adjusted EBITDA*	600	473	-21.2%	-37	524	573	473
Adjusted EBITDA* Margin (%)	7.6%	5.9%	-2 pts'	-0.5%	6.7%	7.5%	5.9%
Net Income	-173	-423	144.7%	-803	-275	-163	-423
Net Income (%)	-2.2%	-5.3%	-3 pts'	-10.4%	-3.5%	-2.1%	-5.3%

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

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

*** The EBITDA calculation includes the USD 26.1 million expense related to inventory and asset impairment resulting from the flood incident at the PT Indo Kordsa facility in March 2025, as well as the USD 20 million insurance income and USD 1 million proceeds from the sale of scrap inventories.

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