

# Kordsa

## 4Q'25 Financial Results

### Earnings Release

Feb 26, 2026

Sales revenues of Kordsa decreased by 20.3% in the last quarter of 2025 compared to the same quarter of the last year and realized as 179 million US Dollars ("USD"). In the fourth quarter of 2025, the following material developments have been occurred;

- Despite the increases on revenue and profitability of the composite segments compared to the same quarter of 2024 and the third quarter of 2025,
- Ongoing intense volume and pricing competition in the tire reinforcement segment due to heightened competitive pressure,
- 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,

In the fourth quarter of 2025, Kordsa's Adjusted Earnings Before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA") was realized as 15.6 million USD while net loss for the period was 15.0 million USD.

#### **FINANCIAL DEVELOPMENTS**

In the last quarter of 2025, the revenues decreased by 20.3% compared to the same period of 2024, and realized as 179 million USD. In the last quarter of 2025 compared to the same period of 2024;

- In the Tire Reinforcement segment, revenue declined by 28% year-over-year to USD 126 million (4Q24: USD 174 million; 3Q25: USD 145 million), primarily due to volume and pricing pressure driven by intense competition amid weak demand, the gradual resumption of production following the flood at the Indonesia facility, the extended timeline required to recover customers lost during the downtime, and the adverse impact of global trade and customs tariff policies,
- Despite continued slowdown in European demand — the region with the highest composite consumption in the automotive sector — segment revenue increased by 27% year-over-year and 5% quarter-over-quarter to USD 52 million (4Q24: USD 41

million; 3Q25: USD 50 million), supported by rising demand for Ox-Ox ceramic matrix composites supplied by our subsidiary Axiom Materials Inc. in the energy sector, as well as increased production in civil aviation.

- In line with our strategic focus on core tire reinforcement and composite technologies, the construction reinforcement business — a key output of our R&D and innovation capabilities that transform value-creating ideas into customer-impacting results — including certain machinery, patents, trademarks, other intellectual property, inventories, spare parts, and customer-related tangible and intangible assets, was divested to Afyon Çimento Sanayi T.A.Ş. for USD 10.0 million (excluding VAT), based on the valuation prepared by Ernst & Young Kurumsal Finansman Danışmanlık A.Ş.. The transaction was completed on November 3, 2025. Following the divestment, the Construction Reinforcement segment generated only USD 1.1 million in revenue in 4Q25, compared to USD 3.1 million in 4Q24 and USD 1.1 million in 3Q25.

In the last quarter of 2025;

- Negative impact of volume and price competition in the tire reinforcement segment (13.1 million USD),
- Pressure on TL costs due to currency-inflation mismatch in the EMEA region (5.8 million USD),
- Despite the EBITDA contraction in the tire reinforcement segment, the quarterly EBITDA figure was USD 15.6 million thanks to increased sales to profitable sectors in the composite segment and the favorable impact of cost efficiency projects. In the calculation of Adjusted EBITDA, the effects of impairment charges and insurance income related to flood-affected inventories and assets in Indonesia, as well as the cash and non-cash impacts of workforce and fixed cost optimization measures implemented to adapt to structural changes in the tire reinforcement segment, have been eliminated.

In 4Q25, pressures on operating profitability also impacted net income, resulting in a quarterly net loss of USD 15.0 million.

In the fourth quarter of 2025, the Company invested USD 6.7 million in machinery and product sustainability initiatives.

Despite the negative impact of the flood in Indonesia and the acquisition of the remaining 39% minority stake in our subsidiary Microtex Composites Srl in May 2025 for EUR 34.9 million (USD 39 million), net debt stood at USD 395 million at the end of 2Q25, supported by improvements in working capital. Continued effective working capital management in 3Q25 reduced net debt to USD 376 million. In 4Q25, further working capital improvements, combined

with the utilization of a USD 50 million capital advance provided in October by our main shareholder Sabancı Holding following the capital increase decision on September 12, 2025, resulted in net debt of USD 305 million.

Excluding these one-off effects, and based on Adjusted EBITDA, the year-end 2025 Net Debt / EBITDA ratio was 5.0x. The calculation of Adjusted EBITDA includes other operating income and expenses from core activities, excluding FX gains and losses.

In the calculation of Adjusted EBITDA, the net impact of insurance proceeds versus impairment charges on flood-affected inventories and assets in Indonesia, as well as the effects of workforce and fixed cost optimization measures implemented to adapt to structural changes in the tire reinforcement segment, have been considered. If business interruption losses caused by the flood were also included in the EBITDA calculation, the year-end Net Debt / EBITDA ratio would decrease to 3.8x.

As part of the Company's strategy to strengthen working capital management and improve its balance sheet structure, the club loan agreement totaling USD 200 million + EUR 50 million was signed with five financial institutions on December 23, 2025. Under this agreement, a "Adjusted Leverage" metric is now tracked separately from the standard Net Debt / EBITDA calculation.

Under this methodology:

- Net debt includes both short- and long-term financial lease liabilities.
- EBITDA excludes non-cash items reflected as adjustments in the cash flow statement, such as severance provisions, inventory impairments, other provisions, and one-off expenses incurred during the period.

Based on the syndicated loan formula, the year-end 2025 Adjusted Leverage is calculated at 4.8x.

## SUMMARY FINANCIAL RESULTS

	USD Financials (MUSD)						
	4Q'24	4Q'25	Δ	1Q'25	2Q'25	3Q'25	4Q'25
Sales	225	179	-20.3%	217	197	198	179
Gross Profit	17	17	0.5%	30	27	29	16
Gross Margin (%)	7.4%	9.4%	2 pts'	13.9%	13.9%	14.4%	9.4%
OPEX (%)	11.9%	15.8%	4 pts'	12.5%	12.9%	12.9%	15.8%
Operating Profit	-13	-13	-6.3%	5	7	1	-13
Operating Profit Margin (%)	-6.0%	-7.0%	-1 pts'	2.1%	3.3%	0.6%	-7.0%
Adjusted EBITDA	14	16	13.6%	14	15	17	16
Adjusted EBITDA Margin (%)	6.1%	8.7%	3 pts'	6.7%	7.5%	8.4%	8.7%
Net Income	-23	-15	-35.9%	-8	-4	-10	-15
Net Income (%)	-10.4%	-8.3%	2 pts'	-3.5%	-2.1%	-5.3%	-8.3%

	TL Financials (MTL)						
	4Q'24	4Q'25	Δ	1Q'25	2Q'25	3Q'25	4Q'25
Sales	7,743	7,546	-2.5%	7,847	7,612	8,037	7,546
Gross Profit	574	706	22.9%	1,094	1,061	1,160	706
Gross Margin (%)	7.4%	9.4%	2 pts'	13.9%	13.9%	14.4%	9.4%
OPEX (%)	11.9%	15.8%	4 pts'	12.5%	12.9%	12.9%	15.8%
Operating Profit	-463	-531	14.6%	168	254	46	-531
Operating Profit Margin (%)	-6.0%	-7.0%	-1 pts'	2.1%	3.3%	0.6%	-7.0%
Adjusted EBITDA	472	657	39.0%	524	573	676	657
Adjusted EBITDA Margin (%)	6.1%	8.7%	3 pts'	6.7%	7.5%	8.4%	8.7%
Net Income	-803	-630	-21.5%	-275	-163	-423	-630
Net Income (%)	-10.4%	-8.3%	2 pts'	-3.5%	-2.1%	-5.3%	-8.3%

\* In the calculation of Adjusted EBITDA, other income and expenses from core operations — excluding FX gains and losses — have been considered. On a quarterly basis, the following adjustments were made:

- 4Q'24: Inventory revaluation primarily related to high-cost raw materials during the Covid-19 period resulted in impairment charges of USD 7.8 million in the Tire Reinforcement segment and USD 7.0 million in the Composite segment, totaling USD 14.8 million.
- 3Q'25: At the PT Indo Kordsa facility, impairment charges of USD 26.1 million arising from flood-affected inventories and assets in March 2025 were partially offset by USD 20 million of insurance proceeds and USD 1 million from the sale of scrap inventory,
- 4Q'25: Workforce and fixed cost optimization measures implemented to adapt to structural changes in the Tire Reinforcement segment resulted in a one-off impact of USD 20.1 million, of which USD 11.3 million was cash-based and USD 8.8 million was non-cash.

Due to the flood disaster impacting the operations of our subsidiary PT Indo Kordsa in Indonesia on March 3, 2025, the annual business interruption impact on EBITDA compared to 2024 amounts to USD 22.7 million. This figure has not been included in the adjusted EBITDA calculation.

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