# Kordsa
# 1Q'26 Financial Results
# Earnings Release

April 29, 2026

Kordsa's sales revenues in the first quarter of 2026 declined by 7.5% year-on-year compared to the same period of 2025, amounting to USD 201 million, due to the following factors:

- Despite the increase in both revenue and profitability of the Composites segment compared to both the same quarter of the previous year and the preceding quarter,
- Pricing and volume pressures encountered during the process of re-acquiring customers lost following the flood disaster at the Indonesia facility,
- Tough competition conditions in the EMEA ("Europe, Middle East, and Africa") Region, particularly in the Tire Reinforcement segment, coupled with reduced production volumes as a result of production optimization efforts by tire manufacturers.

During the same period, adjusted earnings before interest, tax, depreciation, and amortization (Adjusted EBITDA) amounted to USD 21.7 million, while quarterly net profit was realized at USD 3.1 million.

**FINANCIAL DEVELOPMENTS**

In the first quarter of 2026, sales revenues declined by 7.5% year-on-year to USD 201 million compared to the corresponding period of 2025.

Compared to the same quarter of 2025, in the first quarter of 2026:

- Revenues of the Tire Reinforcement segment decreased by 15% year-on-year to USD 139 million (Q1 2025: USD 163 million; Q4 2025: USD 126 million), primarily due to pricing and volume pressures encountered in the process of recovering customers lost following the flood disaster at the Indonesia plant in March 2025, production volume losses in the EMEA Region arising from factory shutdowns by tire manufacturers, and the significant shift of Asia-Pacific-driven price and volume competition toward export markets.
- Revenues of the Composite Technologies segment increased by 20% year-on-year to USD 58 million (Q1 2025: USD 48 million; Q4 2025: USD 52 million), driven by rising

demand for Ox-Ox ceramic matrix composites, for which our wholly owned subsidiary Axiom Materials Inc., operating in the advanced composites sector in North America, is a key supplier. This increase was supported by growing production of energy cells for the artificial intelligence sector, as well as higher production levels in the civil aviation industry.

In the first quarter of 2026:

- Despite the negative impact of volume and price competition in the Tire Reinforcement segment,
- The pressure on TL-denominated costs stemming from currency–inflation mismatch in the EMEA Region,
- And the EBITDA contraction caused by volume and price pressures in the Tire Reinforcement segment as well as currency–inflation mismatch in the EMEA Region, Quarterly Adjusted EBITDA amounted to USD 21.7 million, supported by the positive contribution of cost reduction initiatives and increased sales to higher-margin sectors in the Composites segment. Following the flood disaster at our Indonesia facility in March 2025, USD 26.1 million was recognized in the financial statements during 2025 as inventory and asset impairment losses. Against this impact, USD 21 million of insurance income was recorded in 2025. In addition, USD 5 million of further insurance income was recognized in the financial statements in the first quarter of 2026.

In the first quarter of 2026, quarterly net profit amounted to USD 3.1 million, driven by the strong profitability performance of the Composite technologies segment and the impact of USD 5 million insurance income recognized during the period.

In the first quarter of 2026, capital expenditures totaling USD 3.7 million were undertaken, primarily focused on machinery investments and product sustainability initiatives.

The strong working capital management achieved in 2025 was maintained in the first quarter of 2026. During this period, operating cash flow amounted to USD 22 million, and, supported by effective investment management, free cash flow reached USD 20.4 million. In parallel, the decline in net debt, which has continued over the last four quarters, was sustained, reducing net debt to USD 298 million.

Taking into account the adjusted EBITDA calculated by eliminating the one-off effects recognized in 2025, the net debt to adjusted EBITDA ratio stood at 4.3x as of the first quarter of 2026. In the calculation of adjusted EBITDA, other operating income and expenses arising from core operations—excluding foreign exchange gains and losses—were also taken into consideration.

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 first quarter 2026 Adjusted Leverage is calculated at 4.3x.

Pursuant to the resolution of the Company's Board of Directors dated 12 September 2025, it was resolved to increase the issued share capital, within the authorized capital ceiling of TRY 500,000,000, from TRY 194,529,076 to TRY 484,305,475, fully through cash contributions, in order to strengthen the equity structure of the Company. It was further resolved not to restrict the pre-emptive rights of existing shareholders, and to set the subscription price for pre-emptive rights at TRY 10 for each block of 100 shares with a nominal value of TRY 1. Accordingly, an application was submitted to the Capital Markets Board (CMB) on 26 September 2025. As announced to the public, the Capital Markets Board, in its Weekly Bulletin No. 2026/12 dated 4 March 2026, resolved that the approval request regarding the prospectus and the offering circular prepared in connection with the issuance and public offering of shares with a nominal value of TRY 289,776,399 was not deemed appropriate.

Pursuant to the Board of Directors' resolution dated 3 March 2026, the amendment envisaged in Article 10 of the Company's Articles of Association, titled "Capital", aiming to extend the validity period of the authorized capital ceiling to cover the years 2026–2030 and to increase the authorized capital ceiling from TRY 500,000,000 to TRY 10,000,000,000, was approved by the Capital Markets Board on 9 March 2026 and by the Ministry of Trade on 16 March 2026. The relevant amendment was submitted to the agenda of the Ordinary General Assembly Meeting for the 2025 financial year, held on 30 March 2026, and was approved by majority vote. Following the registration of the 2025 Ordinary General Assembly resolutions with the Trade Registry on 9 April 2026, the amendment to Article 10 of the Articles of Association was registered, and the authorized capital ceiling was increased to TRY 10,000,000,000 for the period covering 2026–2030.

Various alternatives regarding a potential capital increase are currently under evaluation.

## SUMMARY FINANCIAL RESULTS

| | USD Financials (MUSD) | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1Q'25 | 1Q'26 | Δ | 2Q'25 | 3Q'25 | 4Q'25 | 1Q'26 |
| Sales | 217 | 201 | -7.5% | 197 | 198 | 179 | 201 |
| Gross Profit | 30 | 31 | 3.7% | 27 | 29 | 17 | 31 |
| Gross Margin (%) | 13.9% | 15.6% | 2 pts' | 13.9% | 14.4% | 9.4% | 15.6% |
| OPEX (%) | 12.5% | 13.8% | 1 pts' | 12.9% | 12.9% | 15.8% | 13.8% |
| Operating Profit | 5 | 14 | 202.8% | 7 | 1 | -13 | 14 |
| Operating Profit Margin (%) | 2.1% | 7.0% | 5 pts' | 3.3% | 0.6% | -7.0% | 7.0% |
| Adjusted EBITDA | 14 | 22 | 49.7% | 15 | 17 | 16 | 22 |
| Adjusted EBITDA Margin (%) | 6.7% | 10.8% | 4 pts' | 7.5% | 8.4% | 8.7% | 10.8% |
| Net Income | -8 | 3 | n/a | -4 | -10 | -15 | 3 |
| Net Income (%) | -3.5% | 1.5% | 6 pts' | -2.1% | -5.3% | -8.3% | 1.5% |

| | TL Financials (MTL) | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1Q'25 | 1Q'26 | Δ | 2Q'25 | 3Q'25 | 4Q'25 | 1Q'26 |
| Sales | 7,847 | 8,756 | 11.6% | 7,612 | 8,037 | 7,546 | 8,756 |
| Gross Profit | 1,094 | 1,369 | 25.1% | 1,061 | 1,160 | 706 | 1,369 |
| Gross Margin (%) | 13.9% | 15.6% | 2 pts' | 13.9% | 14.4% | 9.4% | 15.6% |
| OPEX (%) | 12.5% | 13.8% | 1 pts' | 12.9% | 12.9% | 15.8% | 13.8% |
| Operating Profit | 168 | 614 | 265.4% | 254 | 46 | -531 | 614 |
| Operating Profit Margin (%) | 2.1% | 7.0% | 5 pts' | 3.3% | 0.6% | -7.0% | 7.0% |
| Adjusted EBITDA | 524 | 946 | 80.7% | 573 | 676 | 657 | 946 |
| Adjusted EBITDA Margin (%) | 6.7% | 10.8% | 4 pts' | 7.5% | 8.4% | 8.7% | 10.8% |
| Net Income | -275 | 133 | n/a | -163 | -423 | -630 | 133 |
| Net Income (%) | -3.5% | 1.5% | 6 pts' | -2.1% | -5.3% | -8.3% | 1.5% |

* 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:

- 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.

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