



2025 Annual Report

We Reinforce Life

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ABOUT KORDSA

Kordsa is the global leader in the materials technologies market with its tire reinforcement and composite solutions.



Why Invest in Kordsa?

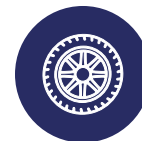
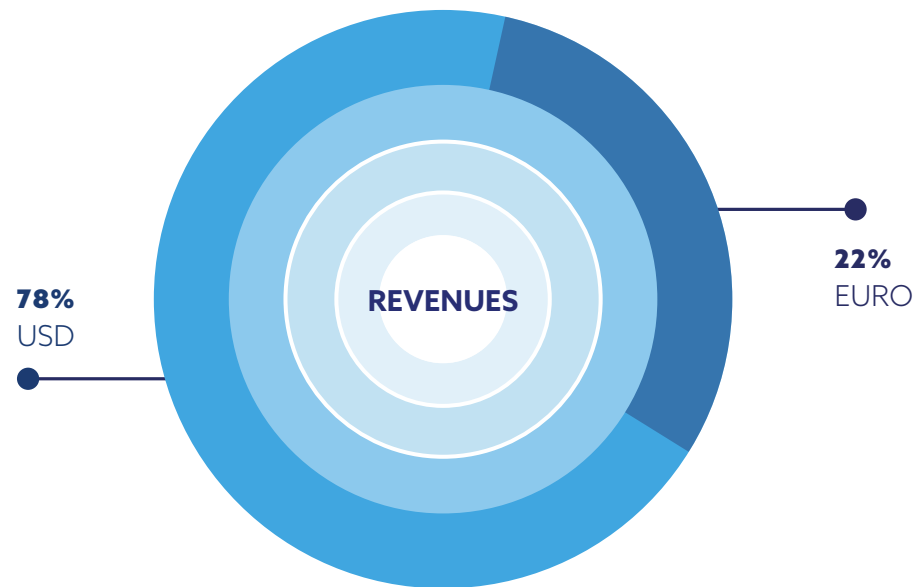
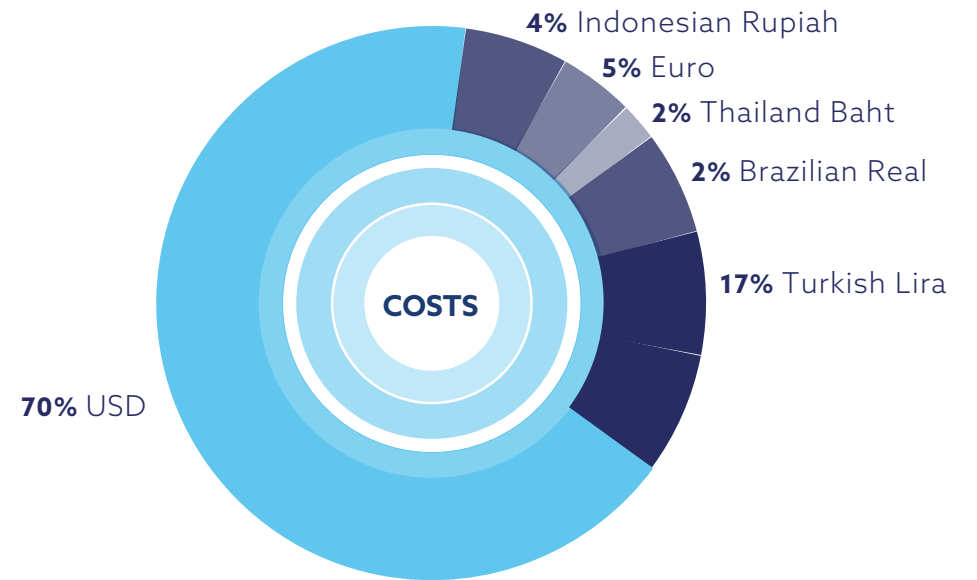


GLOBAL FOOTPRINT
PROXIMITY TO CUSTOMERS
REGIONAL PLAYER
GLOBAL LEADER



NATURAL HEDGING OPPORTUNITY AGAINST EXCHANGE RATE RISK FOR INVESTORS IN TÜRKİYE

Natural hedging against exchange rate risk through a foreign currency-based revenue structure



LEADER IN TIRE REINFORCEMENT MARKET

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



BALANCED PORTFOLIO MANAGEMENT

Balanced portfolio in tire reinforcement and composites segments



STRONG CASH GENERATION

Strong cash flow through effective working capital and investment management



TECHNOLOGY LEADERSHIP

Competitive position with two R&D centers in tire reinforcement and composite technologies

Kordsa in Brief

TIRE REINFORCEMENT TECHNOLOGIES

The transformation in the global automotive value chain and the intensifying competitive landscape continue to shape the tire reinforcement market. Leveraging its strong product and customer portfolio, Kordsa maintains its resilient and leading position in this market and stands out with its value-added solutions. The increasing demand for sustainable products in the tire industry and the rapid growth of electric vehicles have created new requirements, particularly in large-size segments of 18 inches and above and in high-performance tires. In response to these two key trends, Kordsa develops sustainability-focused, high-performance and value-added tire reinforcement solutions, which form the cornerstone of the Company's strategy centered on technology, sustainability and R&D.

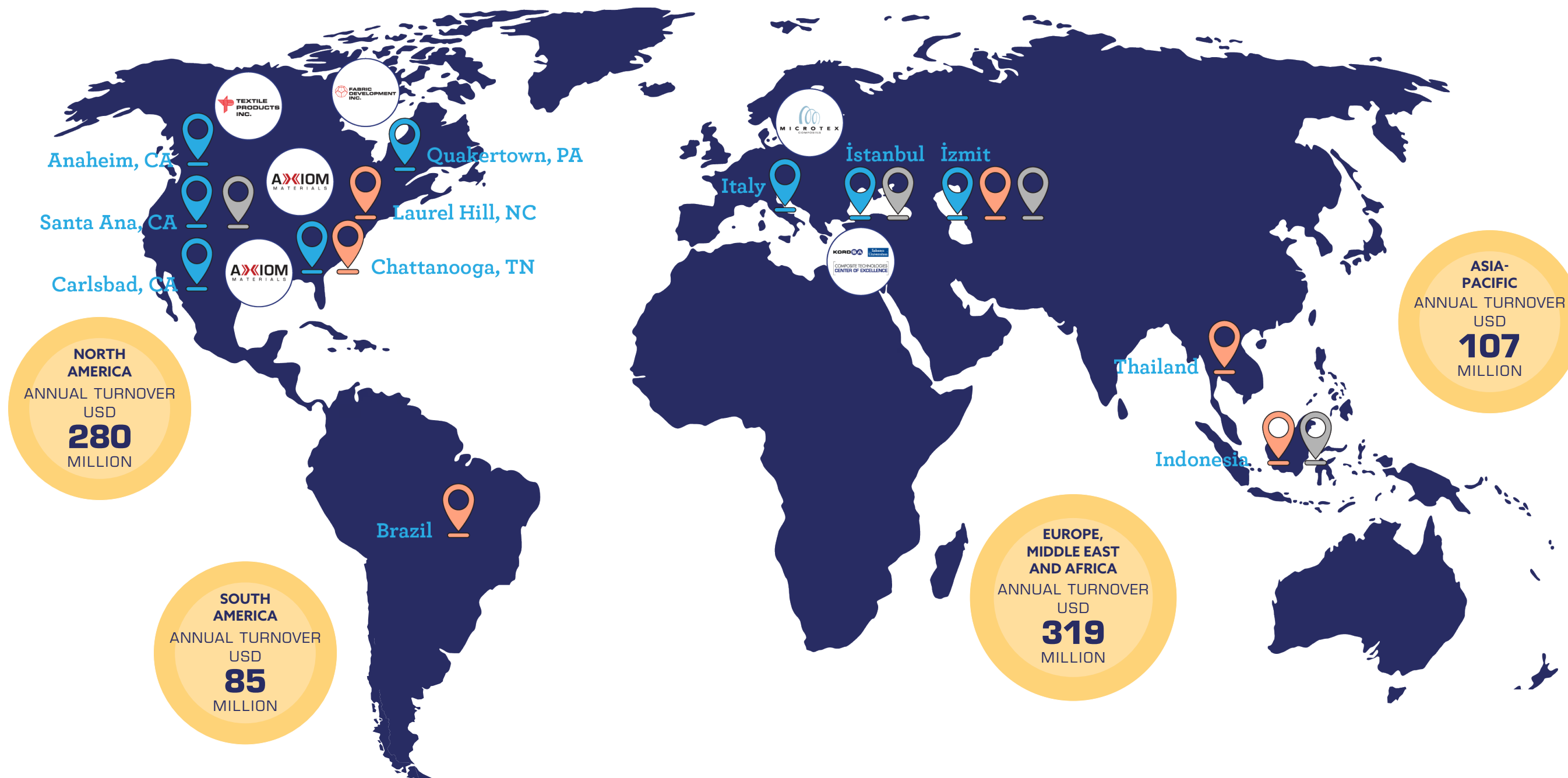
PRODUCT	MARKET POSITION	APPLICATION AREAS	VALUE
NYLON 66 & POLYESTER TIRE CORD AND TIRE CORD FABRIC	Global Leader in the Automotive and Aircraft Tire Reinforcement Market	Passenger Cars, Light Commercial Vehicles, Construction Equipment, Agricultural Vehicles, Heavy-Duty Vehicles, Aircraft, Bicycles, Motorcycles	High-Performance Tires Enabled by Next-Generation NY66 And Polyester Solutions, Optimized Design Contributing to Weight Reduction, Support for Sustainability Through Recycled and Bio-Based Materials.
SINGLE END CORD	Global Leader in the Automotive and Aircraft Tire Reinforcement Market	Automotive Industry, Mechanical Rubber Goods	Uniform Tires with High Performance and Structural Stability, Wide Product Range Including Polyester, NY66, and Hybrid Materials. Improved Efficiency In Tire Manufacturing, Contribution to Sustainability Through Recycled and Bio-Based Materials.
HYBRID TIRE CORD FABRIC	Technology and Market Leadership Through Proprietary Solutions, Offering a Broad Product Portfolio and Application-Specific Solutions	Racing Cars, Electric Vehicles, Passenger Vehicles, Agricultural Vehicles, Heavy-Duty Vehicles, Aircraft	Superior Performance Under High Speed, High Torque, and Demanding Conditions, Extended Tire Life Through High Load Durability.
REV TECHNOLOGIES	Pioneer in the Reinforcement Market with Product Group Specifically Designed for Electric Vehicle Tires and High Performance Tires	Electric Vehicle Tires, Ultra High Performance Tires	Higher Energy Efficiency And Extended Driving Range Through Reduced Rolling Resistance, Enhanced Durability to Meet High Torque and Weight Requirements of Electric Vehicles, Lower Carbon Footprint Through Sustainable Materials and Production Approaches.
SUSTAINABLE TIRE CORD FABRIC PRODUCTS	Pioneer in the Reinforcement Market through Integrating Sustainability with Performance	Passenger Vehicles, Light Commercial Vehicles, Construction Equipment, Agricultural Vehicles, Heavy-Duty Vehicles, Aircraft	Sustainability Approach without Compromising Performance, Delivering Both High Performance and Reduced Environmental Impact.

COMPOSITE TECHNOLOGIES

Kordsa is positioned as a strategic player capable of responding to the evolving global demand for advanced materials, supported by its diversified target markets in composite technologies, broad product portfolio, and manufacturing network spanning Türkiye, Europe, and the United States. The Company develops high-performance, value-added solutions for next-generation applications that are lighter, stronger, and more sustainable, serving industries such as aviation, space, high-performance automotive, luxury automotive, motorsports, marine, and other advanced technology sectors. Its extensive product portfolio—ranging from advanced fabric weaving solutions to aerospace-grade ceramic matrix prepregs, honeycomb structures, adhesive films, and specialized composite systems—enables Kordsa to deliver innovative solutions to its target markets in a fast and efficient manner.

PRODUCT	MARKET POSITION	APPLICATION AREA	VALUE
FABRICS	Broad Product Portfolio in Reinforcement Fabrics Including Carbon, Glass, Aramid, UHMWPE and Hybrid Structures	Aerospace, Automotive, Motorsports, Sports & Leisure, Marine, Medical/Prosthetics, Defense, Industrial Applications	High Strength, Lightweight Structures, Hybrid Weaving Options, Customized Design Solutions
POLYMER MATRIX (THERMOSET) PREPREGS	Strong Technical Expertise and Manufacturing Capability in Epoxy-Based Prepreg Solutions	Aerospace, Automotive, Wind Energy, Sports Equipment, Marine	Out-of-Autoclave (OOA) Options, High Surface Quality, Controlled Resin Formulation, Low Smoke/Toxicity Performance
THERMOPLASTIC PREPREGS	High Performance in PP and PA6 Matrices with Superior Flexural Strength Compared to Conventional Alternatives	Automotive, Sports & Leisure, Industrial Applications	Recyclability Potential, High Fiber Volume Fraction (45-55%), Flexibility in Organo-Sheet and Roll Formats
NATURAL FIBER PREPREGS	Sustainable Prepreg Production Using Natural Fibers Such as Flax and Hemp with PP/PLA Thermoplastic Matrices	Automotive, Sports & Leisure, Industrial Applications	Bio-Based Content, Lightweight Solutions, Aesthetic Surface Quality, Sustainable Fiber-Polymer Combinations
CERAMIC MATRIX COMPOSITE (CMC) PREPREGS	Single-Source Supplier Position in Oxide-Oxide CMC Prepregs with Expertise in High-Temperature Resistance	Engine Surrounding Components, High-Temperature Resistant Structures, Aerospace Structural Parts	Temperature Resistance up to 315°C, Flame Retardancy, Chemical Resistance, Compatibility with Film Adhesives

Global Footprint



NORTH AMERICA
ANNUAL TURNOVER
USD
280
MILLION

SOUTH AMERICA
ANNUAL TURNOVER
USD
85
MILLION

EUROPE, MIDDLE EAST AND AFRICA
ANNUAL TURNOVER
USD
319
MILLION

ASIA-PACIFIC
ANNUAL TURNOVER
USD
107
MILLION

4
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FACILITIES

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R&D
CENTERS

2
TECHNICAL
CENTERS

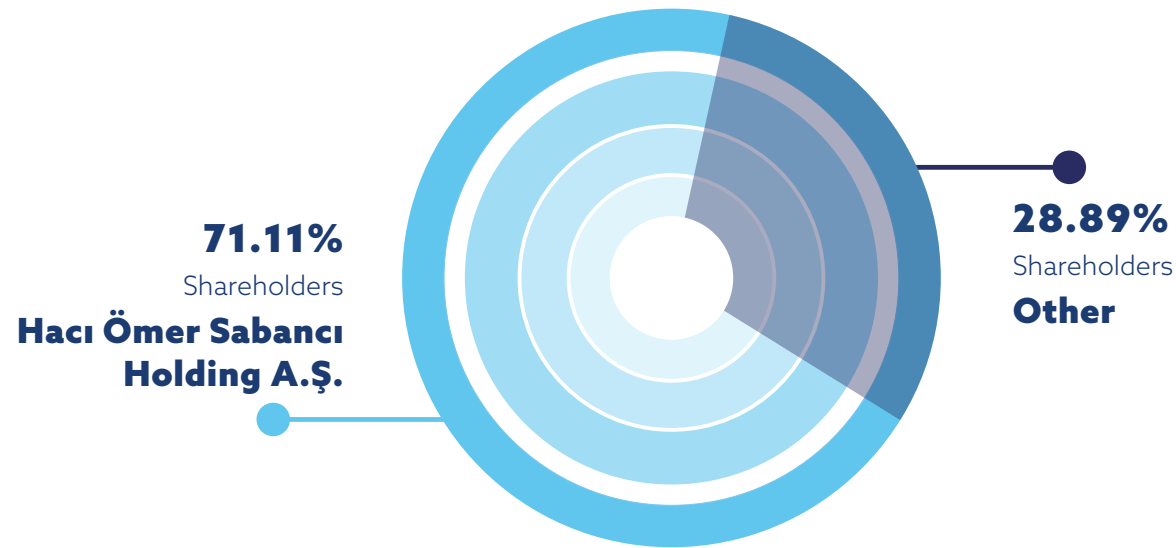
Composite Technologies

Tire Reinforcement

R&D / Technical Center

Shareholder Structure

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



SHAREHOLDERS	NUMBER OF SHARES	SHARE RATIO (%)	NOMINAL SHARE AMOUNT (TL) (1 SHARE 0.01 TL)
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 Holding in Brief



Sabancı Group, supported by its strong reputation, long-standing partnerships, and deep knowledge and experience in the Turkish market, has grown its core businesses over the years.

The Group unites Türkiye and the world through pioneering initiatives for sustainable living, creating value with a performance culture, a dynamic portfolio approach, and a data-driven ecosystem.

Hacı Ömer Sabancı Holding A.Ş., one of Türkiye's leading investment holding companies, is the parent company and manages the Sabancı Group's companies with a strategic portfolio approach.

Through its subsidiaries and affiliates, Sabancı Holding operates across a wide range of sectors—including banking, financial services, energy and climate technologies, material technologies, mobility solutions, and digital.

As of the end of 2025, Sabancı Group companies operate in 18 countries, delivering their products and services worldwide.

Sabancı Group companies supply their products and services around the globe in 18 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 2025, Sabancı Holding and its 11 listed subsidiaries' shares constitute around 5% of the total market capitalization of Borsa İstanbul.

The Sabancı Family is collectively Sabancı Holding's majority shareholder. As of year-end 2025, 53.18% of Sabancı Holding's shares are publicly traded.

Chairman's Message



BURAK ORHUN
CHAIR

Dear Stakeholders,

Rapidly shifting global dynamics have made material technologies one of the most critical strategic determinants of the future. Materials that enable efficient resource use, reduce environmental impact, and transform technology into shared value for humanity stand out as key drivers of competitiveness and long-term success.

As the Materials Technologies Group, we leverage more than half a century of expertise in material science to develop global solutions that will lead this transformation. In line with this approach, Kordsa sustains its global leadership with production facilities spanning four continents. With its extensive manufacturing footprint, customer-proximate operational structure, and strong R&D capabilities, Kordsa continues to preserve its global competitive strength. Supported by a robust global presence, broad market diversification, and a rich product portfolio, Kordsa offers solutions that enable its customers to navigate market dynamics effectively, while its flexible supply chain allows rapid responses to changing market conditions.

Sustainability, the cornerstone of our advanced materials strategy, sits at the very center of all Kordsa business processes. Through low-carbon manufacturing processes, resource efficiency, and recyclable material applications, we continuously reduce our environmental impact. We view sustainable material solutions not merely as responses to customer demand, but as a direct contribution to the future of our planet. As a reflection of the successful integration of sustainability into our business processes and the recognition

of our stakeholders, we were included in the CDP Global A List for both Climate Change and Water Security in 2025. Kordsa positions sustainable product development as a fundamental pillar of its long-term business strategy, creating value for customers through innovative solutions. Through environmentally friendly materials, formulations free from harmful chemicals, and products designed to reduce carbon footprints, we fulfill our responsibilities toward both the planet and our stakeholders. With unwavering commitment to the future, we continue to work toward building a stronger world.

As the Sabancı Group, we have a perspective that aims to shape future industries, business models, and sustainability. We continue to differentiate through the advanced technologies we develop and to carry out new product development activities together with our customers. In line with this vision, Kordsa focuses on strategic future-oriented domains, delivering innovation- and sustainability-driven solutions.

With the full acquisition of Microtex Composites—which supplies carbon fiber fabrics and prepreg materials to Europe's super-luxury automotive and motorsports sectors—we are decisively advancing our journey to expand our service portfolio and strengthen our presence in the European composites market. On the other hand, Kratos — originated as an idea within Kordsa and nurtured through our corporate entrepreneurship model— will continue its journey under Afyon Çimento, a subsidiary of another strong Sabancı Group company, Çimsa. Thus, Kordsa will continue to sharpen its focus on its core businesses in tire reinforcement and composite technologies. In this context, as a key

component of Sabancı Holding's vision, Kordsa will maintain its leadership in the tire reinforcement market while expanding its customer portfolio and further strengthening its presence in the composites market.

Today, Kordsa plays a pivotal role in global value chains by combining its deep-rooted engineering heritage with a technology-driven mindset that anticipates evolving market expectations. Through the strong engagement of our employees, our sustainability-centered approach, and long-standing partnerships with our stakeholders, we create lasting impact across the sectors in which we operate and within society at large. In rapidly transforming industries, backed by our expertise in tire reinforcement and composite technologies, our strong culture of innovation, and our global operations, we are determined not only to meet today's needs, but also to lead the transformation of the future.

Sincerely,

Burak Orhun

CEO's Message



ERGUN HEPVAR
CEO

Dear Stakeholders,

2025 has been a year in which our resilience and strategic resolve were once again tested amid global uncertainty. The flooding that affected our Indo Kordsa facility following heavy rainfall in Indonesia in March deeply impacted us all, while also bringing into sharp focus one of the core values embedded in Kordsa's identity: resilience. The clear and determined stance we demonstrated in the face of adversity once again proved the strength of our united and closely connected Kordsa culture.

Thanks to our focused efforts throughout 2025, as Kordsa we are progressing toward a more balanced and sustainable financial structure.

By placing efficiency, operational excellence, and financial discipline at the core of our operations across all markets, we remain firmly committed to our long-term value creation objective. As of today, Kordsa is very close to operating with a structure that is both market-oriented and better prepared for the future.

We are operating in a period in which our customers are redesigning their entire processes, from supply chains to production planning. In response to this significant shift, and in order to maintain our active role in global transformation while sustainably strengthening our competitive advantage, we are shaping our strategic focus around our two core business units tire reinforcement and composite technologies. By reassessing our priorities in this transformation, we are building our strategy on becoming a "partner that creates value for its customers through differentiation" and a "player that leads change in the market." Accordingly, we are deepening our focus in both tire reinforcement and composite technologies, transforming our know-how and innovation capabilities into a competitive advantage. Our ultimate goal is to build a Kordsa that remains globally competitive, stands out with its technology, strengthens its balance sheet through financial sustainability, and demonstrates its leadership vision not only through its sales performance but also through its business culture.

Amid ongoing changes in the global automotive and tire markets and intense price-based competition, our total revenues were realized at TL 31 billion, while we continued to maintain our leadership in developed markets within

our core business of tire reinforcement. While price-driven competitive conditions—particularly in the Chinese market—continue to affect the industry as a whole.

Kordsa remains firmly committed to competing through technology and value-added solutions. Thanks to our value-added product portfolio, our solution-oriented approach based on close collaboration with customers, and our experienced teams, we are navigating this period with confidence and resilience.

At the same time, we continue to deepen our capabilities and diversify our portfolio in composite technologies. In this context, the increasing share of value-added products in our composite technologies business line, together with effective cost management, has led to a significant increase in its contribution to profitability.

In line with our vision of reinforcing life in all its dimensions, we continue to invest in innovations and collaborations that support our sustainable growth. Our growth ambitions in high value-added fields such as aerospace, space, and electric vehicles position Kordsa as a strong player in the mobility ecosystem. Accordingly, next-generation mobility sectors remain among our top strategic priorities.

Innovation, embedded in Kordsa's DNA, remains the fundamental driving force behind our ability to deliver value-creating solutions for our customers. From product development to process management and our sustainability strategy, we reflect our differentiated value creation mindset across all areas for our environment, customers, and stakeholders. In line with this approach, our total number of patents reached 617 in 2025.

Our efforts in energy efficiency, low-carbon technologies, and the circular economy have generated both

environmental and economic value for our stakeholders. While our commitment to the net-zero journey continues with determination, we shared our first report aligned with the Turkish Sustainability Reporting Standards (TSRS). In line with our carbon reduction commitment approved by the Science Based Targets initiative (SBTi), we continue to advance toward our net-zero goal, targeting a 46.2% reduction in Scope 1 and Scope 2 emissions by 2030. In 2025, reflecting our strong stance on environmental transparency and sustainability, we were awarded an "A" score in both the Climate Change and Water Programs of the CDP Carbon Disclosure Project 2025 assessment. We also received the highest "A" rating in the Supplier Engagement Program for the fifth consecutive year. These achievements demonstrate that our long-term commitments and our sustainability approach, fully integrated into our business processes, are strongly recognized by external stakeholders.

As a signatory to the United Nations Global Compact since 2014, we regard sustainability not as a secondary objective, but as an integral part of the way we do business.

Today, drawing strength from our past, we continue our journey as a more resilient, more agile, and more determined Kordsa. Creating sustainable added value for all our stakeholders remains the cornerstone of our future. We would like to sincerely thank each and every one of our employees, business partners, and stakeholders for their trust, support, and dedication throughout this journey.

Sincerely,

Ergun Hepvar

Board of Directors



BURAK TURGUT ORHUN
Chair

Burak Orhun embarked on his professional journey as a Financial Analyst at Mercedes-Benz Türk A.Ş. He later continued his career in the United States, where he held various executive and management roles at leading organizations, such as Finance Manager at Thomson Corporation/ Reuters, Director of Portfolio Management and Director of Corporate Development at Capital One Financial, and CFO at CadenceQuest, Inc. In 2009, Mr. Orhun joined OYAK Group in Türkiye. As General Manager of OYAK Girişim Danışmanlığı A.Ş., he led all M&A and new investment initiatives until 2018. During this period, he also held executive board member, and chairman positions at Group's chemical and energy companies in Türkiye and abroad. Mr. Orhun joined Sabancı Group in 2019 as Head of Strategy and Business Development. He served as Head of the Building Materials Group at Sabancı Holding from May 2021 to April 2024, and then assumed the role of Head of the Material Technologies Group in April 2024. During this period, he also served as Chairman of the Board at Kordsa, Brisa, Akçansa, Çimsa, Çimsa Building Solutions BV, and Afyon Çimento. With Sabancı Holding's new organizational structure, Burak Orhun was appointed as President of Strategic Investments in January 2026. In addition to this role, he continues to serve as Chairman of the Board at Kordsa and Brisa, and as a Board Member at Akçansa, Çimsa and Afyon Çimento. Burak Orhun holds a Bachelor's degree in Economics from Boğaziçi University, a Master's degree in Finance from George Washington University, and an MBA from the Wharton School, University of Pennsylvania.



ALİ 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.



YEŞİM ÖZLALE ÖNEN
Member

Yeşim Özlale Önen began her professional journey in 1999 as an Associate Consultant at Davranış Bilimleri Enstitüsü. Her career trajectory took a new direction in 2003 when she joined Deloitte as a Senior Consultant, a position she held until 2005. In her role at Deloitte, she provided expert consultancy services in Human Resources through leveraging her background in psychology. From 2005 to 2007, Mrs. Önen served as Project Manager at DDI Türkiye, where she managed various projects on human resources and organizational development, contributing to her growing expertise. In 2007, Mrs. Önen's career path led her to Sabancı Holding, where she assumed the role of Group Human Resources Manager. Her tenure at Sabancı Group lasted until 2011, during which she played a key role in shaping the human resources strategies and practices within the group. Mrs. Önen joined Korn Ferry in 2011 and served as Senior Client Partner from 2018 to March 2023 where she led various projects in Türkiye and EMEA. Yeşim Özlale Önen is the Group President for Sabancı Holding Human Capital and Sustainability and Chief Diversity and Inclusion Officer since March 2023. Mrs. Önen completed her secondary education at İzmir Amerikan Lisesi in 1993, followed by a bachelor's degree in psychology from Middle East Technical University in 1997, and a master's degree in clinical psychology in 1999. She is an ICF accredited executive coach.



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: 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 was also distinguished by the Best CFO among industrials in the Emerging EMEA region for three consecutive years from 2022 to 2024 by II (renamed as Extel as of 2024). In addition, he was recognised as Best CFO among BIST30 companies by Turkish IR Society (TUYİD) 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.



ŞERİFE EBRU DOĞRUOL AYGİL
Independent Member

Ebru Doğruol received a BS degree in Industrial Engineering from Boğaziçi University in 1992 and completed an MBA degree at Koç 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. In 2021, she has assumed the Commercial VP Vaccines in EM and China, followed by Global Vaccines Strategy VP role in 2024. She is currently the Transformation Lead covering 33 countries as of 2026. Ebru had started her career as a manufacturing engineer in Netas in 1992. Ebru has been elected as an Independent Member of the Board of Directors of Kordsa Teknik Tekstil A.Ş. on 23.03.2022 and continues her role. She is also an Independent Member of the Board of Directors of Kale Seramik A.Ş and advisor to healthtech start-ups. Ebru Doğruol is a member of the Advisory Board of the Industrial Engineering Department at Boğaziçi University. She is an executive coach and mentor, advocates for education of children and equal opportunities for women.



MEHMET MESUT ADA
Independent Member

After graduating as an Electronics and Communication Engineer from Istanbul Technical University, Mehmet Mesut Ada worked as an engineer at four different companies in Ankara between 1975 and 1980. In 1980, he joined Kordsa as a maintenance engineer and subsequently held the roles of Maintenance Manager and then Production Director. In 1987, he was appointed as Project Manager at DUSA (a joint venture between DUPONT and SABANCI). In 1991, he transferred to DUPONT (Netherlands), where he served as Production Manager for two years. In 1993, he returned to DUSA as Plant Manager and a member of the Board of Directors. In 2002, he was appointed as Plant Manager at SASA (Adana), and in 2005, he became General Manager of SASA and Operations Director at ADVANSA, overseeing operations in the UK, Germany, and Türkiye. In 2006, he was assigned as General Manager of Kordsa's plant in Chattanooga, USA. Between 2009 and 2011, he served as General Manager of Interkordsa in Germany. In 2012, he was appointed Operations Director for South America (Brazil and Argentina) and retired in 2014. From 2015 to June 2025, he served as a member of the Board of Directors at PT Indo Kordsa Tbk, Indonesia. Mesut was elected to the position of Independent Board Member of Kordsa Teknik Tekstil A.Ş. on April 14, 2025, and continues to serve in this role.

Executive Management



ERGUN HEPVAR
CEO

Ergun Hepvar began his professional career at Unilever, where he held managerial roles in Supply and Systems Management between 1992 and 1997. Mr. Hepvar subsequently served as Managing Partner at C-Bridge Internet Solutions. From 2002 to 2003, he worked at Apple as a Global Project Manager. Between 2003 and 2005, Mr. Hepvar served as Director of Information Technology at TNT Logistics (now known as CEVA Logistics). From 2005 to 2010, Mr. Hepvar served as Chief Information Officer (CIO) at Sabancı Holding, where he led the group-wide information technology strategies and successfully implemented corporate digital transformation programs. From 2010 to 2013, he worked at Akçansa as Chief Supply Chain & Logistics Officer. Between 2013 to 2020, Ergun Hepvar was the CEO and Country Director of Olmüskan International Paper. Most recently, he worked at International Paper as Director of Innovation, Data, and Advanced Analytics. In this role, he implemented enterprise-level artificial intelligence and data strategies, contributing to operational excellence, responsible AI, and technology integration. Mr. Hepvar holds a bachelor's degree in computer engineering from Middle East Technical University (METU). He also completed his MBA at the University of California, Berkeley - Haas School of Business.



ÖMÜR MENTEK
Global Chief Operating Officer,
Tire

Ömür Mentek 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 Mentek, held the role "Chief Operating Officer, Asia Pacific". As of July 1, 2024, Mentek was assigned as Chief Operating Officer, Tire.



DOĞAN SEVİM
Chief Global Sales and
Marketing Officer

Doğan Sevim received a B.Sc. 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.



SERMIN MUTLU
Chief Finance Officer

Şermin Mutlu received her B.Sc. 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 Türkiye 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.



DENİZ 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. Until February 14, 2023, Korkmaz served as CTO. As of that date, she assumed the role of Deputy General Manager responsible for Composite North America. As of July 1, 2024, Korkmaz has been assigned as Global Chief Operating Officer, Composite.



NESLİHAN EROĞLU
Chief Human
Resources Officer

Neslihan Eroğlu graduated from the Department of Mathematics at Middle East Technical University in 1998. She began her career in 1999 as an Assistant Auditor at Osmanlı Bank and worked as a Retail Mass Marketing Sales and Marketing Specialist and Human Resources Planning Manager at Garanti Bank between 2002 and 2005. Between 2005 and 2006, she worked as a Project Manager at DBE, followed by her role as Human Resources and Organizational Development Manager at Adil Işık Group from 2007 to 2010. Eroğlu joined Brisa in 2010, where she served as Human Resources Manager until 2023 and as People and Corporate Communication Director between 2023 and 2025. From March 2025 to December 2025, she served as Chief Human Resources Officer at DxBV. As of January 1st 2026, Eroğlu has been appointed as Kordsa Chief Human Resources Officer.



MÜGE ARIFOĞLU 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.

Key Financial Highlights

Kordsa, the global leader in the material technologies market with its tire reinforcement and composite products, completed 2025 with the following financial results.

FINANCIAL INDICATORS (USD MILLION)	2024	2025
Turnover	929	791
Gross Profit	120	102
Adjusted EBITDA	70	62
Net Profit	-26	-38
Operational Cash Flow	56	150
Net Financial Debt	378	305

SUMMARY RATIOS	2024	2025
Gross Profit Margin	12.9%	13.0%
Adjusted EBITDA Margin	7.6%	7.8%
Net Profit Margin	-2.8%	-4.8%
Net Financial Debt / Adjusted EBITDA*	5.4x	5.0x

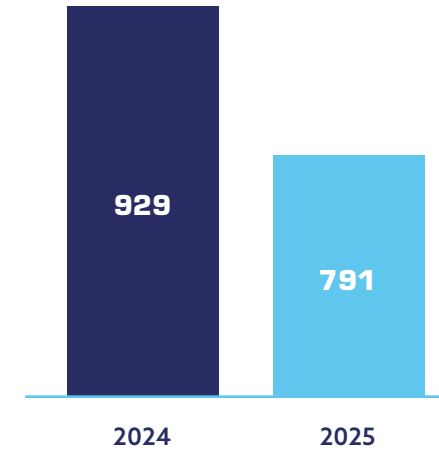
*2024: In the fourth quarter of 2024, a total inventory impairment of USD 14.8 million was recorded following the reassessment of high raw material inventories, largely accumulated during the COVID-19 period—USD 7.8 million in the tire reinforcement segment and USD 7 million in the composites segment.

*2025: The one-off impact totaling USD 25 million consists of USD 4.5 million arising from the difference between insurance income related to flooding and inventory/asset impairment, and USD 20 million resulting from actions taken to adapt to structural changes in the tire reinforcement segment.



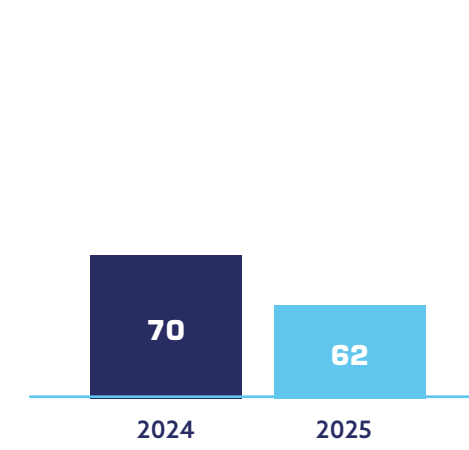
TURNOVER

USD **791**
MILLION



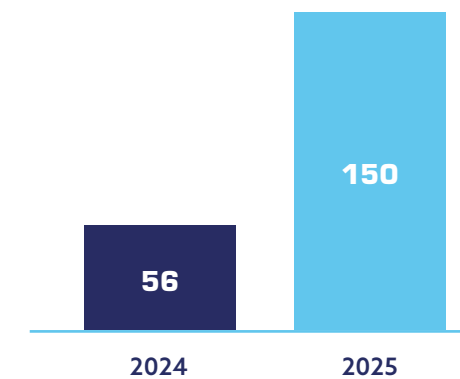
ADJUSTED EBITDA*

USD **62**
MILLION



OPERATIONAL CASH FLOW

USD **150**
MILLION



Sustainability Approach

At Kordsa, sustainability is not merely the management of environmental and social impacts, but also a fundamental component of our business model, shaped at the core of the reinforcement market, and a key driver of our long-term growth and competitiveness. In the face of changing global dynamics, the climate crisis, and evolving customer expectations, Kordsa positions sustainability at the center of its strategic decision-making processes.

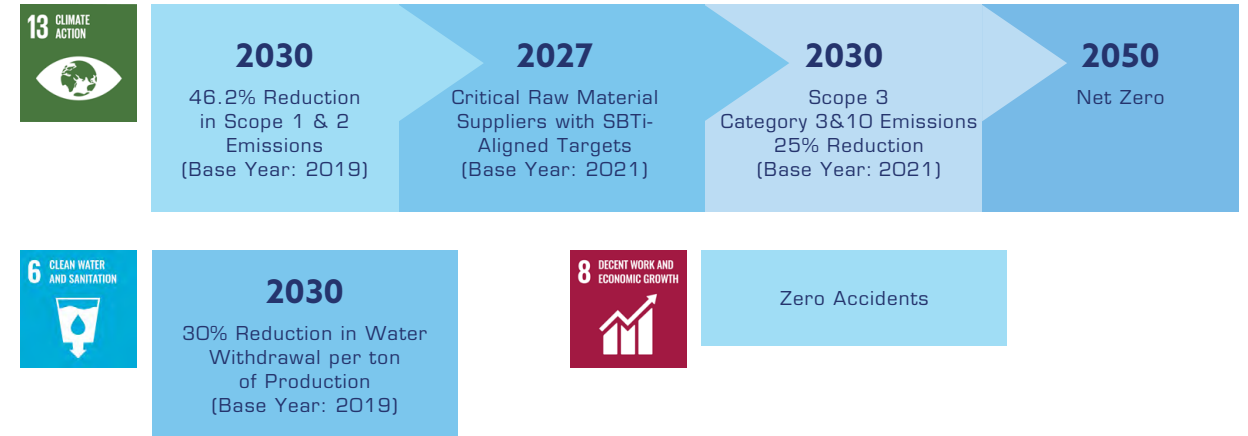
Kordsa’s sustainability approach is directly integrated into its business strategy. Within this framework, while supporting R&D- and technology-driven growth, the Company focuses on the development of talented human capital, responsible use of natural resources, and the creation of social value. Through this approach, Kordsa keeps environmental responsibility and sustainability at the heart of its business model. Kordsa closely monitors global trends, evolving customer

demands, and sectoral developments to identify material ESG and financial risks and opportunities. These insights are translated into concrete actions through R&D and innovation activities, an expanding portfolio of sustainable solutions, and targeted investments in technology and digitalization.

Kordsa’s sustainability vision is shaped under three main pillars: Passion for Operational Excellence, Responsibility for People, and Innovation for Sustainable Materials. Through this holistic approach, Kordsa aims to create lasting value for all stakeholders across environmental, social, and governance dimensions.

Kordsa updates its sustainability strategy in line with stakeholder expectations, global trends, and international standards. Based on priorities defined through stakeholder feedback, the Company established sustainability targets for 2030 and 2050.

<p>Passion for Operational Excellence</p> <p>Creating positive impact across our value chain and accelerating the low-carbon transition by ensuring efficiency and continuous improvement within our own operations.</p> <ul style="list-style-type: none"> - Decarbonization Plan - Waste and Water Reduction Projects 	<p>Responsibility for People</p> <p>We are committed to providing an inclusive, safe, and healthy working environment for everyone.</p> <ul style="list-style-type: none"> - Sustainable Employment - Sustainable Procurement - Business Ethics - Social Projects 	<p>Innovation for Sustainable Materials</p> <p>With a high value-added sustainable product portfolio, Kordsa supports the transition to a low-carbon economy by offering lighter products compared to alternatives.</p> <ul style="list-style-type: none"> - Sustainable Products - Sustainable Procurement
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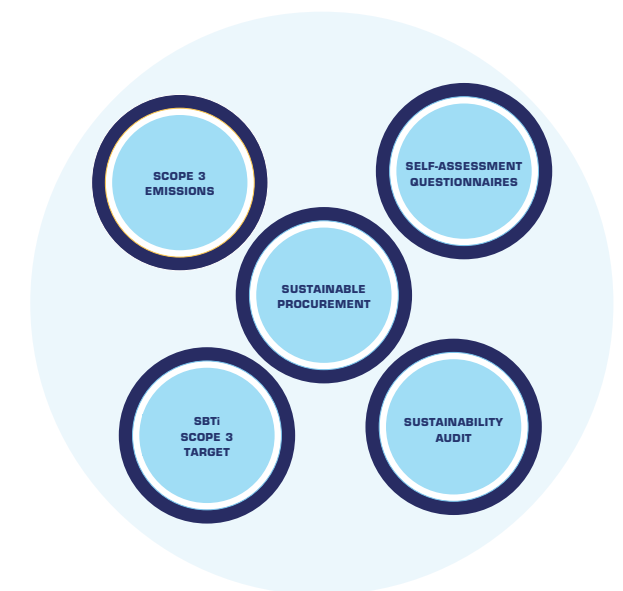
Kordsa presents its progress toward short- and long-term targets, along with the roadmap studies carried out, to its stakeholders through its annually published Sustainability Report. The targets defined under the Company’s sustainability approach and the related performance results can be accessed in the “[Kordsa 2024 Sustainability Report](#)” and the “[Kordsa 2024 TSRS Sustainability Report](#).” These targets are linked to the individual performance objectives of the entire management team, starting from the Board of Directors and Executive Board, and are also incorporated into the Kordsa Performance-Based Variable Bonus System.

Strong guidance derived from our robust R&D and innovation strategy, as well as collaboration-driven partnerships, enables us to work with determination to develop innovative products and technologies. Within the scope of sustainability, Kordsa addresses its product portfolio and supply chain processes in an integrated manner. The production and supply stages of products are evaluated in line with applicable legislation and international standards, taking into account resource utilization, waste and water management, and compliance processes.

Within supply chain management, sustainable supply chain practices are monitored and evaluated in the

context of Scope 3 emissions, SBTi Scope 3 targets, sustainability self-assessment questionnaires, and sustainability audits. Through these efforts, environmental and social performances of suppliers are monitored, supporting the integration of sustainability criteria into procurement processes. This approach strengthens Kordsa’s resilience against supply chain-related risks while enhancing its long-term value creation capacity.

Scope of Sustainable Supply Chain



Sustainability Approach

PARTICIPATION IN AND ALIGNMENT WITH INTERNATIONAL INITIATIVES

Kordsa continues to strengthen its environmental and social impact through a sustainability approach aligned with international standards and initiatives. A signatory to the United Nations Global Compact since 2014 and regularly included in the BIST Sustainability Index since 2016, the Company integrated numerous global frameworks such as SBTi, the Women’s Empowerment Principles, and GRI Standards into its business processes. These frameworks and assessments support Kordsa’s position both as a compliant company in sustainability and as one recognized globally as a benchmark.

In the 2025 CDP assessments, Kordsa received an ‘A’ score in both the Climate Change and Water Security programs, entering the A List in both categories and once again demonstrating its strong performance in climate action and water management.

With its “Reinforcing Life” motto, Kordsa focuses on developing products that support its customers’ sustainability goals.

Kordsa’s sustainability performance is further assured through independent verification and rating processes. Within the scope of TSRS, third-party assurance processes, Scope 3 emissions verification, the EcoVadis achievement, ISCC Plus certifications, and product life cycle assessments reinforce the Company’s holistic approach to corporate sustainability management.

Within Kordsa’s sustainability governance structure, responsibility for developing climate change strategies and implementing the necessary actions extends from the Board of Directors across all business units. To contribute to limiting global temperature rise to

1.5°C, Kordsa commits to achieving net zero emissions by 2050 at the latest. In line with this commitment, climate-related risks and opportunities are regularly evaluated at senior management and Board level. Kordsa’s short- and long-term emission reduction targets were validated by the Science Based Targets Initiative (SBTi). Throughout 2025, our regional teams regularly monitored the implementation of the action plans under the decarbonization roadmap, aligned with targets covering all facilities.

Across all Kordsa facilities, water use in production processes, water quality, accessibility, and resource conservation are of critical importance for business continuity and cost management. In this context, aligned with the United Nations Sustainable Development Goal 6: Clean Water and Sanitation, Kordsa set a target to reduce water withdrawal per ton of production by 30% by 2030 compared to the 2019 baseline.

Risks related to climate change and water management are monitored through analyses conducted by the Early Detection of Risk Committee reporting to the Board of Directors. Potential regulatory changes associated with the low-carbon transition, climate-related extreme weather events, and shifts in customer demand are systematically assessed in terms of the risks and opportunities they may create. In these assessments, Kordsa uses tools such as the WRI Aqueduct Water Risk Atlas, the COSO Enterprise Risk Management Framework, and the ISO 31000 Risk Management Standard. Comprehensive analyses of climate change- and water security-related risks and opportunities are disclosed in the CDP reports.

Kordsa’s [2025 CDP Report](#) and Kordsa [Water Policy](#) are available on its website.

Commitments and Disclosures

- Science Based Targets Initiative (SBTi) (since 2021)
- United Nations Global Compact (since 2014)
- Women’s Empowerment Principles (since 2014)
- GRI Standards (since 2015)
- CDP – Climate Change and Water Security (since 2016)
- CDP – Supplier Engagement (since 2016)
- TSRS (since 2015)
- Double Materiality (since 2025)

Certifications and Ratings

- Third-Party Assurance Statement for Selected Sustainability Metrics and TSRS
- Ecovadis
- ISCC Plus (Izmit, Brazil, Indonesia)
- Life Cycle Assessment (LCA)
- BIST Sustainability Index
- Great Place to Work
- Management Systems Certifications
- Sustainability Principles Compliance Report



Sustainability Approach

SUSTAINABILITY GOVERNANCE STRUCTURE

Performance related to Kordsa's sustainability priorities is overseen at the highest governance level, namely the Board of Directors. The Board and its committees consider the environmental, social, and economic impacts of the Company's activities, along with related risks and opportunities, while shaping the corporate governance strategy.

Targets related to priority sustainability topics, which are updated every two years, are determined by the Kordsa Executive Board and revised when necessary. [Kordsa's Sustainability Policy](#) is accessible via its website.

Operating under the Global Sales and Marketing Deputy General Manager, the Sustainability Department, positioned within the Sustainability and Communications Directorate, manages the implementation of Kordsa's sustainability strategy. The Department works in collaboration with Sustainability Working Groups and Regional Sustainability Teams at facilities across different countries to support strategy execution. It also ensures coordination between departments and senior management in implementing roadmaps for corporate sustainability targets.

Regional Sustainability Teams regularly monitor performance indicators defined to achieve sustainability goals included in the Company's strategic plan and guide the implementation of related projects by regional units.

The Sustainability and Corporate Communications Directorate supports these efforts and prepares quarterly sustainability performance reports, including monitoring and evaluation activities related to targets, in cooperation with working groups. Progress evaluations

Performance related to Kordsa's sustainability priorities is overseen at the highest governance level, namely the Board of Directors.

regarding Kordsa's sustainability targets and roadmap are reviewed quarterly by the Kordsa Executive Board, and the results are assessed at senior management level.

Sustainability Working Groups operating within Kordsa are responsible for preparing roadmaps to achieve sustainability targets and regularly monitoring the related action plans.

Organized under the themes of Sustainable Employment, Sustainable Production, Sustainable Products, Sustainable Supply Chain, and Social Development, these working groups evaluate performance indicators quarterly based on the relevant principles and ensure the sustainable implementation of projects and programs aligned with the defined targets.

STAKEHOLDER ENGAGEMENT

While pursuing sustainable growth and development, Kordsa aims to preserve the social and economic value it creates in the long term by considering the expectations of all stakeholders. Accordingly, stakeholder engagement is conducted continuously, inclusively, and transparently. Information on which stakeholder groups are engaged, for what purposes, on which topics, and at what frequency, along with progress in sustainability, are regularly disclosed to the public.

Kordsa conducts its sustainability activities by considering the needs and priorities of a broad range of stakeholders, primarily its key stakeholders such

as employees, customers, and investors, alongside communities, suppliers, public institutions, non-governmental organizations, national and international organizations, universities, and trade unions. Actions implemented based on stakeholder feedback are transparently disclosed in the annual Sustainability Reports.

Regular stakeholder feedback and engagement processes constitute key inputs in determining Kordsa's sustainability priorities. In this context, Kordsa conducted a comprehensive Double Materiality Analysis to jointly assess current and potential impacts on people and the environment, as well as risks and opportunities that may financially affect its operations. Supported

Regular stakeholder feedback and engagement processes constitute key inputs in determining Kordsa's sustainability priorities.

by value chain and stakeholder analyses, this study enabled the integration of priority environmental, social, and governance topics into strategic decision-making processes.

Detailed information on the scope, methodology, and results of the Double Materiality Analysis is provided in the [Kordsa 2024 Sustainability Report](#).



Risk Management

Kordsa adopts a systematic and comprehensive approach to identify, measure, prioritize, manage, monitor, and report risks that may affect business continuity across the organization. Risk management practices primarily aim to protect the Company's assets and operational continuity through a proactive approach and to enhance its ability to achieve financial and strategic objectives.

Kordsa defines risk as the probability of an event or development occurring and affecting the achievement of the organization's strategic and operational objectives. Risks are associated with the Strategic Initiatives within the Strategy House, ensuring that decisions are made with full awareness of potential risks during strategy execution.

Kordsa's manufacturing facilities located across different geographies, its leading position in the global tire

At Kordsa, risk management is addressed through a holistic approach integrated into strategic decision-making processes, supporting business continuity and long-term value creation.

reinforcement market, and its composite technologies that have diversified in terms of products and sectors in recent years expose the company to a wide range of global and local risks across multiple categories.

Kordsa's risk and opportunity management framework is designed in line with internationally recognized standards, including the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO 31000. In line with accountability principles in global enterprises, Kordsa appointed business risk officers to act as a bridge between the facilities and the central risk management function. The Global Risk Directorate

(GRD), operating under the Global Finance Group reporting to the Finance Assistant General Manager, works in coordination with the appointed business risk officers. It is responsible for identifying risks in line with the risk management framework, prioritizing them based on impact and probability criteria, and ensuring consistent control, monitoring, coordination, and follow-up across all operations.

The risks identified by the Global Risk Directorate are submitted to the Early Detection of Risk Committee, which reports directly to the Board of Directors as the highest authority within the risk management structure. 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 effectiveness of the risk and opportunity management processes. The Committee regularly evaluates the relevance and effectiveness of risk prioritization in line with the evolving internal and external risk landscape. The Early Detection of Risk Committee is chaired by an Independent Board Member. The Committee held six scheduled meetings during 2025.

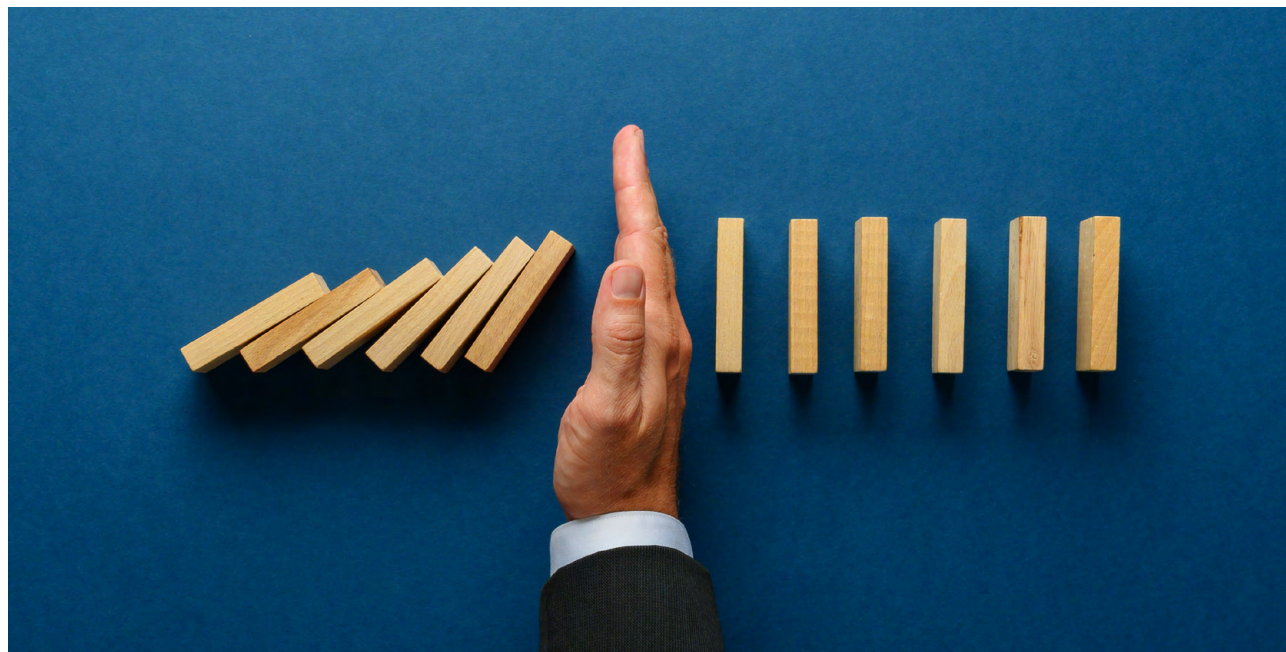
RISK MANAGEMENT METHODOLOGY

The GRD regularly monitors global and regional trends through risk reports, climate and physical risk analyses, and collaboration with insurance brokers. The Directorate also meets regularly with business risk officers to update existing risks and opportunities and to identify newly emerging risks. 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. The value at risk (VaR) is then calculated by applying Monte Carlo simulations to the financial impacts of each scenario in line with the probability assessment criteria defined in the table below. Risks for which financial impacts cannot be directly 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 prioritized risks, designated risk owners prepare action plans and assign responsible action owners. After each action is completed, the VaR is calculated again with updated scenarios.

All risk registers are periodically reviewed, updated as necessary, and shared with risk owners and the Risk Committee at defined intervals.



Risk Management

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	<0.1% EBITDA impact

CRITICAL RISKS WITH GLOBAL IMPACT

Critical risks with global impact are defined as risks that may simultaneously affect production facilities operating across multiple geographies, the supply chain, customer

relationships, or consolidated financial performance.

As a result of the 2025 assessment, seven risks were prioritized as "high criticality risks" and aligned with the Strategic Initiatives.

Risks	Strategic Initiatives
Possible Marmara Earthquake	(1), (2)
Facility Safety - Fire	(1), (2)
Customer and Supplier Dependency	(3), (4), (5)
Competition with Asian Companies	(1), (2), (3), (5), (6)
Shrinking Global Tire Manufacturing Market	(1), (3)
Climate Change-Related Transition Risks and ESG Regulations	(7)
Climate-Related Physical Damage Risk	(1), (2)

(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

Following the two major earthquakes in Türkiye in February 2023, expectations increased that a potential Marmara earthquake could have more severe impacts. A more comprehensive earthquake scenario is anticipated for Kordsa's facilities in Türkiye than that which was predicted in previous years. With increasing expectations, the potential inadequacy of existing measures, as well as the possible impact on the living environments of Kordsa employees and their families, are considered risk factors that may adversely affect operational continuity, employee safety, and overall production and supply balance across the Group.

Measures Taken and Control Activities

- Carrying out earthquake preparedness and preventive measures in coordination with Group companies
- Conducting structural resilience and earthquake performance assessments of Türkiye facilities
- Review of crisis and emergency plans
- Designating post-earthquake assembly areas within the Izmit campus and procuring the necessary supplies.
- Establishing in-house search and rescue teams and providing the necessary training and equipment

RISK 2 - FACILITY SAFETY-FIRE

Risk Factors

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

Measures Taken and Control Activities

- Conducting annual on-site risk engineering assessments by insurance providers, and implementing expert recommendations to mitigate fire risks (During the reporting period, no material findings were reported during visits to different facilities.)
- 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 DEPENDENCY

Risk Factors

There is a limited number of global raw material suppliers capable of meeting the high product safety standards required for Kordsa's products. In addition to regional customers, a significant portion of Kordsa's revenues is generated from sales to the facilities of six global tire manufacturers operating in the same or nearby geographies. Kordsa's production facilities located across different geographies, its leading position in the global tire reinforcement market, and its diversified composite technologies portfolio expose the Company to various global and local risks across multiple categories. 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.

Risk Management

Measures Taken and Control Activities

- Conducting research on alternative raw materials and alternative suppliers
- Ensuring that customer concentration within Kordsa's sales portfolio remains aligned with their respective shares in global or regional markets
- Maintaining a balanced distribution among 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 market
- Implementing joint product development projects with selected customers
- Ensuring that customer expectations and audit results are effectively communicated to all relevant units
- Identifying alternative or backup suppliers for key raw materials, obtaining the necessary customer approvals, and strengthening cooperation with geographically proximate suppliers through localization initiatives
- Procuring raw materials from spot markets when necessary and enabling intercompany raw material transfers between Kordsa facilities
- Conducting R&D activities to develop alternative raw material sources
- Optimizing raw material requirements through inventory management and global operational planning practices

RISK 4 - COMPETITION WITH ASIAN COMPANIES

Risk Factors

Key risk factors include Asian competitors increasing exports to global markets due to the slower-than-expected recovery of China's domestic markets, following

the pandemic, the decline of the global container index from peaks above USD 10,000 during the pandemic to levels below USD 2,000, attempted attacks on commercial vessels in the Red Sea, potential new shocks in the global supply chain following the disruptions experienced during the COVID-19 pandemic, and developments that may affect suppliers' production and shipping processes.

Measures Taken and Control Activities

- Diversifying the product portfolio and optimizing pricing within the scope of commercial excellence
- Expanding access to alternative markets

RISK 5 - SHRINKING GLOBAL TIRE MANUFACTURING MARKET

Risk Factors

Possible risk factors are identified as the shrinkage in customer markets, the slowdown of consumption due to global high interest rates, increased austerity measures resulting from the natural gas crisis in Europe related to Russia, and declining vehicle sales resulting from shifts in mobility patterns toward public transportation.

Measures Taken and Control Activities

- Carrying out product portfolio diversification and pricing optimization within the scope of commercial excellence
- Optimizing production processes
- Expanding access to alternative markets

RISK 6 - CLIMATE CHANGE-RELATED TRANSITION RISKS AND ESG REGULATIONS

Risk Factors

Sustainability is an integral part of Kordsa's strategy. Multiple initiatives are conducted concurrently to ensure social and environmental sustainability across the full life cycle of procurement, supply, and production processes. In the transition to a low-carbon economy, comprehensive regulatory changes related to climate change mitigation, the implementation of mechanisms such as the Emissions Trading System (ETS) and carbon border adjustment mechanisms, and the acceleration of sustainability-driven shifts in customer expectations and preferences constitute key risk factors that may affect Kordsa's operations and competitiveness. The Company closely monitors potential impacts of regulatory developments, cost changes, and evolving market dynamics on operational and financial performance. Details regarding sustainability-related risks and mitigation measures are available in the CDP Climate and Water Reports.

Measures Taken and Control Activities

- Planning long-term protective investments at facilities to address climate change-related natural disasters
- Proactively identifying risks by monitoring global environmental, social and corporate governance (ESG) regulations and updates
- Committing to the Science Based Targets initiative (SBTi) and developing actions aligned with this commitment
- Establishing a roadmap to achieve the 2050 Net Zero target and defining short-, medium-, and long-term objectives
- Continuing disclosures to national and international reporting mechanisms

RISK 7 - CLIMATE-RELATED PHYSICAL DAMAGE RISK

Risk Factors

The increasing frequency and severity of extreme weather events linked to climate change increase risks such as flooding, storms, and landslides for Kordsa's production facilities located in different geographies. Insufficient infrastructure capacity in certain regions to withstand extreme weather events, potential physical damage within and around facilities, damage to critical equipment, and temporary or prolonged operational disruptions are considered key risk factors.

Physical damage such as flooding may lead to production losses, repair costs, supply chain and logistics disruptions, adverse impacts on employee safety, and interruptions in business continuity. Moreover, increasing climate risks may create pressure on insurability conditions and insurance costs.

Measures Taken and Control Activities

- Assessing climate-related physical risks at the facility level and developing risk maps
- Implementing recommendations regarding flood and water damage risks identified during site visits by risk engineers
- Planning and deploying technical measures to protect critical production equipment and infrastructure against flood risks
- Updating business continuity and emergency response plans to include climate-related physical damage scenarios
- Integrating long-term investment and adaptation needs related to the physical impacts of climate change into medium- and long-term planning

2025 ACTIVITIES

In 2025, Kordsa continued to create sustainable value for its stakeholders by leveraging its expertise in tire and composite technologies to address the evolving needs of its customers through innovative solutions.



Tire Reinforcement Technologies

MARKET DYNAMICS

Transformations in the global automotive value chain, particularly China’s capacity expansion across all stages, intensified competition and created adverse impacts worldwide, especially in Europe. The resulting supply surplus caused prices to fall below production costs for many manufacturers. In this environment, Kordsa positively differentiated itself from competitors through its strong product and customer portfolio. While maintaining its leadership position in the Polyamide 66 market, the Company also succeeded in preserving price stability.

The rising demand for 18-inch and larger high-performance tires signaled a significant transformation in the industry. This growth trend developed in parallel with the increasing demand for electric vehicles (EVs) and continues to evolve in line with the automotive industry’s sustainability goals. In this context, through its REV brand launched in 2024, Kordsa provides solutions to its customers with products that offer better durability, low rolling resistance, and sustainability features required by high-performance tires used in electric vehicles.

Leveraging its expertise in Polyamide 66 and Polyester production, Kordsa continues R&D on recycled and bio-based raw materials with a focus on sustainability and innovation. Moreover, trials conducted with leading players in the tire industry and products that reached the commercialization stage constitute important steps in Kordsa’s sustainability journey. By initiating approval processes within the airbag value chain with key industry players, Kordsa expanded into new markets. As a result, Kordsa further broadened both its product portfolio and market access.

Kordsa delivers value-creating solutions to its global customers as a strategic business partner through its expertise in tire reinforcement technologies.

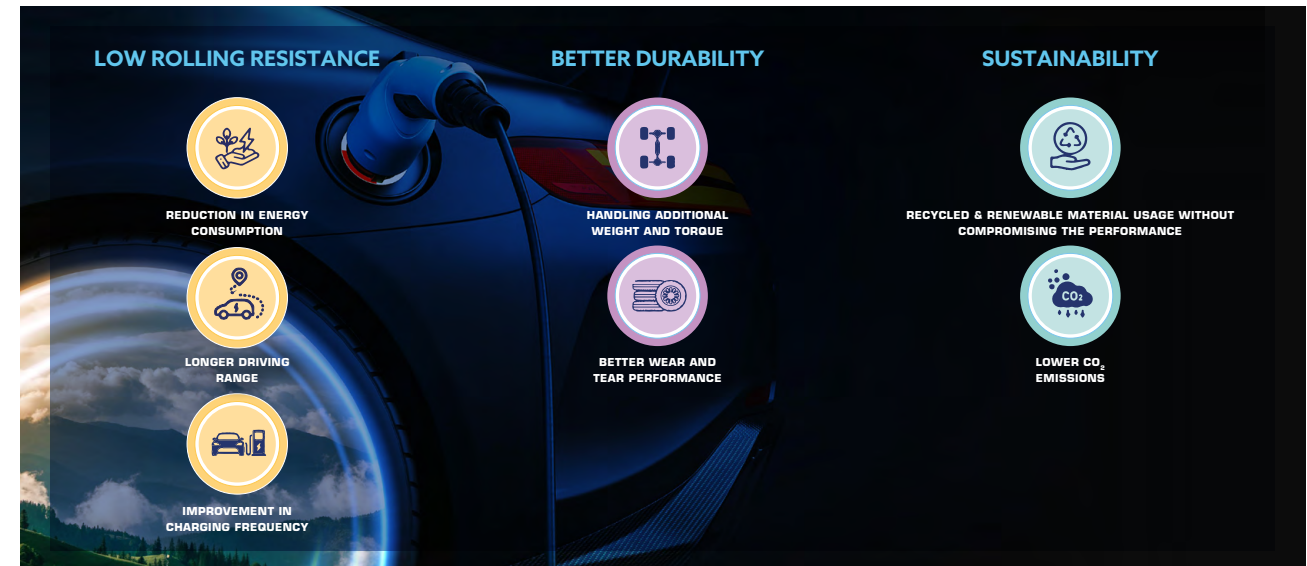
TIRE REINFORCEMENT TECHNOLOGIES

With its deep know-how, leading market position, R&D capabilities, and open innovation approach in the tire reinforcement sector, Kordsa serves as a strategic business partner to the world’s largest tire manufacturers. At its high-technology production facilities, Kordsa processes NY66 (Polyamide 66), next-generation NY66, HMLS polyester (PET), next-generation PET, rayon, and aramid yarns to manufacture cord fabric and single-end cord that provide flexibility and strength to vehicle tires. Throughout its operations, the Company strengthened its industry leadership through the expertise gained in reinforcement technologies and processes.

As a leading player in the tire reinforcement market, Kordsa continues to operate in line with its vision of “Reinforcing Life,” supported by its circular economy-focused approach, strong global footprint, technology leadership, and extensive experience in reinforcement technologies.

INNOVATIVE TECHNOLOGIES AND DIGITALIZATION

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. Kordsa’s patented solution stands out with flexible antennas integrated into the tag design,



eliminating the need for an external power source. By applying RFID tags prior to the tire vulcanization process, Kordsa contributes to overcoming a significant technical challenge in tire manufacturing. In cooperation with SES RFID Solutions GmbH, Kordsa perfectly integrated RFID technology into tire materials, solving the challenges of antenna structure and tags and ensuring more efficient tire tracking and management.

Key Risks and Management Approaches

Global trade risks and tariffs:

Changing customs duties, anti-dumping practices, and uncertainties in trade policies are managed through a multi-production footprint strategy, alternative country-of-origin structures, and customer-specific trade scenario planning.

Strategic importance of the supply chain:

The continuity and quality consistency of raw materials used in cord fabric production are critical. This risk is mitigated through multiple production locations, strategic raw material inventories, approved alternative suppliers, and integrated planning processes.

Cost increases and pricing pressure:

Fluctuations in energy, raw material, and labor costs are managed through operational efficiency initiatives, process optimization, increased capacity utilization, and a value-based pricing approach grounded in Total Cost of Ownership (TCO).

Customer approval processes:

Long and multi-stage OEM approval processes are effectively managed through early customer engagement, parallel qualification projects, product-process standardization, and technical service support.

Regulatory and standards changes:

Changes in sustainability, product safety, and trade regulations are addressed in a timely manner through proactive compliance governance, R&D initiatives, and close monitoring of global standards.

Composite Technologies

Over the past decade, Kordsa strategically transformed its composites business into one of the core pillars of its global operations. This transformation, driven by acquisitions, enabled the Company to move beyond tire reinforcement and establish an end-to-end composite materials platform. Covering fabric design, prepreg production, honeycomb structures, high-temperature ceramic matrix composite (CMC) prepregs, and global supply chain capabilities, this integrated structure reflects Kordsa's ambition not only in traditional reinforcement markets but also in aerospace, space, high-performance automotive, luxury automotive, motorsports, marine, and other advanced technology applications.

At the center of this platform stands the Composite Technologies Center of Excellence (CTCE), established through academia-industry collaborations. The CTCE serves as Kordsa's innovation engine in composites by

Kordsa delivers end-to-end solutions as a strategic business partner to its global customers through its integrated capabilities in composite technologies.

integrating all stages from fundamental research and engineering design to prototyping, product development, and industrial scale production under a single structure. Through this structure, a broad product portfolio ranging from advanced woven fabric solutions to aerospace-grade prepregs, structural honeycomb cores, adhesive films, and customized composite systems can be delivered to the market rapidly and effectively. This integrated model enables Kordsa to respond agilely to global material demands, regulatory developments, and sustainability trends, while maintaining high quality and performance standards.



GLOBAL COMPOSITE FOOTPRINT

Kordsa established a global composite manufacturing and technology network spanning North America, Europe, and Asia, building a broad technological portfolio ranging from fabric-based reinforcements to high-temperature composites and specialized resin systems.

U.S.-based Fabric Development Inc. (FDI) and Textile Products Inc. (TPI), which develop advanced composite materials for the commercial aviation sector, provide strategic capabilities that strengthen Kordsa's presence in the global aerospace supply chain through high-performance woven fabrics and aerospace-compliant composite reinforcement solutions.

Moreover, U.S.-based Axiom Materials Inc. significantly expands Kordsa's advanced materials portfolio through its expertise in epoxy prepregs, high-temperature resistant systems, and ceramic matrix composite (CMC) prepreg technologies, delivering critical solutions for aerospace, space, electric vehicles, energy, and other advanced technology applications.

Finally, Italy-based Microtex Composites, operating in Europe, reinforces solutions particularly for aerospace and high-performance automotive sectors through its expertise in carbon fiber weaving and prepreg production, further strengthening Kordsa's end-to-end composite solution capabilities across the EMEA region.

OPERATIONAL INTEGRATION, INNOVATION, AND MARKET ENGAGEMENT

With the technical center that became operational in the United States in mid-2024, the R&D and product development activities of Kordsa's composite subsidiaries in North America were consolidated under a single structure. Reflecting the "Innovation Everywhere" approach, this center aims to ensure customer proximity,

rapid response to regional requirements, and shortened time-to-market for new products.

Kordsa and its subsidiaries increased global visibility by showcasing advanced composite solutions at international events such as JEC World, CAMX, Aircraft Interiors Expo, Ceramics Expo, and METSTRADE. Additionally, by presenting aerospace-grade prepreg, adhesive film, and honeycomb solutions at high-level platforms such as the Airbus Summit and Airbus Türkiye Industry Day, the Company strengthened strategic collaborations in sustainability, supply chain resilience, and accelerated qualification processes.

SUSTAINABILITY, QUALITY, AND COMPLIANCE

Products and processes developed within Kordsa's Composite Business Unit are designed with energy efficiency, emission reduction, and life-cycle assessment principles in mind. The Unit prioritizes out-of-autoclave (OOA) solutions, low-emission chemicals, and process efficiency applications. Across all facilities, market-relevant quality management systems (including AS/EN certifications) are implemented, and continuous improvement programs focused on scrap reduction, efficiency enhancement, and in-process defect prevention are conducted.

Key Risks and Management Approaches

Delays in qualification processes: Managed through early customer engagement, phased testing plans, and alternative material options.

Supply chain constraints: Mitigated through multiple production locations, inventory planning for critical inputs, and approved alternatives.

Cost increases and pricing pressure: Managed through process efficiency, productivity improvements, and value-based pricing grounded in Total Cost of Ownership (TCO).

Regulatory and standards changes: Closely monitored and addressed in a timely manner through compliance governance and R&D inputs.

Research & Development

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, lower weight, high wear resistance, low noise levels, and sustainability. To meet these demands, Kordsa offers innovative solutions under the REV brand. REV products are positioned under three main pillars: low rolling resistance, sustainability, and high durability and are offered to customers under the REV logo.

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 make aramid/Nylon (NY) hybrid cords an ideal solution for both electric vehicles and performance tires. Recycled PET and NY products reduce environmental impacts and contribute significantly to sustainability.

Kordsa develops sustainable and high-performance solutions as a strategic partner to its customers across various industries through its advanced materials expertise and R&D capabilities.

SUSTAINABLE POLYAMIDE AND POLYESTER TIRE REINFORCEMENT MATERIALS

Kordsa focuses on developing products that support our customers' sustainability goals under the motto of 'Reinforcing Life', and maintains its commitment to the 2050 net zero carbon target. 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 yielded results very close to the performance of fossil-based products. The production of PET tire cord fabrics from recycled or bio-based materials is of great importance. To this end, Kordsa continues to implement projects on the production of PET cord fabric using recycled raw materials. These studies aim to identify the optimal solution that maintains

tire product performance at the highest level following the approval of raw yarns produced using various recycling technologies. Through its R&D activities, Kordsa optimizes the performance of cord fabrics and yarns within tires and provides its customers with products derived from sustainable raw material sources.

In PET production, the Company conducted pilot- and industrial-scale trials using yarns containing polymer derived from 100% chemical recycling. Following successful implementation at the Indonesian facility, production of 100% chemically recycled polyester yarn was expanded to other sites. In addition, the Brazil facility successfully implemented the production of 100% mechanically recycled yarn.

SUSTAINABLE ADHESIVE TECHNOLOGIES

The number of tires produced using COKOON, the adhesive technology jointly developed by Kordsa and Continental that contains more eco-friendly chemicals instead of resorcinol and formaldehyde, more than 1 million units, while efforts to extend this technology to other Kordsa facilities continued.

SMART MOBILITY SOLUTIONS

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 real-time 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 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 hybrid cord antenna design enables RFID tags patented by SES RFID Solutions GmbH to be easily applied through integration into the tire production line, eliminating the need for any additional processing.

Kordsa's extensive expertise and experience in yarn production ensured its rapid integration into the airbag industry. Existing certifications and high standards support approval processes in this field, while ongoing engagement with industry stakeholders contributes to the project's progress. In this process, which targets high standards in airbag yarn production, commercialization steps are implemented in a structured manner. To this end, existing tire yarn lines were redesigned through engineering modifications to enable airbag yarn production as well. Equipment and process improvements implemented in production processes enhanced both product quality and operational efficiency.

INNOVATIONS IN COMPOSITE MATERIALS

In 2025, Kordsa further strengthened its sustainability- and high-performance-focused activities on a global scale. While developing solutions aimed at reducing carbon emissions in the aviation and automotive industries, bio-based resins and recyclable thermoplastic composites were prioritized as key R&D areas. The Santa Ana Technical Center in the United States played a critical role in developing high-temperature-resistant composites for hypersonic flight systems and hydrogen fuel cells, as well as SiC-based ceramic matrix composites (CMC).

At global events such as JEC World and AIX in 2025, Kordsa attracted attention with FAR 25.853-compliant flame-retardant bio-based prepregs, Nomex® honeycomb structures, and natural fiber-reinforced thermoset and thermoplastic prepreg solutions. These products accelerate sustainable transformation by providing



Research & Development

lightweight structures and enhanced fire safety in aircraft interior applications. Out-of-Autoclave (OOA) prepreg technologies and dual-cure resin systems were among Kordsa's strategic focus areas in 2025. These technologies reduce energy consumption and shorten production cycle times, gaining broader adoption in both the aviation and automotive sectors. Moreover, slit tape products compatible with automation and AFP (Automated Fiber Placement) enhanced production efficiency.

Among the innovations achieved across Kordsa's global R&D centers in 2025, Axiom Materials stood out through process developments for SiC-SiC and C-SiC CMC prepregs and new material platforms for high-temperature applications. These materials are designed for use in extreme environments such as hypersonic flight, rocket engines, and nuclear energy systems.

Fabric Development Inc. (FDI), operating within Kordsa, developed high-temperature-resistant woven fabrics and AFP-compatible textile reinforcements for aviation in 2025. FDI produced carbon- and glass-fiber-based fabrics compliant with aviation specifications and conducted research on low-VOC binder systems for prepreg production. Textile Products Inc. (TPI) developed specialized "Spread Tow" woven fabrics for aviation and industrial applications.

Microtex Composites made significant progress in thermoplastic prepreg technologies, developing next-generation carbon fiber-reinforced thermoplastic prepregs that offer high impact resistance and recyclability. These products contribute to lightweighting and environmental impact reduction targets in the automotive and aviation sectors.

These comprehensive efforts reinforce Kordsa's global leadership in advanced material technologies while

supporting its sustainability- and innovation-driven growth strategy through tangible projects.

INNOVATIVE SOLUTIONS FOR POLYOLEFIN WASTE RECYCLING

Developed in collaboration with Sabancı University, the "Solvent-Based Polyolefin Recycling Pilot Line" enables the recovery of high-purity polyolefins from polyolefin-containing waste streams that are difficult to process through conventional mechanical recycling. Following the completion of the pilot line installation, dissolution, precipitation, and recovery processes validated at laboratory scale were gradually implemented at pilot scale. Initial trials were carried out colored textile waste containing polypropylene (PP), during which key process parameters such as temperature, duration, and solvent-to-polymer ratio were analyzed. Preliminary results indicate efficient process performance. In the upcoming period, efforts will continue to determine process parameters for different polyolefin wastes and to further improve efficiency. These activities represent an important step toward achieving Kordsa's circular economy and sustainable material development objectives.

HORIZON PROJECTS SUPPORTED BY THE EUROPEAN COMMISSION

WhiteCycle

Launched under the European Commission's Horizon Europe Program with 16 partners from five countries, the WhiteCycle project aims to recycle complex plastic waste through biotechnological methods and reduce CO₂ emissions by approximately 2 million tons.

Throughout 2025, the consortium focused particularly on preparing PET separated from complex tire-derived waste streams for recycling, achieving progress at this critical stage. These efforts strengthen the closed-loop recycling approach and support the integration of recovered materials into technical applications.

Kordsa aims to produce cord fabric from enzymatically recycled PET in 2026.

Ecoplast

Kordsa joined the EcoPlast project, Empowering Circular Operations in the Automotive Plastics Value Chain, which was 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 in the coming years. 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.

Sustain LightTech

The Sustain LightTech project, carried out under the EUREKA Lightweighting call, aims to develop sustainable and lightweight structural solutions for the automotive sector. Conducted in partnership with ZKW, TU Wien, and 3D3, the project seeks to reduce weight in headlamp components, increase energy efficiency, and lower the carbon footprint through additive manufacturing and generative design methods. Within the scope of the project, Kordsa focuses on recycled polymers and high-performance composite materials, developing solutions aligned with circular economy principles, and contributing to the sustainable mobility ecosystem.

TÜBİTAK-SUPPORTED PROJECTS

Sustainable Waste Management: Environmentally Responsible Recovery of Polyolefin Waste and Integration into Value-Added Industries

This project, conducted under the TÜBİTAK 1833 SAYEM Green Transformation Program, aims to recover polypropylene (PP) and polyethylene (PE) waste through an eco-friendly and innovative method. The project is carried out in collaboration with key stakeholders.

Through a productization program, a holistic ecosystem is being established across the entire value chain, from waste to end product, to validate the recycling technology developed under the project. In alignment with the European Green Deal, the project also includes activities related to digital product passport applications and detailed life cycle assessments (LCA). These efforts enhance resource efficiency and support the integration of transparent and sustainable solutions into value-added industrie.

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 R&D activities on polymer recycling technologies, sustainable composites, and smart mobility solutions. In 2025, it continued to deliver significant outputs through scientific publications, patent applications, projects supported by the European Commission, and collaborations with universities and start-ups.

As of the end of 2025

Number of Granted Patents: **617**

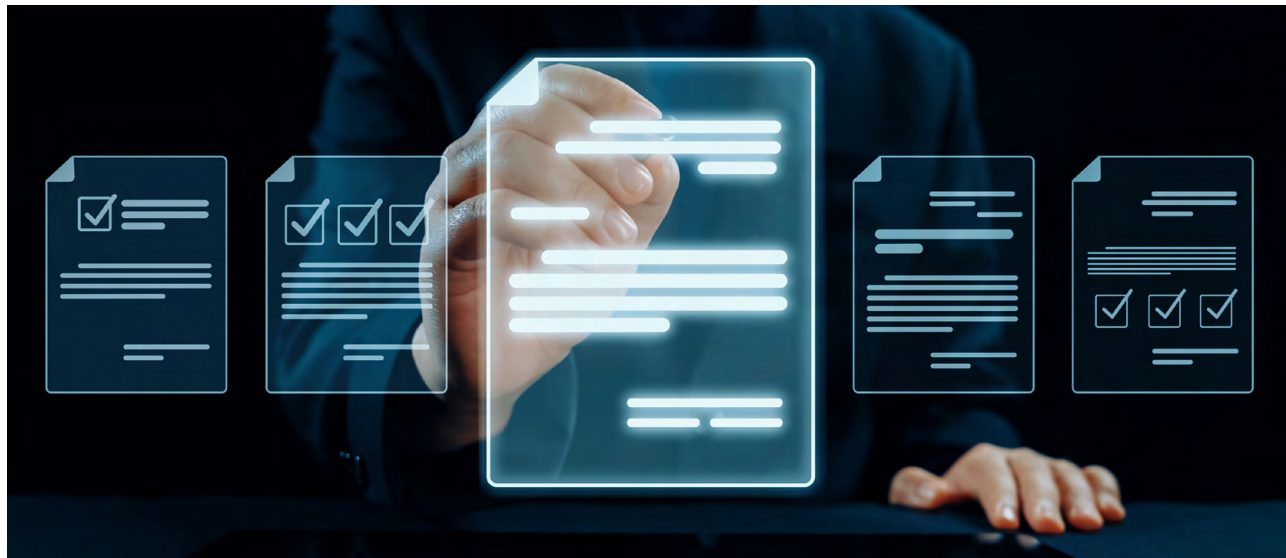
Patent Applications: **1,096**

R&D Centers: **2**

Technical Centers: **2**

88 Employees

Leadership in Quality



Kordsa operates a quality management system built on high product quality and continuous improvement.

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.

Always focusing on customer satisfaction, 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 quality management system certifications:

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

PRODUCT QUALITY APPROACH

To deliver high-quality products to its customers, Kordsa implements a "zero defect" approach through defined quality control checkpoints within its production processes. In order to prevent potential quality issues during production, process control methods, Poka-Yoke systems, and risk-based analyses are applied.

Thanks to visual defect detection systems installed at the facilities, data is transferred to digital platforms in real time. This enables the prevention of potential defects and supports the achievement of high product quality performance. While regular audits are conducted to monitor product and process quality, an internal nonconformity management process is maintained to support operations in line with the principle of continuous improvement.

CUSTOMER SATISFACTION

By adopting a customer-focused quality approach, Kordsa aims to achieve the highest level of customer

satisfaction through continuous improvement in product quality, delivery performance, and service processes based on 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 and is tracked through the online registration system that can be accessed by all facilities. All feedback is evaluated by an expert team consisting of Production, Sales, Supply Chain, Quality, Technical, R&D, IT, and Maintenance units. Depending on the type of feedback received, problem-solving methodologies such as 8D, Fishbone (Ishikawa), 5 Whys, or Six Sigma are applied. Root causes are identified, preventive actions are implemented to avoid recurrence, and detailed reports are shared with customers.

Customer satisfaction is measured and monitored through satisfaction surveys, customer scorecards, and Vendor Quality Rating (VQR) reports shared by customers. A satisfaction survey is sent to customers at the end of each process to assess the effectiveness of the feedback management process.

Internal and external performance indicators are monitored quarterly through Customer Scorecards in line with the global quality approach designed to meet the requirements of the IATF 16949 standard. VQR reports are periodically requested from customers and reported on a monthly basis. Quality performance analyses are conducted regularly and reported to Kordsa senior management. In addition, quality network meetings are held periodically in order to share and disseminate good practices. Accordingly,

At Kordsa, quality is addressed through a holistic management approach embedded across all processes, with a strong focus on customer satisfaction and continuous improvement.

Kordsa aims to apply consistent standards across all facilities, manufacture products at uniform quality levels, and achieve and sustain the highest level of quality performance.

QUALITY MANAGEMENT IN PROCUREMENT

Kordsa's primary criterion in supplier selection is the ability to provide products that meet its production quality expectations. At the selection phase, the quality and purchasing teams evaluate candidate suppliers in terms of quality systems, capacity and sustainability criteria. Samples obtained from prospective suppliers are tested by the R&D Department. Suppliers with satisfactory test results are approved and recorded in the approved supplier list. An annual Supplier Evaluation is conducted for all suppliers included in the approved global supplier list. Moreover, throughout the collaboration with suppliers, performance feedback is shared with suppliers via an online platform, and followed up.



Digital Transformation

The year 2025 marked a period in which a new vision was brought to life in Kordsa's digital transformation journey, reshaping business processes through technological innovation. Across the Tire Reinforcement Technologies and Composite Technologies business lines, processes were redesigned end-to-end by leveraging the opportunities offered by digitalization. In particular, digital integration across all processes from production and supply chain to R&D and customer relations strengthened the Company's competitiveness and flexibility.

Advanced automation systems implemented on production lines and real-time data collection infrastructures elevated process transparency and traceability to the highest levels. Through initiatives such as the Finishing Quality Sensor project, real-time data collection, visualization, and traceability in production processes were enabled, preventing defective products from reaching customers. Digital platforms implemented in supply chain management strengthened collaboration with suppliers and improved efficiency in inventory management and logistics processes.

With the energy optimization project launched in 2025, AI-supported automation systems were commissioned at production facilities. Moreover, energy and resource utilization was optimized, carbon footprint was reduced, and remote intervention capabilities were enhanced. In addition, digital monitoring systems implemented in production processes allowed real-time data tracking and remote intervention, enabling rapid action against potential failures.

New investments in Composite Technologies accelerated product development processes and expanded the product portfolio. In particular, for innovative composite products developed for the aerospace and automotive sectors, the flexibility

and speed enabled by digitalization allowed faster responses to customer demands.

Under the X+3 Digitalization Roadmap implemented as of 2024, projects aimed at increasing digital maturity levels continue. Kordsa's digital infrastructure continues to be strengthened through the global rollout of next-generation ERP systems, continuous improvement initiatives, and the expansion of cloud-based solutions.

In the areas of cybersecurity and data protection, applications aligned with international standards were implemented, ensuring maximum protection of the Company's digital assets. To measure the effectiveness of digital transformation initiatives, regular digital maturity assessments were conducted. Based on the results obtained, the roadmap was continuously updated, and company-wide digital awareness was reinforced through employee training programs and seminars.

In the digitalization roadmap, priority was given to sustainability and eco-friendly technologies, while developing digital solutions for energy efficiency and waste management. Projects aimed at increasing real-time data traceability in supply chain and sales operation processes enabled transparency throughout the product lifecycle and established decision mechanisms that facilitate rapid action when necessary.

DATA ANALYTICS AND ARTIFICIAL INTELLIGENCE APPLICATIONS

Data analytics and artificial intelligence technologies have become an integral part of Kordsa's business processes. Insights derived from large datasets contributed to improvements in both operational and financial performance. Throughout the year, comprehensive training and development programs strengthened employees' digital competencies.

Data analytics models used to anticipate customer demand enabled rapid adaptation to market dynamics and enhanced customer satisfaction. In tire reinforcement operations, significant gains were achieved in quality control, production optimization, and forecasting processes through big data analytics and machine learning-based applications. Advanced Data Analytics initiatives implemented on yarn production lines enabled process optimization and resulted in high levels of production efficiency.

The energy optimization project implemented on twisting production lines delivered energy savings and contributed to leaner planning processes. Data collected through sensor networks installed on production lines is analyzed by using artificial intelligence algorithms to detect potential failures in advance and manage maintenance processes proactively. As a result, unplanned downtime was minimized, while production continuity and efficiency was increased.

Through "Kordsa GPT" and generative AI applications, access to internal knowledge was accelerated, enabling employees to produce more efficient and creative solutions in their workflows. Particularly in R&D and innovation projects, AI-based simulation and modeling tools accelerated new product development processes.

DIGITAL PROJECTS DRIVING EFFICIENCY AND AGILITY

Digital projects launched and completed in 2025 significantly enhanced Kordsa's efficiency and agility. Automation and IoT-based monitoring systems implemented on production lines minimized process disruptions and optimized resource utilization. To strengthen cybersecurity infrastructure within tire reinforcement and composite business processes, Kordsa developed AI-based threat detection and analysis automation systems. Throughout 2025,

Kordsa integrates digital transformation into its end-to-end business processes, building an operating model that drives agility, efficiency, and sustainable value creation.

automated security operations and anomaly detection modules were successfully commissioned. This initiative represents a strategic step in Kordsa's digital transformation roadmap, with further strengthening planned through threat intelligence integrations in the upcoming period.

Thanks to digital platforms that enhance customer integration, the Company initiated a more effective and transparent collaboration environment with business partners. By incorporating the cybersecurity posture of both customers and suppliers into its roadmap, Kordsa advanced the process through strong partnerships and supported value-creating improvements across its ecosystem.

To ensure employee safety during emergencies, a mobile application integrated with earthquake data from the Kandilli Observatory and Earthquake Research Institute enables employees to send "I Am Safe" or "I Need Help" notifications, including location information, directly to crisis management teams via SMS within a very short time. During emergency drills, teams reached 1,400 employees within 30 minutes, ensuring the highest level of employee safety monitoring.

These efficiency- and agility-driven projects played a critical role in achieving Kordsa's operational excellence objectives. The success of digital initiatives was supported by employees' innovative mindset and a culture of continuous development.

Occupational Health and Safety, and Environment

Kordsa continues to strengthen the health and safety of its employees, contractors, and neighbors by adopting a mission to eliminate physical and behavioral risks across all areas through effective risk management and awareness initiatives. To achieve this, Kordsa sets clear targets for each identified health and safety aspect, continuously striving to enhance its health and safety performance.

Employee health and safety is Kordsa's top strategic priority. At Kordsa, the shared objective of all employees and departments regarding OHS is zero workplace 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. Kordsa continued to implement the initiative in 2025. Launched in 2015, the "Keep Your Buddy" initiative continues to encourage employees to take responsibility for both their own safety and the safety of their coworkers.

Ongoing machine safety initiatives have upgraded the machine park to the highest safety standards through the installation of sensors, light barriers, and mechanical safeguarding systems.



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 conducts its activities in compliance with applicable occupational health and safety and environmental legislation. The Company holds ISO 45001:2018 Occupational Health and Safety Management System, ISO 14001:2015 Environmental Management System, and ISCC Plus (International Sustainability and Carbon Certification) certifications.

RISK ASSESSMENT AND MANAGEMENT

To prevent accidents and occupational diseases and/or minimize their effects, risks related to the Company's operations are identified, assessed, and managed through appropriate corrective and preventive 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 training under structured training plans developed as part of the corporate curriculum. The 2025 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.

Kordsa aims to create a safe and sustainable working environment for its employees and stakeholders by placing occupational health and safety, along with environmental responsibility, at the core of all its operations.

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 has established search and rescue teams accredited by the Disaster and Emergency Management Authority (AFAD) and activated an "Emergency Crisis Management Committee" to respond effectively to earthquakes and other disasters.

ACCIDENT AND INCIDENT INVESTIGATION AND COMMUNICATION

Accidents and incidents arising from the Company's activities are investigated, analyzed, and documented to prevent recurrence and/or minimize their impact.

AUDITS AND CONTINUOUS IMPROVEMENT

Kordsa promotes excellence in health, safety and environmental performance at every level and supports continuous improvement. Occupational safety is the foremost priority across all Company objectives, including regional and senior management targets.

Human Resources



Kordsa regards its workforce, spread across four continents, as the fundamental strength behind its sustainable growth and as an indispensable element in achieving the strategic objectives required by the reinforcement market.

The Company conducts its human resources practices within the framework of a global strategy built on the principles of a people-centric culture, continuous development, and inclusivity. In 2025, strategies aimed at enhancing employee experience, talent development programs, and practices that increase organizational agility were among the key priorities of the Global Human Resources Department. By taking part in the strategic planning phase, the Department develops inclusive human resources policies that support the achievement of the Company's objectives while also increasing effectiveness in implementation.

The Global Human Resources Department aims to optimize recruitment and placement processes and

attract the most qualified talent. In addition, the Department seeks to enhance employee satisfaction through competitive compensation and benefits practices and to maximize employee potential through robust performance management systems.

The proactive review of the organizational structure and the effective management of human capital are among the key factors enhancing Kordsa's efficiency and competitiveness. Accordingly, Kordsa creates effective succession plans and implements programs that support leadership development and employees' career goals.

International assignments, rotations, and short-term project-based initiatives provide employees with diverse cultural experiences and career opportunities, while internal job posting mechanisms continuously promote talent development opportunities. Thus, Kordsa employees take the necessary steps to advance their careers while contributing to the Company's goals.

Innovative practices such as organizational climate assessments, digital human resources solutions, and HR analytics further 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 enhance employee experience while strengthening corporate culture and employee engagement.

As a result, Kordsa has become one of the most preferred employers to work for on four continents and has crowned this achievement with the Great Place to Work® Certification in various locations. This certification demonstrates the strength of Kordsa's culture, which is built on employee satisfaction, trust, inclusivity, and continuous development. The supportive policies provided to employees, diversity-driven practices, and a continuous development-oriented approach maximize the potential of Kordsa's workforce and contribute to the Company's position as 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.

Kordsa positions its global workforce as the core driver of its sustainable growth and fosters a work culture that promotes inclusivity and continuous development.

2. Positive, Inclusive and Productive Organizational Climate:

The Global Human Resources Department contributes to the building of a positive and productive organizational climate initiatives to increase employee motivation and loyalty. With this objective, Kordsa aims to create a supportive environment where employees can freely share their ideas and contribute to their own development, recognizing diversity as a source of richness.

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, global mobility initiatives, 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, data-driven and proactive solutions to meet their needs.

To achieve these goals, the Global Human Resources Department is positioned as a "center of expertise," consolidating and optimizing the resources and knowledge required to sustain its strategic contributions.

Human Resources

The operational application of human resources 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.

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.

Development of Human Resources Policies, Systems and Processes: The Global Human Resources Department is responsible for developing effective human resources 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.

1. 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 integral part of this process is the delivery of training and awareness programs that support employees' contributions to these strategies.

2. 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 human resources departments. The Department adopts a systematic approach to increase the competencies of employees and support their career development with programs at different levels for young talents, mid-level managers and senior management.

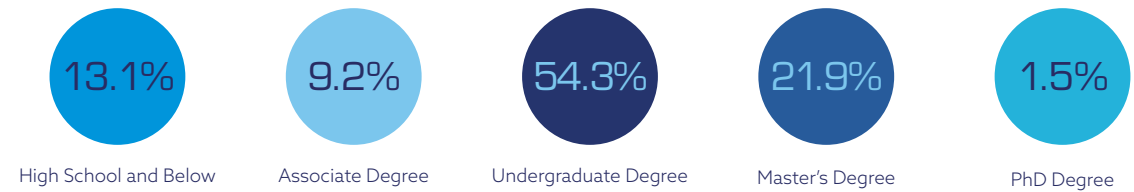
3. Creating Experience Opportunities in Line with Employee Expectations: Kordsa aims to support the development of the best professionals at all levels by offering various experience opportunities in line with both its own goals and the expectations of its employees. To this end, employees are enabled 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, by enhancing employee engagement, the Department contributes to the development of a human resources strategy that strengthens the Company's competitive position.

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 United States, Italy, and Türkiye, Kordsa reaches out to employees on four continents, and adopts an inclusive approach by appreciating the different skill sets, backgrounds and experiences of each employee.

Educational Background of White-Collar Employees (%) (as of December 31, 2025):



Number of employees (subcontractors included): **3,903**

Internal Audit



The Internal Audit Department plays a critical role in supporting Kordsa’s commitment to transparency, accountability, and sustainable growth. In 2025, the Internal Audit Department continued to enhance its risk-based, data-driven audit approach by leveraging advanced analytics and digital tools to deliver high-quality assurance and advisory services across all regions.

AUDIT METHODOLOGY

Information systems audits, data analytics (continuous auditing), and process audits are effectively implemented as part of a dynamic audit program using a holistic approach.

Scope of Impact	2025 Highlights
Digitalization	Robotic Process Automation (RPA) rules were developed. The use of artificial intelligence (AI) tools was expanded.
Quality Assurance	A Quality Assurance Review (QAR) was completed, ensuring compliance with the Global Internal Audit Standards published by the Institute of Internal Auditors (IIA).
Professional Development	Quarterly training sessions and knowledge-sharing meetings were conducted.
Audit Scope	22 projects were completed across operations, IT, and finance.

BEST PRACTICES

The Internal Audit Department continuously improves its practices to ensure compliance with international standards and to support Kordsa’s commitment to effective governance. In recent years, significant emphasis was placed on leveraging technology, ensuring quality, and fostering a culture of continuous professional development within the audit function.

- Robotic Process Automation (RPA) rules were developed, and artificial intelligence (AI) tools were introduced to optimize audit processes.
- In 2025, an independent Quality Assurance Review (QAR) was conducted by PwC, confirming that internal audit activities were performed in compliance with high international quality standards.
- The Internal Audit Strategy and overall methodology are reviewed taking into account the Global Internal Audit Standards and updated where necessary.
- Quarterly in-house training sessions and knowledge/experience-sharing meetings are organized within the department to ensure that team members remain informed about current developments, learn from one another, and continuously enhance their professional competencies.

CONTINUOUS AUDITING ACTIVITIES

In 2025, continuous auditing activities were expanded, and the following actions were taken:

- Data analytics applications were actively implemented across all country operations.
- The continuous auditing query pool was expanded, and additional data analytics tools and automation were integrated.
- New data sources were incorporated into analytical processes to enhance audit effectiveness.
- Risky transactions continued to be identified in advance through the use of process mining and machine learning models.

Kordsa’s Internal Audit function supports transparency, accountability, and sustainable growth through its risk-based and data-driven approach.

Within the scope of IT audits in 2025:

- IT General Controls (ITGC) review audits were successfully completed in line with the risk-based audit plan.
- Audits were conducted to assess the resilience of IT systems in the areas of data protection, business continuity, and cybersecurity.
- IT asset management controls ensured that resources were properly managed, monitored, and secured.

IT audit activities contributed to the proactive management of organizational risks, reduction of security vulnerabilities, and preservation of business continuity.

In fiscal year 2025, the Global Internal Audit (GIA) completed 22 audit projects. These projects were aligned with Kordsa’s strategy and priorities and covered key audit areas such as operational processes, finance, information technology, and continuous auditing.

Priority activities of the GIA in 2025 included audits in finance, procurement, information technologies, SHE (Safety, Health and Environment), sustainability, R&D, human resources, and production.

Kordsa in 2025



JANUARY

As part of its stakeholder engagement and knowledge-sharing efforts in sustainability, Kordsa participated in the Sustainability Summit held on January 8, organized in collaboration with the Izmir Chamber of Commerce and Hürriyet Newspaper. During the "Green Transformation" session of the summit, Kordsa Sustainability Manager Birce Piriç shared the Company's roadmap aligned with its sustainability strategy.

Continuing its strong and consistent performance in sustainability, Kordsa once again secured its place in the BIST Sustainability Index, which includes companies evaluated by Borsa Istanbul based on environmental, social, and governance (ESG) criteria.



FEBRUARY

As part of its environmental transparency and sustainability efforts, Kordsa achieved the highest score of "A" in both Climate Change and Water categories in the Carbon Disclosure Project (CDP) 2024 assessment. With this result, Kordsa earned its place on the CDP A List, which recognizes companies demonstrating global leadership in climate action and effective water management.



MARCH

Operating in the composites field across the United States, Italy, and Türkiye, Kordsa participated in JEC World 2025, one of the industry's most prestigious global gatherings. Held between March 4-6, the fair opened with a speech by Kordsa's Chief Technology Officer, Müge Yenmez. During the event, the Company showcased its sustainability-driven portfolio, including honeycomb products, bio-based and epoxy-based flame-retardant prepreg solutions, and natural fiber-reinforced industrial bio composites.



Kordsa also exhibited its sustainable and innovative tire reinforcement solutions at Tire Technology Expo 2025, held in Hannover, Germany, on March 4-6. During the accompanying conference, Kordsa's marketing and R&D teams delivered two presentations focusing on sustainable Nylon 66 and polyester reinforcement solutions, as well as the Cokoon technology developed in collaboration with Continental.



In line with its goal of supporting young talent development in technology and innovation and creating new competency resources in information technologies, Kordsa launched the Run IT Office at Sabancı University's SUCool Incubation Center. During the launch process, Kordsa's IT and Human Resources teams met with students to provide information about the Run IT program's project areas and opportunities.

Kordsa in 2025



Within the scope of the Youth Mobilization Project led by Sabancı Holding, Kordsa organized training workshops at the Kordsa Technology and Impact Center established at Kocaeli University. To support young people in preparing more effectively for the business world, Kordsa employees shared their knowledge and experience through workshops titled "Quality, Lean and Technical," "Lean Manufacturing and Continuous Improvement," "Career Journey," and "Presentation Techniques."



APRIL

As part of its advanced material solutions supporting sustainable transformation in the aviation sector, Kordsa participated in the Aircraft Interiors Expo (AIX) 2025, held in Hamburg, Germany. During the exhibition, Kordsa introduced to industry stakeholders its sustainable product portfolio, including Nomex honeycomb core materials used in cabin interior applications, sandwich panels, natural fiber-based prepregs, and flame-retardant composite materials.



Within the scope of its corporate governance processes, Kordsa held its 2024 Ordinary General Assembly Meeting on March 26 at Sabancı Center. During the meeting, an overview of the company's activities in 2024 were shared with stakeholders. The multi-vision presentation was shared with stakeholders attending both physically and online, and questions raised during the meeting were addressed.

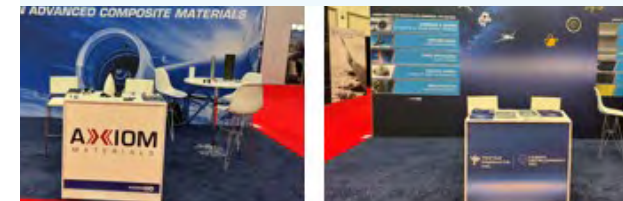


As part of efforts to strengthen strategic collaborations in the aviation sector, Kordsa hosted the Diehl Aviation team at the Composite Technologies Center of Excellence on April 15. During the visit, the two companies evaluated new aviation projects and long-term collaboration opportunities. The cooperation process was formally initiated with the signing of a Letter of Intent (LOI) for a project targeting the supply of composite materials for cabin interior applications in Airbus aircraft.



MAY

As part of its sustainability initiatives, Kordsa participated in the 15th CDP Climate Change & Nature Conference held on May 16, represented by Sustainability and Communications Director Nevra Aydoğan and Sustainability Manager Birce Pirinç. During the conference, updates introduced by CDP in 2024 and their contributions to companies' climate- and nature-related risk reporting were discussed. Kordsa also received its awards for achieving an "A" score in both Climate Change and Water categories and being included in the global CDP A List, recognizing the world's leading companies in these areas.



Within the scope of its global activities in advanced material technologies, Kordsa participated in SAMPE 2025 Conference and Exhibition, together with its North America-based composite companies Axiom Materials Inc., Fabric Development Inc., and Textile Products Inc. At the exhibition held between May 19-22, 2025, Kordsa showcased advanced material technologies such as fabrics and prepregs, as well as high-temperature-resistant prepreg systems designed for broad applications in the aerospace and defense industries.



JUNE

Reflecting its brand strength and operational performance, Kordsa was included in the "Türkiye 125 - Türkiye's Strongest and Most Valuable Brands" 2025 report prepared by Brand Finance, one of the world's leading independent brand valuation consultancies. In the 19th edition of the assessment, Kordsa ranked 57th based on brand strength and corporate performance criteria.



In recognition of its strong financial and operational performance in Türkiye, Kordsa was awarded leadership in the textile category in the "Capital 500 - Türkiye's 500 Largest Private Companies" research conducted annually by Capital Magazine. Doğan Sevim, Kordsa's Chief Global Sales and Marketing Officer, attended the award ceremony and accepted the award on behalf of the Company.

Kordsa in 2025



Demonstrating its strong export performance, Kordsa was also honored with the prestigious “Star” Award at the “2024 Stars of Export Award Ceremony” organized by the Istanbul Textile and Raw Materials Exporters’ Association (İTHİB) on May 28. The award, recognizing contributions to the global competitiveness of the Turkish textile industry, was received on behalf of Kordsa by Doğan Sevim.



As part of its commitment to combating the climate crisis and protecting natural resources, Kordsa once again received the highest score of “A” in the 2024 Supplier Engagement Assessment conducted by CDP (Carbon Disclosure Project), marking the fourth consecutive year the Company achieved this distinction. This recognition

reaffirmed Kordsa’s leadership approach in managing environmental impacts across its supply chain.



In line with its commitment to supporting the development of young talent in sustainability, Kordsa contributed to the completion of the first training term of Sustain HUB Academy, launched in collaboration with the Sustainable Development Association and Özyeğin University. Graduates of the program will receive one year of mentorship support. Representing Kordsa, Sustainability and Communications Director Nevra Aydoğan assumed a mentoring role, aiming to transfer the Company’s knowledge and experience to future sustainability leaders.



Following its acceptance into the European Commission-funded EcoPlast Project in 2024, Kordsa officially launched the project in line with its objective to strengthen circular economy-focused initiatives in the automotive sector. The project, which includes fourteen partners and aims to enhance circularity in automotive plastics, increase recycling rates, and promote sustainable product development, was formally initiated at a meeting hosted by Technovative Solutions LTD in Manchester. This milestone marked the beginning of a three-year transformation process centered on smart material use in the automotive industry.



As part of on-site evaluations of operational processes in the Asia-Pacific region, Sabancı Holding President of Strategic Investments and Kordsa Chair Burak Orhun, Kordsa CEO Ergun Hepvar, and Kordsa CFO Sermin Mutlu visited facilities in Indonesia and Thailand. During the visit program,

the delegation attended the 40th anniversary event of Indo Kordsa in Indonesia and observed recovery processes at facilities affected by the flood disaster that occurred in March. Throughout the program, strategic review meetings were held with the APAC management team, production sites were visited, and best practices were examined.

Capital
Kordsa Ranked Among
"The 50 Largest Turkish Companies Operating Abroad"
in a Survey by Capital

Reflecting its strong global operational structure, Kordsa was included in Capital Magazine’s annual research titled “The 50 Largest Turkish Companies Operating Abroad.” With subsidiaries across Asia, Europe, North America, and South America, Kordsa once again reinforced its position among leading companies in the global economy.

Kordsa in 2025



In recognition of its sustainability reporting efforts, Kordsa ranked among the top 10 institutions with the highest scores in the Reporting Matters 2024 study prepared by SKD Türkiye (Business and Sustainable Development Council - Türkiye) in collaboration with PwC. Members of Kordsa's Sustainability Team attended the Reporting Matters Türkiye 2024 Report Launch Meeting, where recent developments in sustainability reporting and the Türkiye Sustainability Reporting Standards were discussed.



As part of initiatives aimed at strengthening employee engagement and organizational belonging, Kordsa organized its annual Family Day event with the participation of employees and their families. At the second edition of the event, employees' families were invited to factories for site tours and informative sessions. Activities held throughout the day emphasized the value of production and sharing, while children's painting workshops offered families an engaging experience.



In line with its innovation strategy, it was decided that Kratos solutions, developed from idea to product since 2014, would continue operations under Afyon Çimento, a subsidiary of Çimsa. Through this integration, Kratos is expected to expand its global impact by leveraging Çimsa's sales network spanning more than 70 countries, delivering high-performance,

sustainable, and value-added solutions. This step is also intended to strengthen synergies between the companies and contribute to the Materials Technologies Group's vision of efficiency and value-focused structuring.



As part of its sustainable production approach, Kordsa successfully renewed its ISCC PLUS certification for the 100% recycled polyester production process at its İzmit facility, following an audit completed with zero non-conformities. This achievement once again confirmed Kordsa's commitment to environmental responsibility and sustainability objectives.



Thai Indo Kordsa was awarded the Great Place to Work certification for the fourth consecutive year, reflecting its continued focus on employee experience and corporate culture. This recognition reaffirmed Thai Indo Kordsa's commitment to fostering a workplace environment centered on trust, inclusivity, and employee engagement.



As part of efforts to strengthen strategic stakeholder relationships in the aviation sector, Kordsa participated in the Türkiye Industry Days event held in Toulouse, France, under the Strategic Türkiye Advancement Program (STEP) organized by Airbus and Turkish Airlines. During the event, meetings were held with Airbus Tier 1 and Tier 2 suppliers. With the participation of Kordsa CTO and Composites EMEA Regional General Manager Müge Yenmez and Composites EMEA Sales and Marketing Group Manager Elif Erdoğan, collaboration opportunities focused on sustainability and innovation within the Turkish aviation ecosystem were evaluated.

Kordsa in 2025



Within the scope of corporate representation and stakeholder relations, Thai Indo Kordsa attended an event hosted by H.E. Ambassador Jülide Kayhan in celebration of the 102nd anniversary of the Republic of Türkiye.



As part of Sabancı Holding senior management's review of Kordsa's global operations, Sabancı Holding Chair of the Board of Directors Hayri Çulhacı, Sabancı Holding CEO Kivanç Zaimler, and Sabancı Holding President of Strategic Investments Burak Orhun visited Kordsa's composite technologies and tire reinforcement facilities in North America. The program, attended by Kordsa CEO Ergun Hepvar and Global Chief Operating Officer Composite Deniz Korkmaz, included on-site reviews of production facilities and operational processes.

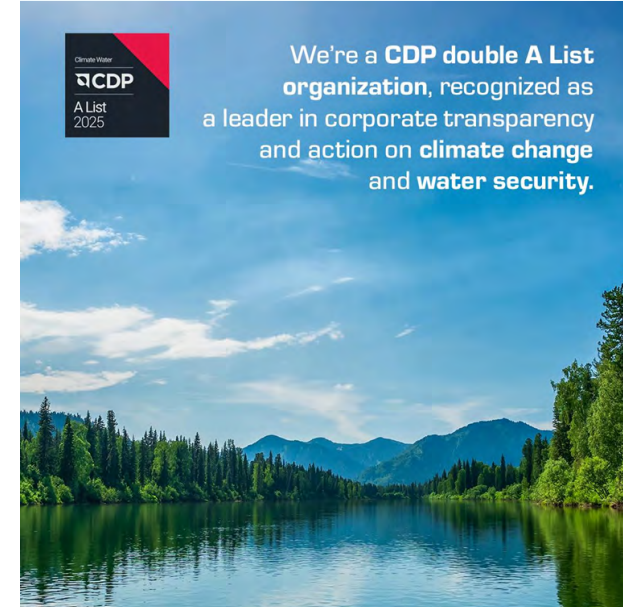


In recognition of its efforts to integrate sustainability principles across environmental, social, and governance criteria into its operations, Kordsa received the Sustainability Second Prize in the Large-Scale Enterprise Category at the Sustainable Performance Awards Ceremony organized by the Kocaeli Chamber of Industry (KSO). This distinction once again demonstrated the industrial ecosystem's recognition of Kordsa's holistic sustainability approach.

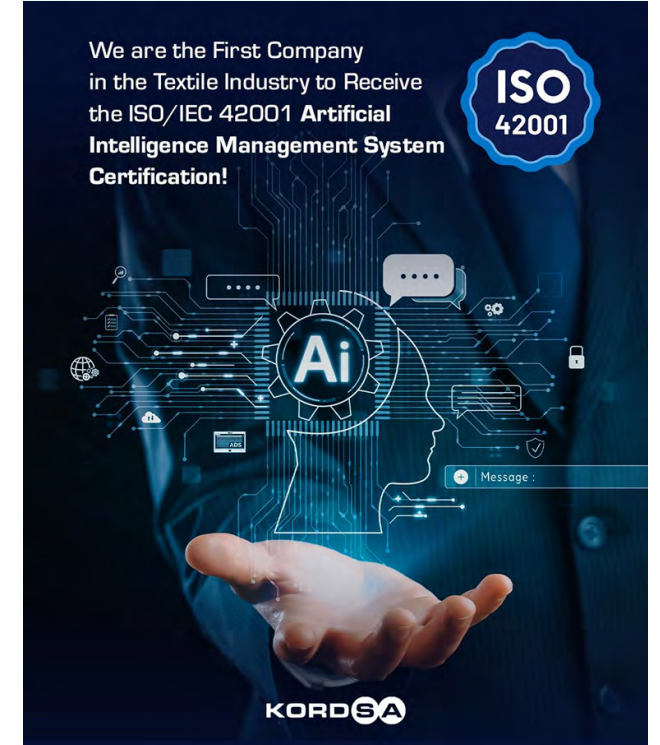


DECEMBER

Kordsa's Italy-based composite company, Microtex Composites, participated in METSTRADE, the world's largest marine equipment trade exhibition, held at Amsterdam RAI between November 18-20, 2025, showcasing its high-performance composite solutions.



In line with its approach of embedding sustainability at the core of its operations, Kordsa was once again included on the CDP A List in both Climate Change and Water Security categories in the 2025 assessment process. This result further reinforced Kordsa's global leadership position in environmental performance and continuous improvement practices.



As part of its responsible artificial intelligence governance efforts, Kordsa obtained the ISO/IEC 42001 Artificial Intelligence Management Systems certification, becoming the first company in the textile sector to achieve this standard. This milestone officially validated Kordsa's AI governance framework, strengthening its focus on trust, compliance, and continuous improvement for customers and all stakeholders in line with international standards.

CORPORATE GOVERNANCE

Kordsa's corporate governance approach is founded on a strong execution discipline that enables risk management, ensures adaptability to evolving conditions and maintains consistent alignment with strategic objectives.



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

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

1) Opinion

As we have audited the full set consolidated financial statements of Kordsa Teknik Tekstil A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2025-31/12/2025, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

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 responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (including Independence Standards) ("Code of Ethics") published by the POA, as applicable to audits of financial statements of public interest entities, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to audits of the financial statements of public interest entities. We have also 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 audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2025-31/12/2025 in our Auditor's Report dated 26 February 2026.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulations of the Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from 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, SMMM
Partner

İstanbul, 26 February 2026

Annual Report of the Board of Directors for the Accounting Year of 1 January 2025 – 31 December 2025

1. GENERAL INFORMATION

Trade Name:	Kordsa Teknik Tekstil A.Ş.
Trade Registry Office:	Kocaeli
Trade Registry Number:	26907
Central Registration System Number (MERSIS):	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

Kordsa Teknik Tekstil A.Ş. was established in 1973 and operates in the fields of tire reinforcement and composite reinforcement. Today, through its tire reinforcement technologies, Kordsa reinforces one out of every three automobile tires and two out of every three aircraft tires in the world. While developing environmentally friendly products in the tire industry that reduce fuel consumption and provide better road grip through technological innovations that do not compromise safety, it also develops sustainable technologies in the composites industry that enable vehicles to become lighter and perform with lower fuel consumption and lower carbon emissions.

At the Company's Board of Directors Meeting dated October 1, 2025, it was resolved, in line with the Company's strategic priorities and in order to focus on its core businesses of tire reinforcement and composite technologies, to transfer the Construction Reinforcement ("Kratos") business line—one of the significant outputs of the Company's R&D and innovation capabilities and its ability to translate them into business results that create added value for customers—together with certain machinery, patents, trademarks and other intellectual property rights, as well as tangible and intangible fixed assets in the form of inventories, spare parts and customer lists, through an asset transfer, to Afyon Çimento Sanayi T.A.Ş. for a consideration of USD 10,000,000 (excluding VAT) based on the valuation report prepared by Ernst Young Kurumsal Finansman Danışmanlık A.Ş.; the transfer transaction was completed on November 3, 2025.

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

As of December 31, 2025, the number of employees was 3,903. (December 31, 2024: 4,613)

b) Capital and Shareholding Structure

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

Having adopted the registered capital system pursuant to the Capital Markets legislation, Kordsa Teknik Tekstil A.Ş. has an issued capital of TRY 194,529,076 within its registered capital ceiling of TRY 500,000,000. This capital consists of 19,452,907,600 registered shares with a nominal value of 1 Kr each (December 31, 2024: 19,452,907,600).

Pursuant to the resolution adopted at the Company's Board of Directors Meeting dated September 12, 2025, it was resolved, in order to strengthen the Company's equity structure, to increase the issued capital from TRY 194,529,076 to TRY 484,305,475 within the registered capital ceiling of TRY 500,000,000, entirely in cash. In the relevant Board resolution, it was further resolved not to restrict the pre-emptive rights of existing shareholders in the capital increase, and to determine the new share subscription price as TRY 10 for shares with a nominal value of TRY 1 (1 lot), consisting of 100 shares each with a nominal value of 1 Kuruş. An application regarding the rights issue capital increase was submitted to the Capital Markets Board on September 26, 2025, and the application process before the CMB is ongoing.

Within the framework of the Board resolution dated September 12, 2025, our main shareholder Hacı Ömer Sabancı Holding A.Ş. paid a capital advance of TRY 2,060,570,002.92 to our Company in cash on October 10, 2025, and the entire amount was used for the principal and interest payments of the Company's loan debt to the International Finance Corporation.

There is no real person ultimate controlling shareholder in the Company. All of the Company's shares are registered to names. The Company's shares have been traded on Borsa İstanbul A.Ş. (BIST) since 1986. The Company is unable to track the transfers of shareholders representing 28.89% of its publicly traded capital. The Company officially recognizes only the sole shareholder holding shares/dividends representing 71.11% of the Company's other share capital. As of December 31, 2025 and December 31, 2024, the Company's issued capital and its distribution among shareholders were as follows:

Distribution of Shareholders as of December 31, 2025

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, 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

Annual Report of the Board of Directors for the Accounting Year of 1 January 2025 – 31 December 2025

c) Board of Directors and Executive Board

Board of Directors

Our Board structure has been formed in accordance with the principles set by the Capital Markets Board.

Name and 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 Board Member / Chair 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
Mehmet Mesut ADA	Independent Board Member / Chair of the Early Detection of Risk Committee / Chair of the Audit Committee / Member of the Corporate Governance Committee	April 14, 2025	April 14, 2025	APRIL 2027

The Company's Board of Directors monitors the compliance of the Company's activities with legislation, the articles of association, internal regulations and established policies, and manages and represents the Company by taking into account its risks, growth and returns through the strategic decisions it adopts and by safeguarding 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. Pursuant to the Board Diversity Policy, which was approved and became effective on November 25, 2025, the Company aims to achieve a minimum female representation ratio of 30% on its Board of Directors. As of December 31, 2025, there were 2 female members (33%) on the Board of Directors, and the Board has a gender distribution in compliance with the Policy.

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

Declarations of Independence of Independent Board Members were submitted for the information of shareholders and stakeholders on January 24, 2024 at <https://www.kap.org.tr/tr/Bildirim/1242605> and <https://www.kap.org.tr/>

[en/Bildirim/1242605](https://www.kap.org.tr/en/Bildirim/1242605), on January 31, 2024 at <https://www.kap.org.tr/tr/Bildirim/1245349> and <https://www.kap.org.tr/en/Bildirim/1245349>, and on April 14, 2025 at <https://www.kap.org.tr/tr/Bildirim/1425404> and <https://www.kap.org.tr/en/Bildirim/1425404>.

The Board of Directors convenes as often as required to effectively fulfill its duties, conducts its activities in a transparent, accountable, fair and responsible manner, and while doing so takes into account the long-term interests of the Company. The Board of Directors is required to convene at least four times a year and whenever needed. In 2025, 36 Board resolutions were adopted. Pursuant to the Company Board of Directors' resolutions no. 2024/11 and 2024/12 dated April 24, 2024, following the 2023 Ordinary General Assembly Meeting held on April 19, 2024, the Board of Directors and Board Committees, and pursuant to the Company Board of Directors' resolution no. 2025/11 dated April 14, 2025, the Board Committees, made task allocations in accordance with the Company's articles of association.

Although due care is taken to comply with Article 4.5.5 of the Corporate Governance Communiqué, which recommends that "a Board member should not serve on more than one committee," one of our Board members may serve on more than one committee due to the expertise required for committee membership.

Executive Board

Name and Surname	Role
Ergun HEPVAR	Chief Executive Officer and Chairman of the Executive Board
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, Composites Europe, Middle East & Africa (EMEA)

(*) As of January 1, 2026, Neslihan EROĞLU was appointed as Deputy General Manager, Human Resources.

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 interim activity reports and in the annual report. However, disclosure is not made on an individual basis.

	1 January - 31 December 2025	1 January - 31 December 2024
Short-term employee benefits	128,595,792	118,776,228
Benefits provided due to termination / departure	-	6,724,681
Post-employment benefits	2,445,393	865,630
Other long-term benefits	536,839	230,743
	131,578,024	126,597,282

Annual Report of the Board of Directors for the Accounting Year of 1 January 2025 – 31 December 2025

Stock options or payment plans based on company performance are not used in the remuneration of Independent Board Members. At the 2024 Ordinary General Assembly Meeting held on March 26, 2025, it was resolved that Ali Çalışkan, serving as the Vice Chairman of the Board of Directors, and each of the Independent Members of the Board of Directors would be paid a monthly gross salary of TRY 135,000 (One Hundred Thirty-Five Thousand Turkish Liras) during their term of office, and that no salary or attendance fee would be paid to the other Board Members.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

Detailed information regarding R&D Activities is available on pages 42-45.

4. ACTIVITIES AND MAJOR DEVELOPMENTS

a) Subsidiaries

As of December 31, 2025, the nature of the business of the consolidated subsidiaries and the industrial divisions 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 Srl.	Italy	Carbon fiber fabric and prepreg production for the luxury automotive industry and motorsports	Europe	100,00
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 and Development Activities	Europe	100,00

(*) The Company is traded on the Indonesia Stock Exchange ("IDX").

(**) Pursuant to Group Board Resolution No. 2015/29 dated December 31, 2015, it was decided to classify the financial statements of Nile Kordsa Company for Industrial Fabrics S.A.E. ("Nile Kordsa"), of which the Company owned 51% as of December 31, 2015, as "Assets Held for Sale" on the balance sheet. Nile Kordsa is in liquidation as of the reporting date, and efforts are ongoing to complete the process.

(***) Pursuant to Group Board Resolution No. 2025/31 dated November 20, 2025, it was decided to classify the financial statements of Kordsa Advanced Materials Gmbh, of which the Company has held 100% ownership, as "Discontinued Operations" on the balance sheet as of December 31, 2015.

b) Investment Expenditures

In 2025, the Company made investments totaling USD 35.2 million for the sustainability of machinery, building and equipment investments. In addition, as disclosed via the Public Disclosure Platform on May 20, 2025, it was resolved that the 39% minority interest in Microtex Composites S.r.l., an indirect subsidiary of the Company with 61% ownership, would be acquired by the Company's subsidiary Kordsa Inc. for a consideration of EUR 34,940,344 within the framework of the Option Agreement, and the transaction was completed on the same date.

c) Important Developments during the Reporting Period

Detailed information regarding 2025 is available on pages 58-67.

d) Information on Staff and the Collective Bargaining Agreement

As of December 31, 2025, the Company had 3,903 employees.

Country	Number of Employees (including subcontractors)
Türkiye	1,427
Indonesia	977
USA	667
Thailand	349
Brazil	384
Italy	97
Germany	1
China	1
Total	3,903

Educational Background of White-Collar Employees (%) as of December 31, 2025:

1.5% PhD
21.9% Master's Degree
54.3% Undergraduate Degree
9.2% Associate Degree
13.1% High School and Below

At our Company, the provisions of the XXVIIIth Term Group Collective Bargaining Agreement, signed between the Textile, Knitting, Clothing and Leather Industry Workers' Union of Türkiye (TEKSİF), of which our unionized employees are members, and the Turkish Textile Employers' Association (TTSİS), of which our Company is a member, and effective for 33 months as of April 1, 2025, are being applied.

Annual Report of the Board of Directors for the Accounting Year of 1 January 2025 – 31 December 2025

5. FINANCIAL POSITION

a) Financial Indicators

Kordsa's consolidated financial indicators are as follows:

	TRY Financials (MTL)						
	2024 Q4	2025 Q4	Δ	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Revenue	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 Profit Margin (%)	7,4%	9,4%	2 pts'	13,9%	13,9%	14,4%	9,4%
Operating Expenses Ratio (%)	11,9%	15,8%	4 pts'	12,5%	12,9%	12,9%	15,8%
Main Operating Profit	-463	-531	14,6%	168	254	46	-531
Main 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 Profit	-803	-630	-21,5%	-275	-163	-423	-630
Net Profit Margin (%)	-10,4%	-8,3%	2 pts'	-3,5%	-2,1%	-5,3%	-8,3%

	USD Financials (M\$)						
	2024 Q4	2025 Q4	Δ	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Revenue	225	179	-20,3%	217	197	198	179
Gross Profit	17	17	%0,5	30	27	29	16
Gross Profit Margin (%)	7,4%	9,4%	2 pts'	13,9%	13,9%	14,4%	9,4%
Operating Expenses Ratio (%)	11,9%	15,8%	4 pts'	12,5%	12,9%	12,9%	15,8%
Main Operating Profit	-13	-13	-6,3%	5	7	1	-13
Main 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 Profit	-23	-15	-35,9%	-8	-4	-10	-15
Net Profit Margin (%)	-10,4%	-8,3%	2 pts'	-3,5%	-2,1%	-5,3%	-8,3%

* In the Adjusted EBITDA calculation, other income/expenses from main operations, excluding exchange rate difference income/expenses, were taken into account. In the Adjusted EBITDA calculation, the following quarterly adjustments were made:

- 4Q24: As a result of the reassessment of high raw material inventories, mostly originating from the Covid-19 period, an inventory impairment of USD 14.8 million was recorded in total, comprising USD 7.8 million in the tire reinforcement segment and USD 7 million in the composite segment.
- 3Q25: The difference between the USD 26.1 million expense arising from inventory and asset impairment due to the flood that occurred in March 2025 at the PT Indo Kordsa facility, and the USD 20 million insurance income plus USD 1 million income generated from the sale of scrap inventory.
- 4Q25: The one-off impact totaling USD 20.1 million of workforce/fixed cost optimization carried out to adapt to the structural change in the tire reinforcement segment (USD 11.3 million cash impact and USD 8.8 million non-cash impact).

Due to the flood disaster affecting the operations of our subsidiary PT Indo Kordsa in Indonesia on March 3, 2025, the annual impact of lost business on EBITDA compared to 2024 was USD 22.7 million, and this figure was not included in the adjusted EBITDA calculation.

b) Evaluation of Activities during the Period

Kordsa's sales revenues in the last quarter of 2025 decreased by 20.3% to USD 179 million compared to the same quarter of 2024, due to the following:

- despite the increase in revenue and profitability of the composite segment both compared to the same quarter of the previous year and the immediately preceding quarter,
- the intense volume and price competition caused by high competition in the tire reinforcement segment,
- the gradual restart of production after the flood disaster at the Indonesia facility and the fact that the return of customers lost during the shutdown period caused by the flood is spreading over time.

During the same period, the adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") was USD 15.6 million, and the quarterly net loss was USD 15.0 million.

FINANCIAL DEVELOPMENTS

In the last quarter of 2025, sales revenues decreased by 20.3% to USD 179 million compared to the same period of 2024. In the last quarter of 2025 compared to the same quarter of 2024:

- In the tire reinforcement segment, due to the volume and price pressure brought by high competition against low demand, the gradual restart of production due to the flood disaster at the Indonesia facility, the prolonged return of customers lost during the shutdown period, and the adverse effects of customs tariff policies within global trade, the segment's turnover decreased by 28% compared to the same quarter of 2024 and amounted to USD 126 million (4Q24: USD 174 million; 3Q25: USD 145 million).
- Despite continued sluggish demand in the European Region, where composite consumption is most intense in the automotive industry, the segment's turnover reached USD 52 million, increasing by 27% compared to the same quarter of the previous year and by 5% compared to the previous quarter, due to rising demand—particularly in the energy sector—for Ox-Ox ceramic matrix composites, for which our subsidiary Axiom Materials Inc. is the main supplier, and due to increasing production in civil aviation (4Q24: USD 41 million; 3Q25: USD 50 million).
- A contract was signed for the transfer of the Construction Reinforcement ("Kratos") business line—one of the significant outputs of our Company's R&D and innovation capabilities and our ability to transform them into business results that

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create value for customers—together with certain machinery, patents, trademarks and other intellectual property rights, as well as tangible and intangible fixed assets in the form of inventories, spare parts and customers, through an asset transfer, to Afyon Çimento Sanayi T.A.Ş. for a consideration of USD 10,000,000 (excluding VAT), based on the valuation report prepared by Ernst Young Kurumsal Finansman Danışmanlık A.Ş., in line with our Company's strategic priorities and in order to focus on our core businesses of tire reinforcement and composite technologies, and the transfer was completed as of November 3, 2025. Following this transfer, only USD 1.1 million of revenue was generated from the construction reinforcement segment in the last quarter. While the segment's turnover in the same quarter of 2024 was USD 3.1 million, the figure for the third quarter of 2025 was also USD 1.1 million.

In the last quarter of 2025:

- the adverse impact of the volume and price competition experienced in the tire reinforcement segment (USD 13.1 million),
- the pressure created on TL costs by the exchange rate-inflation mismatch in the EMEA region (USD 5.8 million),
- despite the EBITDA contraction in the tire reinforcement segment, with the positive contribution of cost-reducing projects and the increase in sales to profitable sectors in the composite segment, the quarterly adjusted EBITDA was realized at USD 15.6 million. In the calculation of Adjusted EBITDA, the effects of the impairment expense of inventories and assets affected by the flood in Indonesia and the insurance income, as well as the cash and non-cash effects of workforce and fixed cost optimization carried out to adapt to the structural change in the tire reinforcement segment, were eliminated.

The pressures on operating profitability in the last quarter of 2025 also affected net profit. Under these effects, our quarterly loss for the last quarter of 2025 was USD 15.0 million.

In the last quarter of 2025, an investment of USD 6.7 million was made for machinery and product sustainability.

Despite the adverse effects of the flood disaster in Indonesia and the acquisition in May 2025 of the 39% minority interest in our subsidiary Microtex Composites Srl for EUR 34.9 million (USD 39 million), the net debt level was at USD 395 million at the end of the second quarter of 2025 thanks to the improvement in net working capital. With continued effective working capital management in the third quarter of 2025, the net debt level decreased to USD 376 million. In the last quarter of 2025, the net debt level was realized at USD 305 million as a result of both the continued improvement in working capital and the use of the USD 50 million capital advance provided in October by our main shareholder Sabancı Holding, pursuant to the capital increase decision adopted on September 12, 2025, to reduce indebtedness. Together with the adjusted EBITDA calculated by eliminating the one-off effects mentioned above, the net debt/EBITDA ratio at year-end 2025 was 5.0x. In the calculation of Adjusted EBITDA, other income and expense items from main operations excluding exchange rate difference income/expenses were also taken into account.

In the Adjusted EBITDA calculation, the difference between the insurance income arising from the flood disaster in Indonesia and the flood-related inventory/asset impairment, as well as the effects of workforce and fixed cost optimization carried out to adapt to the structural change in the tire reinforcement segment, were also taken into

consideration. If the business loss arising from the flood were also added to the EBITDA calculation, the year-end net debt/EBITDA ratio would decline to as low as 3.8x.

Within the scope of the Company's strategy to improve working capital management and establish a healthier balance sheet structure, a loan agreement totaling USD 200 million + EUR 50 million was signed on December 23, 2025 with five financial institutions. Under this loan agreement, an "Adjusted Leverage" calculation began to be monitored in addition to the above net debt/EBITDA calculation. According to this calculation, short-term and long-term financial lease liabilities are included in net debt. In the EBITDA calculation, non-cash expenses such as severance pay provision, inventory impairment and other provisions, which are also shown as adjustment items in the cash flow statement, as well as one-off expenses incurred during the period, are not included. As of year-end 2025, the "Adjusted Leverage" ratio under the formula included in the Syndicated Loan was calculated as 4.8x.

Dividend Policy

The Company has no privileges regarding participation in profits and has a written Dividend Policy.

DIVIDEND POLICY OF KORDSA TEKNİK TEKSTİL A.Ş.

The Dividend Policy of Kordsa Teknik Tekstil A.Ş. (Kordsa) has been determined in accordance with the provisions of the Turkish Commercial Code, Capital Markets legislation and other relevant legislation, as well as the article of our Articles of Association regarding profit distribution.

The dividend to be distributed is determined in line with the decision taken at the General Assembly. However, the Company has adopted 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 that current debt instruments may impose, 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 interim cash dividends in accordance with the capital markets legislation and related regulations.

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

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

The dividend policy is submitted to the shareholders for approval at the General Assembly Meeting. This policy is reviewed annually by the Board of Directors depending on any adverse developments in national and global economic conditions and the status of projects and funds on the agenda. Any amendments made to this policy are also submitted to the shareholders for approval at the first General Assembly meeting following the amendment and are disclosed to the public on the website.

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The Company's Dividend Policy was revised by the Board Resolution dated January 22, 2024 within the framework of the latest amendments in Capital Markets legislation, presented for the information of shareholders and stakeholders on www.kap.gov.tr and the Company's website at <https://yatirimciiliskileri.kordsa.com/tr>, and 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	2024	2023	2022
Amount (TRY)	-	-	57,000,000.00
Ratio (%)	-	-	29.30
Distribution Date	-	-	March 29, 2023

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 refers to the culture, capabilities and practices that institutions integrate with company strategies in order to manage the risks they face while creating, protecting and gaining value. Kordsa revised its Risk Management company standard (CFN.PO15) regarding Corporate Risk Management and published it within the organization on August 29, 2023. The relevant standard is reviewed annually by the Kordsa Executive Board. The Company standard defines 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.

All of Kordsa's financial and non-financial risks (operational, reputational, legal, environmental, employee-related) have been identified on the basis of all countries and facilities in which it operates and prioritized in line with the CFN.PO15 Risk Management company standard. Action plans have been created for the management of risks with high and medium risk scores. Key Risk Indicator reports have been created in order to detect at an early stage the indicators relating to significant risks that Kordsa is exposed to and to take the necessary precautions and actions.

The Committee of Early Detection of Risk convened 6 times in 2025, on March 12, 2025, April 11, 2025, June 10, 2025, September 2, 2025, October 17, 2025, and December 9, 2025.

b) Corporate Governance Committee

The Corporate Governance Committee consists of Board members and independent Board members serving on the Board with or without direct executive functions, as well as senior Company executives with direct executive functions and with sufficient knowledge and experience in Corporate Governance matters. 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 implemented within the Company; if not, identifies the reasons for non-compliance and conflicts of interest arising from failure to fully comply with these principles, and makes recommendations to the Board of Directors aimed at improving corporate governance practices.

The Corporate Governance Committee convened 5 times in 2025, on February 24, 2025, March 12, 2025, June 11, 2025, September 2, 2025, and December 5, 2025.

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, and the functioning and effectiveness of the independent audit and internal control system, and for supporting the Company's efforts to comply with relevant laws and regulations, especially the Capital Markets Board legislation, Corporate Governance Principles and the Company's ethical rules, thereby fulfilling its oversight function regarding these matters. Its members consist of persons who do not directly assume executive functions, who hold the status of independent Board members, and who have sufficient knowledge and experience in financial matters.

The Internal Audit Committee convened 4 times in 2025, on March 12, 2025, June 11, 2025, September 4, 2025, and December 10, 2025.

The Audit Committee convened 5 times in 2025, on February 24, 2025, April 29, 2025, twice on August 5, 2025, and October 24, 2025, and reviewed and approved the audit reports.

7. DIGITALIZATION

Detailed information regarding Digital Transformation is available on pages 48-49.

8. OTHER MATTERS

a) Donations and Charitable Work in the Reporting Period

The Company has a Donation and Charitable Work Policy in force in compliance with the CMB's Corporate Governance Principles, and the relevant policy has been made available for the information of shareholders and stakeholders on the Company's corporate website at <https://yatirimciiliskileri.kordsa.com/tr>.

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Name	Amount (TRY)
Sabancı University	195.155,00
TEV - Turkish Education Foundation	3.800,00
İhsan Bayrakçı Primary School	240,00
TOTAL	199.195,00

b) Occupational Health, Safety, and Environment

Detailed information regarding Occupational Health, Safety and Environment is available on pages 50-51.

9. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Kordsa Teknik Tekstil A.Ş. complied with all of the mandatory principles of the Corporate Governance Principles included in the annex to the Corporate Governance Communiqué (II-17.1) published by the Capital Markets Board (CMB) during the accounting period 1 January 2025 - 31 December 2025.

The 2025 Corporate Governance Compliance Report (URF) and the 2025 Corporate Governance Information Form (CGIF) for the 2025 accounting period were announced on the Public Disclosure Platform (KAP) on February 26, 2026; on the other hand, developments during the period regarding the Company's corporate governance compliance status were disclosed through update notifications on the relevant tab on KAP.

<https://kap.org.tr/tr/Bildirim/1562074>

<https://kap.org.tr/tr/Bildirim/1562078>

In 2025, our Company exercised due care to fully comply with the non-mandatory principles of the Corporate Governance Principles and presented these matters in detail for the information of shareholders and stakeholders at www.kap.gov.tr and <https://yatirimciiliskileri.kordsa.com/tr>.

Accordingly:

- In compliance with Principle 4.2.8, a Board Members' and Managers' Liability Policy was issued for losses that may be caused to the Company by faults of Board members and managers during the performance of their duties.
- Pursuant to Principle 1.6, the Company's dividend policy was submitted to the shareholders for approval at the 2023 Ordinary General Assembly Meeting held on April 19, 2024 and published on www.kap.gov.tr and the Company's website at <https://yatirimciiliskileri.kordsa.com/tr>.
- Pursuant to Principle 1.3.10, it was submitted to and approved by the 2024 Ordinary General Assembly held on March 26, 2025 that the limit of donations to be made in 2025, excluding donations that the Company is obliged to make under its Articles of Association, would be set at TRY 15,000,000 (Fifteen Million Turkish Liras).

Full compliance has not yet been achieved with some of the non-mandatory principles due to practical difficulties, ongoing discussions both in our country and internationally regarding compliance with certain principles, and the fact that some principles do not fully coincide with the current structure of the market and the Company. These principles and the reasons for non-compliance are summarized below:

- Since the existing regulations in the Turkish Commercial Code are considered sufficient in compliance with Principles 1.2.1, 1.5.1 and 1.5.2, no separate provision has been included in the Company's Articles of Association.
- Although full compliance with Principle 2.1.4 is aimed, such information is still also provided by data distribution organizations such as Reuters and Foreks. Efforts initiated to make the information on the website available largely in English are ongoing. There is a Board Diversity Policy approved on November 25, 2025 regarding Principle 4.3.9.
- Although due care is taken regarding compliance with Article 4.5.5, a Board member may serve on more than one committee due to the expertise required for committee membership.
- Disclosures made under Principle 4.6.5 are not made on an individual basis.
- In accordance with Principle 3, no model or mechanism has been established for the participation of stakeholders in management. The independent members serving on the Board of Directors enable the Company and shareholders, as well as all stakeholders, to be represented in management.

10. SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

KORDSA, which is included in the BIST Sustainability Index and aims for 100% compliance with the Sustainability Principles Compliance Framework prepared in line with the amendment made by the Capital Markets Board to the Corporate Governance Communiqué on October 2, 2020, achieved a high level of compliance during the accounting period 1 January 2025 - 31 December 2025 as a result of the efforts carried out in this area within Sabancı Holding and Group companies.

The Sustainability Principles Compliance Reporting of our Company, which was accepted by our Company's resolution dated February 26, 2026 and numbered 2026/6, and for which implementation and disclosure were resolved, within the framework of the Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1, the Capital Markets Board (CMB) Communiqué on Principles of Financial Reporting in Capital Markets No. II-14.1, and Sustainability Principles Compliance Reporting regulations, was made on February 26, 2026 via the Central Securities Depository (MKB) Public Disclosure Platform (KAP) using the relevant template. This matter was presented in detail for the information of shareholders and stakeholders in the 2025 Sustainability Compliance Report at <https://kap.org.tr/tr/Bildirim/1562068> and on the Company's website at <https://yatirimciiliskileri.kordsa.com/tr>.

KORDSA demonstrated its sustainability-oriented approach in environmental, social and governance areas in a more concrete manner in 2025, and the efforts carried out for full compliance with the aforementioned principles throughout the Sabancı Group will continue in 2026 as well, 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.

Mehmet Mesut ADA

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.

On the other hand, I declare that I am not a resident in Türkiye pursuant to the provisions of the Income Tax Law No. 193 dated 31/12/1960.

Şerife Ebru DOĞRUOL AYĞİL

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

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

We have audited the activities for the year 2025 of the early risk detection system and committee established by Kordsa Teknik Tekstil A.Ş. (the "Company").

Responsibility of the Board of Directors

Pursuant to paragraph one of Article 378 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors is responsible for establishing an expert committee, operating and developing the system, in order to ensure the early detection of causes that may endanger the existence, development, and continuity of the Company, the implementation of necessary measures and remedies, and the management of risk.

Auditor's Responsibility

Our responsibility is to reach a conclusion regarding the early risk detection system and committee based on the audit we have performed. Our audit has been conducted in accordance with the TCC, the "Principles Regarding the Auditor's Report on the Early Risk Detection System and Committee" issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA"), and ethical rules. These principles require us to determine whether the Company has established an early risk detection system and committee, and, if established, to assess whether the system and committee operate within the framework of Article 378 of the TCC. The appropriateness of the remedies proposed by the early risk detection committee against risks and the practices implemented by management in response to such risks are not within the scope of our audit.

Information on the Early Risk Detection System and Committee

It has been observed that the chairmanship of the Company's "Early Risk Detection Committee" was carried out by Güngör Kaymak until April 14, 2025. After this date, Mehmet Mesut Ada assumed the role of Chairman. It has been observed that Board Member Şerife Ebru Doğruol Aygıl, Ali Çalışkan, and Nusret Orhun Köstem served as members of the committee.

The Committee convened 6 times in 2025, on March 12, April 11, June 10, September 2, October 17, and December 9.

Conclusion

As a result of the audit we have conducted, it has been concluded that the activities of the early risk detection system and committee of Kordsa Teknik Tekstil A.Ş. for the year 2025 are sufficient in all material respects within the framework 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, CPA
Engagement Partner

İstanbul, February 26, 2026

Proposal of the Board of Directors Regarding the Use of Profit/Loss for 2025 Proposal of the Board of Directors

In accordance with the Capital Markets Board's "Communiqué on Principles of Financial Reporting in the Capital Markets" numbered II-14.1, prepared and audited by DRT Independent Audit and Certified Public Accountant Firm Inc., our Company's financial statements for the period from January 1, 2025 - 31.12.2025 financial statements show a consolidated period loss of **TRY 1,491,314,822.00**. Due to the absence of distributable profit base within the framework of the regulations on profit distribution in the capital markets legislation, shareholders are hereby informed that no profit distribution can be made to the shareholders' share. It was decided to allocate the consolidated period loss for 2025 as "Loss Carried Forward" and to propose these matters to the Ordinary General Assembly to be held on **March 30, 2026**.

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	-	-	-	-	-
NET	-	-	-	-	-

Conclusion Section of the 2025 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 26 February 2026, 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 2025 through 31 December 2025, 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 2025 operating year have been addressed in the form of a report.

In this report prepared by Kordsa Board of Directors and dated 26 February 2026, it has been observed that, in all transactions Kordsa carried out with its controlling company and the affiliated companies thereof during 2025 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.

Kordsa Teknik Tekstil Anonim Şirketi The Agenda of the 2025 Ordinary General Meeting to be Held on March 30th, 2026

AGENDA

1. Opening and Formulation of the Meeting Council,
2. Reading and discussion of the 2025 Annual Report of the Board of Directors,
3. Reading of Auditors' Reports,
4. Reading, discussion, and approval of the TSRS-compliant sustainability reports for 2024
5. Reading, discussion, and approval of the financial statements for 2025,
6. Submitting the members elected to serve for an extended term to fill vacant board positions during the term to the General Assembly for approval,
7. Release of the members of the Board of Directors with the regard to the 2025 activities,
8. Determining the use of profit, amount of dividend and ratios for dividend shares concerning the year 2025,
9. Election of Board of Directors members and determination of their terms of office,
10. Determination of the salaries and benefits such as attendance fees, bonuses and premiums for the Board Members,
11. Election of the auditor,
12. Discussion and approval of authorizing the Board of Directors to distribute advance dividends, effective for the 2026 accounting period,
13. Informing the General Assembly about the donations and aid made in 2025,
14. Determination of the upper limits for donations to be made in 2026,
15. Discussion and approval of the planned amendment to Article 10 of the Company's Articles of Association,
16. Providing information to the General Assembly regarding the transactions specified in Corporate Governance Principle No. 1.3.6 concerning shareholders holding management control, members of the Board of Directors, managers with administrative responsibility, and their spouses and relatives up to the second degree of kinship,
17. Granting permission to the Chairman and the Members of the Board for the activities under the Articles 395 and 396 of the Turkish Commercial Code,
18. Wishes and Remarks.

Meeting Date: March 30th, 2026 Monday

Time: 16.00 PM

Location: Sabancı Center, Hacı Ömer Konferans Salonu
4. Levent, 34330 Beşiktaş - İSTANBUL

FINANCIAL INFORMATION



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 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 at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

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 (including Independence Standards) ("Code of Ethics") published by the POA, as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to audits of the consolidated financial statements of public interest entities. We have also 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.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue Recognition</p> <p>The Group's principal revenue streams consists 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 2025 is amounting to TL 31.042.540.507.</p> <p>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.</p> <p>"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.</p> <p>The Group's accounting policies and amounts related to revenue are disclosed in Note 2.5 and Note 20.</p>	<ul style="list-style-type: none"> - 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. - Collections made for sales revenues recognized during the year were tested by comparing them with bank statements on a sample basis. - 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 the matter was addressed in the audit
<p>Intangible Assets with Indefinite Life As of 31 December 2025, goodwill and trademarks amounting to TL 6,620,371,767 and TL 1,177,646,519, 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.</p> <p>The recoverable amount of the cash generating units, calculated based on the higher 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").</p> <p>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.</p>	<p>We have performed the following audit procedures in this area:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of cash generating units determining by Group management, -Conducting interviews with the Group management to understand the future plans 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) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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.

5) 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 regulations of the Capital Markets Board and 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 regulations of the Capital Markets Board and 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.)
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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 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 Company on 26 February 2026.

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 financial statements prepared for the period 1 January-31 December 2025 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, SMMM
Partner

İstanbul, 26 February 2026

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Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries Audited Consolidated Statement of Financial Position as at 31 December 2025

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

	Notes	Audited 31 December 2025 US Dollar(*)	Audited 31 December 2024 US Dollar(*)	Audited 31 December 2025	Audited 31 December 2024
ASSETS					
Current Assets					
Cash and Cash Equivalents	4	152.080.604	119.745.218	6.515.999.943	4.224.647.205
Financial Investments	5	325.822	325.822	13.960.078	11.495.103
Trade Receivables	7	114.559.754	161.271.552	4.908.392.861	5.689.708.730
<i>Due from Related Parties</i>	27	8.340.303	9.519.476	357.346.133	335.849.965
<i>Due from Third Parties</i>		106.219.451	151.752.076	4.551.046.728	5.353.858.765
Other Receivables	8	20.486.811	6.648.036	877.771.776	234.544.707
<i>Other Receivables from Third Parties</i>		20.486.811	6.648.036	877.771.776	234.544.707
Derivatives	29	222.323	4.377.114	9.525.573	154.425.893
Inventories	9	181.252.455	211.855.880	7.765.888.322	7.474.338.998
Prepayments	10	5.334.338	5.806.892	228.553.425	204.868.887
<i>Prepayments To Third Parties</i>		5.334.338	5.806.892	228.553.425	204.868.887
Current Tax Assets	25	1.277.414	2.577.748	54.731.682	90.943.734
Other Current Assets	18	9.379.222	15.350.780	401.859.317	541.580.100
<i>Other Current Assets from Third Parties</i>		9.379.222	15.350.780	401.859.317	541.580.100
Subtotal		484.918.744	527.959.042	20.776.682.977	18.626.553.357
Non-current assets held for sale		63.985	-	2.741.462	-
Current Assets		484.982.729	527.959.042	20.779.424.439	18.626.553.357
Non-Current Assets					
Financial Investments	5	64.799	63.089	2.776.360	2.225.796
Other Receivables	8	2.510.221	5.067.922	107.552.183	178.797.797
<i>Other Receivables from Third Parties</i>		2.510.221	5.067.922	107.552.183	178.797.797
Investment Properties	14	16.065.142	16.661.771	688.322.247	587.832.293
Property Plant and Equipment	11	293.511.870	322.879.774	12.575.721.543	11.391.295.305
Right of Use Assets	13	22.496.497	26.214.187	963.878.158	924.844.371
Intangible Assets		275.400.074	280.633.314	11.799.708.950	9.900.827.509
<i>Goodwill</i>	15	154.516.597	155.223.424	6.620.371.767	5.476.328.966
<i>Other Intangible Prepayments</i>	12	120.883.477	125.409.890	5.179.337.183	4.424.498.543
Prepaid Expenses	10	1.107.494	1.194.597	47.451.365	42.145.737
<i>Prepaid expenses to third parties</i>		1.107.494	1.194.597	47.451.365	42.145.737
Deferred Tax Assets	25	61.938.097	48.398.451	2.653.781.134	1.707.511.868
Other Non-Current Assets	18	15.743.433	12.605.835	674.538.427	444.737.645
Non-Current Assets		688.837.627	713.718.940	29.513.730.367	25.180.218.321
Total Assets		1.173.820.356	1.241.677.982	50.293.154.806	43.806.771.678

(*) The Group's functional currency is the U.S. Dollar; however the presentation currency is Turkish Lira. The conversion of U.S. Dollar and Turkish Lira amounts are explained in Note 2.1.

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 2025

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

	Notes	Audited 31 December 2025 US Dollar(*)	Audited 31 December 2024 US Dollar(*)	Audited 31 December 2025	Audited 31 December 2024
LIABILITIES					
Current Liabilities					
Short Term Borrowings	6	130.755.818	247.153.670	5.612.418.891	8.735.349.887
Short Term Portion of Long Term Borrowings	6	86.198.524	162.677.778	3.699.890.614	5.749.650.855
Short Term Lease Liabilities	6	3.984.265	4.201.237	171.016.199	148.487.674
Trade Payables	7	89.277.769	90.660.718	3.832.060.753	3.204.294.280
<i>Due to Related Parties</i>	27	1.975.967	2.479.812	84.814.218	87.645.988
<i>Due to Third Parties</i>		87.301.802	88.180.906	3.747.246.535	3.116.648.292
Payables Related to Employee Benefits	17	4.499.926	3.902.507	193.149.880	137.929.437
Other Payables	8	7.584.170	5.418.221	325.534.551	191.500.512
<i>Other Payables to Third Parties</i>		7.584.170	5.418.221	325.534.551	191.500.512
Deferred Income		996.161	1.066.148	42.758.114	37.681.738
<i>Deferred Income from Third Parties</i>	10	996.161	1.066.148	42.758.114	37.681.738
Current Tax Liabilities	25	208.848	2.964.139	8.964.376	104.763.935
Short Term Provisions		10.817.078	10.006.840	464.300.361	353.680.483
<i>Short Term Employee Benefits</i>	17	9.965.430	9.591.720	427.745.148	339.007.837
<i>Other Short Term Provisions</i>		851.648	415.120	36.555.213	14.672.646
Other Current Liabilities	18	21.065.773	15.786.043	904.204.079	557.938.741
<i>Other Current Liabilities to Third Parties</i>		21.065.773	15.786.043	904.204.079	557.938.741
Derivative Financial Instruments	29	1.235.342	1.073.532	53.024.462	37.942.697
Subtotal		356.623.674	544.910.833	15.307.322.280	19.259.220.239
Liability directly associated with the assets held for sale	31	1.446.129	1.303.993	62.072.029	46.088.054
Total Current Liabilities		358.069.803	546.214.826	15.369.394.309	19.305.308.293
Non-Current Liabilities					
Long Term Borrowings	6	239.944.731	87.507.467	10.299.123.696	3.092.846.398
Long Term Lease Liabilities	6	22.562.126	25.983.674	968.431.874	918.361.769
Other Payables		552.037	578.852	23.695.019	20.458.827
Deferred Income		539.482	616.551	23.156.128	21.791.246
Long Term Provisions		12.113.993	14.111.441	519.967.899	498.751.940
<i>Long Term Employee Benefits</i>	17	10.692.477	11.668.469	458.952.120	412.408.041
<i>Other Long Term Provisions</i>		1.421.516	2.442.972	61.015.779	86.343.899
Deferred Tax Liabilities	25	39.424.751	42.933.909	1.692.224.629	1.517.447.490
Other Long Term Liabilities	18	-	34.482.990	-	1.218.759.902
Derivative Financial Instruments	29	-	221.828	-	7.840.253
Total Long-Term Liabilities		315.137.120	206.436.712	13.526.599.245	7.296.257.825
Total Liabilities		673.206.923	752.651.538	28.895.993.554	26.601.566.118
Shareholder's Equity					
Equity attributable to the Parent					
Paid-in Capital	19	14.594.427	14.594.427	194.529.076	194.529.076
Share Premium (Discounts)		4.654.099	4.654.099	62.052.856	62.052.856
Share Advance	19	49.482.855	-	2.060.570.002	-
Put Option Valuation Fund on Non-Controlling Interest		-	(34.482.989)	-	(753.189.126)
Other Comprehensive Income (Expenses) That will not be Reclassified to Profit or Loss		(1.682.548)	(2.265.846)	4.313.311.558	1.901.410.501
<i>Revaluation And Remeasurement Gains/(Losses)</i>	19	(4.686.361)	(5.269.659)	(80.934.912)	(105.971.754)
<i>Defined Benefit Plans Remeasurement Gains/(Losses)</i>	19	(4.686.361)	(5.269.659)	(80.934.912)	(105.971.754)
<i>Revaluation and Reclassification Gains/(Losses)</i>	19	3.003.813	3.003.813	40.027.097	40.027.097
<i>Other Revaluation and Reclassification Gains/(Losses)</i>	19	3.003.813	3.003.813	40.027.097	40.027.097
<i>Currency Translation Differences</i>		-	-	4.354.219.373	1.967.355.158
Other Comprehensive Income (Expenses) That will be Reclassified to Profit or Loss		222.093.964	216.530.687	11.189.822.666	9.890.185.075
<i>Currency Translation Differences</i>	19	295.972.372	286.101.371	12.214.736.236	10.780.943.130
<i>Gains/(Losses) on Hedge Reserve</i>	19	(73.858.140)	(69.550.416)	(1.024.643.419)	(890.487.904)
<i>Investment Hedging Losses Related to Foreign Operations</i>		(72.473.771)	(71.583.438)	(989.086.966)	(954.135.431)
<i>Cash Flow Hedge Gains/Losses</i>	19	(1.384.369)	2.033.022	(35.556.453)	63.647.527
<i>Revaluation and Reclassification Gains/(Losses)</i>	19	(20.268)	(20.268)	(270.151)	(270.151)
<i>Other Revaluation and Reclassification Gains/(Losses)</i>	19	(20.268)	(20.268)	(270.151)	(270.151)
Restricted Reserves		30.101.102	29.553.676	480.427.363	458.633.027
Retained Earnings		125.175.469	189.019.882	544.769.666	2.840.775.345
(Loss)/Profit for The Period		(37.988.798)	(33.451.293)	(1.491.314.822)	(1,096.131.983)
Total Non-Controlling Interests	19	94.182.863	104.873.801	4.042.992.887	3.706.940.789
Total Equity		500.613.433	489.026.444	21.397.161.252	17.205.205.560
Total Equity and Liabilities		1.173.820.356	1.241.677.982	50.293.154.806	43.806.771.678

(*) The Group's functional currency is the U.S. Dollar; however the presentation currency is Turkish Lira. The conversion of U.S. Dollar and Turkish Lira amounts are explained in Note 2.1.

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 as at 31 December 2025

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

	Notes	Audited 1 January- 31 December 2025 US Dollar(*)	Audited 1 January- 31 December 2024 US Dollar(*)	Audited 1 January- 31 December 2025	Audited 1 January- 31 December 2024
PROFIT OR LOSS					
Revenue	20	790.757.769	928.735.443	31.042.540.507	30.432.802.993
Cost of Sales (-)	20	(688.338.396)	(808.473.344)	(27.021.893.922)	(26.492.054.540)
GROSS PROFIT		102.419.373	120.262.099	4.020.646.585	3.940.748.453
General Administrative Expenses	21	(63.884.496)	(61.199.849)	(2.507.894.488)	(2.005.396.639)
Marketing Expenses	21	(36.610.202)	(45.662.926)	(1.437.195.697)	(1.496.282.751)
Research and Development Expenses	21	(6.293.500)	(4.940.761)	(247.062.039)	(161.898.860)
Other Income From Operating Activities	22	41.891.633	23.730.262	1.710.666.398	777.593.240
Other Expense From Operating Activities	22	(39.117.592)	(19.897.714)	(1.601.766.745)	(652.008.286)
OPERATING (LOSS) / PROFIT		(1.594.784)	12.291.111	(62.605.986)	402.755.157
Income From Investing Activities	23	7.394.894	4.233.617	290.299.144	138.727.162
Expense From Investing Activities	23	(666.695)	(4.120.047)	(26.172.243)	(135.005.710)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		5.133.415	12.404.681	201.520.915	406.476.609
Finance Income	24	30.547.426	19.910.574	1.199.191.156	543.127.009
Finance Expense (-)	24	(82.529.852)	(65.296.295)	(3.239.849.645)	(2.030.326.300)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(46.849.011)	(32.981.040)	(1.839.137.574)	(1.080.722.682)
Tax Income (Expense) From Continuing Operations		9.804.371	6.875.549	384.887.277	225.297.996
<i>Current Tax (Expense) Income</i>	25	(5.938.292)	(7.762.470)	(233.117.736)	(254.360.622)
<i>Deferred Tax (Expense) Income</i>	25	15.742.663	14.638.019	618.005.013	479.658.618
(LOSS) / PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(37.044.640)	(26.105.491)	(1.454.250.297)	(855.424.686)
(LOSS) / PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	31	(957.687)	(8.282)	(37.595.648)	(271.392)
(LOSS) / PROFIT FOR THE PERIOD		(38.002.327)	(26.113.773)	(1.491.845.945)	(855.696.078)
Profit/(Loss) Attributable to:					
Non-Controlling Interests		(13.529)	7.337.521	(531.123)	240.435.905
Owners of the Company		(37.988.798)	(33.451.294)	(1.491.314.822)	(1.096.131.983)
Earnings (loss) per shares	26				
<i>Earning (loss) per share from continuing operations</i>		(2,57)	(2,29)	(75,68)	(56,34)
<i>Earning (loss) per share from discontinuing operations</i>		(0,03)	(0,00)	(0,99)	(0,007)

(*) The Group's functional currency is the U.S. Dollar; however the presentation currency is Turkish Lira. The conversion of U.S. Dollar and Turkish Lira amounts are explained in Note 2.1.

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 Period 1 January - 31 December 2025

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

	Notes	Audited 1 January- 31 December 2025 US Dollar(*)	Audited 1 January- 31 December 2024 US Dollar(*)	Audited 1 January- 31 December 2025	Audited 1 January- 31 December 2024
PROFIT/(LOSS) FOR THE PERIOD					
		(38.002.327)	(26.113.773)	(1.491.845.945)	(855.696.078)
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
Items That Will Not Be Reclassified To Profit Or Loss					
		455.491	(423.936)	2.406.415.226	112.915.968
<i>Defined Benefit Plans Remeasurement Gains (Losses), Before Tax</i>	17	624.449	(562.630)	26.803.158	(19.885.467)
<i>Taxes on Other Comprehensive Income that will Not be Reclassified to Profit or Loss</i>	25	(168.958)	138.694	(7.252.147)	4.901.968
<i>Gains (Losses) on Foreign Currency Translation Differences</i>		-	-	2.386.864.215	127.899.467
Items That Will Be Reclassified To Profit Or Loss					
		5.839.570	(16.055.501)	1.494.218.433	2.410.719.230
<i>Gains (Losses) on Foreign Currency Translation Differences</i>		9.256.962	(17.931.045)	1.628.373.948	2.349.261.403
<i>Gains/Losses on Hedging Investments in Foreign Operations</i>	19	(1.187.111)	-	(46.602.060)	-
<i>Taxes on Gains/losses on Hedging Investments in Foreign Operations</i>	19	296.778	-	11.650.525	-
<i>Hedging Gains/ (Losses) on Cash Flow Risk</i>	19	(3.194.160)	2.500.725	(125.392.190)	81.943.769
<i>Taxes on Other Comprehensive Income that will be Reclassi- fied to Profit or Loss</i>	25	667.101	(625.181)	26.188.210	(20.485.942)
OTHER COMPREHENSIVE INCOME (EXPENSE)		6.295.061	(16.479.437)	3.900.633.659	2.523.635.198
TOTAL COMPREHENSIVE INCOME (EXPENSE)		(31.707.266)	(42.593.209)	2.408.787.714	1.667.939.120
Total comprehensive income attributable to:					
Owners of the Company		(31.730.564)	(46.801.182)	1.640.805.522	891.913.635
Non-controlling interests		23.298	4.207.973	767.982.192	776.025.485

(*) The Group's functional currency is the U.S. Dollar; however the presentation currency is Turkish Lira. The conversion of U.S. Dollar and Turkish Lira amounts are explained in Note 2.1.

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

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Audited Consolidated Statement of Changes in Equity for the Period 1 January - 31 December 2025

(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 Period 1 January - 31 December 2025

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

	Accumulated Other Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss			Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss						Retained Earnings							
	Paid-in capital	Share advance	Share Issuance Premiums / Discounts	Revaluation and Measurement Gains / Losses			Foreign Currency Translation Differences	Gains / (losses) on hedging of a net investment in a foreign operation	Hedging Gain / Loss	Revaluation and Remeasurement Gain / Loss	Restricted Reserves	Prior Years' Profit / Losses	Net Period Profit or Loss	Equity Attributable to the Parent Company	Non-controlling interests	Equity	
				Valuation Fund for Put Options on Non-Controlling Shares	Foreign Currency Translation Differences	Remeasurement Gains/Losses on Defined Benefit Plan			Other Revaluation and Remeasurement Gains/Losses	Cash Flow Hedge Gain/ (Loss)							Other Revaluation and Classification Gains/Loss
Balances as of 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	(954.135.431)	2.189.700	(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)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(285.511.753)	(285.511.753)
Balances as of 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	(954.135.431)	63.647.527	(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
Balances as of 1 January 2025	194.529.076	-	62.052.856	(753.189.126)	1.967.355.158	(105.971.754)	40.027.097	10.780.943.130	(954.135.431)	63.647.527	(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
Transfer	-	-	-	-	-	-	-	-	-	-	-	1.419.097	(1.097.551.080)	1.096.131.983	-	-	-
Capital increase (Note 19)	-	2.060.570.002	-	-	-	-	-	-	-	-	-	-	-	-	2.060.570.002	-	2.060.570.002
Total comprehensive income	-	-	-	-	2.386.864.215	25.036.842	-	854.374.802	(34.951.535)	(99.203.980)	-	-	-	(1.491.314.822)	1.640.805.522	767.982.192	2.408.787.714
Transactions with non-controlling shareholders (*)	-	-	-	753.189.126	-	-	-	579.418.304	-	-	-	20.375.239	(1.198.454.599)	-	154.528.070	(344.342.796)	(189.814.726)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(87.587.298)	(87.587.298)
Balances as of 31 December 2025	194.529.076	2.060.570.002	62.052.856	-	4.354.219.373	(80.934.912)	40.027.097	12.214.736.236	(989.086.966)	(35.556.453)	(270.151)	480.427.363	544.769.666	(1.491.314.822)	17.354.168.365	4.042.992.887	21.397.161.252

(*) It consists of the acquisition of 39% minority stake in the Group's subsidiary, Microtex Composites S.r.l., for 34.940.344 Euros on 20 May 2025, within the framework of the option agreement.

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 Period 1 January - 31 December 2025

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

	Notes	Audited 1 January- 31 December 2025 US Dollar (*)	Audited 1 January- 31 December 2024 US Dollar (*)	Audited 1 January- 31 December 2025	Audited 1 January- 31 December 2024
A. CASH FLOWS FROM OPERATING ACTIVITIES		150.022.293	55.724.736	5.950.848.475	1.833.683.298
Profit (Loss) For The Period		(38.002.327)	(26.113.773)	(1.491.845.945)	(855.696.078)
Profit/(Loss) for the Period from Continuing Operations		(37.044.640)	(26.105.491)	(1.454.250.297)	(855.424.686)
Profit/(Loss) from Discontinuing Operations		(957.687)	(8.282)	(37.595.648)	(271.392)
Adjustments to Reconcile Profit/(Loss) for the Period		126.636.817	71.799.825	5.035.828.539	2.373.538.380
Adjustments Related to Depreciation and Amortization	11, 12, 13, 21	44.771.819	42.905.568	1.757.593.867	1.405.929.652
Adjustments Related to Provisions For (Reversal) of Impairment		27.011.245	4.317.003	1.060.372.364	141.459.552
Adjustments Related to Impairment of Receivables (Reversal)	7	1.594.795	627.772	62.606.397	20.570.819
Adjustments Related to Provision For (Reversal) of Inventory Allowances	9	337.644	3.689.231	13.254.789	120.888.733
Adjustments Related to Impairment (Cancellation) of Property, Plant and Equipment		25.078.806	-	984.511.178	-
Adjustments Related to Provisions		9.383.496	4.494.416	368.365.079	99.006.454
Adjustments Related to Provision (Reversal) to Employee Benefits		5.083.496	4.753.841	199.561.269	107.507.304
Adjustments Related to Other Provision (Reversal)		4.300.000	(259.425)	168.803.810	(8.500.850)
Adjustments Related to Interest (Income) and Expense		53.335.718	45.260.469	2.089.835.823	1.483.095.006
Adjustments Related to Interest Income	23	(4.974.784)	(3.808.727)	(195.293.615)	(124.804.381)
Adjustments Related to Interest Expenses	24	59.388.163	49.651.338	2.331.383.280	1.626.975.045
Adjustments Related to Unrealized Finance Expenses On Credit Purchases	7	(1.045.517)	(1.213.477)	(44.876.634)	(39.763.233)
Adjustments Related to Unrealized Finance Income On Credit Sales	7	(32.143)	631.335	(1.377.208)	20.687.575
Adjustments Related to Unrealized Currency Translation Difference		5.357.855	(17.739.903)	278.765.101	(409.837.321)
Currency Difference (Income)/Expense (Net)	24	(15.263.770)	(9.560.091)	(599.205.240)	(313.265.047)
Other Finance (Income)/Expense (Net)		6.247.000	11.109.906	245.236.624	261.925.260
Adjustments Related to Fair Value Losses (Gains)		12.717.888	(1.709.854)	499.262.321	(56.028.503)
Adjustments Related to Fair Value Losses/(Gains) of Investment Properties	23	596.630	988.997	23.421.708	32.407.464
Adjustments Related to Fair Value Losses/(Gains) of Derivatives		12.121.259	(2.698.852)	475.840.613	(88.435.967)
Adjustments Related to Tax (Income)/Expense	25	(9.804.372)	(6.875.549)	(384.887.277)	(225.297.996)
Adjustments Related to Losses/(Gains) On Disposal of Non-Current Assets	23	(2.221.500)	(252.330)	(87.208.746)	(8.539.748)
Other		(4.898.562)	(149.809)	(192.301.377)	(4.908.929)
Changes In Working Capital		61.387.802	12.914.981	2.406.865.881	315.840.996
Adjustments Related to Decrease (Increase) in Trade Receivables		40.849.146	(416.889)	1.603.602.661	(10.731.039)
Adjustments Related to Decrease (Increase) in Other Operating Receivables		(920.211)	(4.022.085)	(36.124.439)	(140.296.532)
Adjustments Related to Decrease (Increase) in Inventories		23.571.639	16.804.676	925.344.743	550.655.623
Adjustments Related to Decrease (Increase) in Prepaid Expenses		559.657	11.597.693	21.970.287	380.033.212
Adjustments Related to Increase (Decrease) in Trade Payables		(337.432)	(22.574.443)	(13.246.449)	(739.719.348)
Increase/(Decrease) in Retirement Pay and Employee Benefits		(571.156)	2.462.439	(22.421.717)	29.796.280
Adjustments Related to Increase (Decrease) in Other Payables		190.469	15.576.445	7.477.166	510.408.959
Adjustments Related to Increase (Decrease) in Deferred Income		(147.056)	484.675	(5.772.951)	15.881.823
Adjustments Related to Other Increase/(Decrease) in Working Capital		8.723.749	3.588.381	342.465.596	117.584.073
Decrease/(Increase) in Other Assets From Operating Activities		3.444.019	(1.719.261)	135.200.803	(56.336.736)
Increase/(Decrease) in Other Liabilities From Operating Activities		5.279.730	5.307.642	207.264.793	173.920.809
Payments Related To The Provision Of Employee Benefits		(3.848.155)	(1.472.978)	(151.065.865)	(99.159.467)
Lawsuit Provisions		-	1.100.000	-	36.044.800
Income Tax Returns/(Payments)	25	(6.675.248)	(10.506.112)	(265.064.841)	(344.264.278)
Other		(7.600)	293.179	(298.310)	9.606.890
B. CASH FLOWS FROM INVESTING ACTIVITIES		(59.400.622)	(37.926.027)	(2.289.792.705)	(1.245.872.978)
Proceeds From Sales Of Property, Plant And Equipment and Intangible Assets		9.945.991	7.810.803	415.522.396	252.831.454
Cash Outflows from the Acquisition of Property, Plant and Equipment and Intangible Assets	11,12	(35.188.212)	(49.219.748)	(1.383.415.134)	(1.612.832.704)
Proceeds from sale of assets		-	(325.809)	-	(10.676.109)
Cash Outflows Due to Share Purchases or Capital Increases in Subsidiaries and/or Joint Ventures		(39.133.185)	-	(1.517.193.582)	-
Interest Received	23	4.974.784	3.808.727	195.293.615	124.804.381
C. CASH FLOWS FROM FINANCING ACTIVITIES		(57.424.857)	46.568.069	(2.357.858.436)	1.525.942.478
Proceeds From Borrowings	6	569.352.898	364.597.738	22.350.915.797	11.568.557.081
Cash Outflows From Borrowing Transactions	6	(588.356.058)	(255.362.245)	(23.502.862.310)	(8.076.042.960)
Cash Outflows For Financial Lease Liabilities	6	(1.276.250)	(4.390.481)	(50.101.379)	(46.001.714)
Cash Inflows Arising From Capital Increase (*)	19	49.482.855	-	2.060.570.002	-
Interest Paid	6	(65.238.819)	(51.536.573)	(2.435.707.318)	(1.688.750.412)
Cash outflows from Derivatives (net)		(11.408.226)	1.638.557	(447.849.306)	53.692.236
Other Financing Expenses Paid		(6.247.000)	-	(245.236.624)	-
Cash Outflow for Dividends Paid To Non Controlling Interest	28	(3.734.257)	(8.378.927)	(87.587.298)	(285.511.753)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT BEFORE THE EFFECT OF THE CURRENCY TRANSLATION DIFFERENCE (A+B+C)		33.196.814	64.366.778	1.303.197.334	2.113.752.798
D. EFFECT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT		(861.427)	(2.793.198)	988.155.404	398.426.100
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		32.335.386	61.573.580	2.291.352.738	2.512.178.898
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		119.745.218	58.171.638	4.224.647.205	1.712.468.307
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	152.080.604	119.745.218	6.515.999.943	4.224.647.205

(*) The Group's functional currency is the U.S. Dollar; however the presentation currency is Turkish Lira. The conversion of U.S. Dollar and Turkish Lira amounts are explained in Note 2.1.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2025

(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 Türkiye. 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 Registry of Commerce of Kocaeli on 10 April 2017.

Kordsa is registered with the Capital Markets Board of Türkiye ("CMB") and its shares have been traded in Borsa İstanbul ("BIST") since 1986. As at 31 December 2025, 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 2025	31 December 2024
Sabancı Holding A.Ş.	71,11	71,11
Other	28,89	28,89
Paid-in Capital	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 3,903. (31 December 2024: 4,613).

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 2025

[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 2025 and 31 December 2024 in accordance with the operating country and segment reporting purpose are as follows:

31 December 2025

Subsidiaries	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 2024

Subsidiaries	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 Brasil 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 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, Group's shares amounting to %51, Nile Kordsa Company for Industrial Fabrics S.A.E. %51 of rates, has been classified as "Assets Held for sale" in the consolidated statement of financial position as of 31 December 2015.

(***) According to Group Board of Directors Resolution No. 2025/31 dated 20 November 2025, the Company resolved to classify the financial statements of Kordsa Advanced Materials GmbH, in which it holds 100% ownership as of 31 December 2025, under the balance sheet item "Discontinued Operations."

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2025

[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 dated 4 July 2024, No. 30794.

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 were approved for publication at the Board of Directors meeting held on February 26, 2026, and signed on behalf of the Board of Directors by General Manager Ergun Hepvar and Deputy General Manager of Finance Şermin Mutlu. The Company's General Assembly and relevant regulatory bodies reserve the right to amend 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:

- Assets in the balance sheet are translated into TL using the USD buy exchange rate of 42,8457 TL = 1 USD (2024: 35,2803) announced by the Central Bank of the Republic of Türkiye and the liabilities are converted into TL using the foreign exchange selling rate of 42,9229 TL = 1 USD (2024: 35,3438). 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.
- The profit or loss and other comprehensive income statement are translated into TL using the monthly average exchange rates of 39,2567 TL = 1 USD (2024: 32,7680).
- All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
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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 2025:

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. (*)	100,00	100,00
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

(*) Kordsa Inc., our 100% subsidiary located in the USA, has completed the acquisition of the 39% minority shares of Microtex Composites S.r.l., of which it held a 61% stake, for 34.940.344 (thirty-four million nine hundred forty thousand three hundred forty-four) EUR. With this transaction, Kordsa Inc. has become the sole shareholder of Microtex Composites S.r.l. with a 100% ownership stake."

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2025

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

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 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 January 2, 2024, Fabric Development Inc. and Textile Products Inc., both of which are wholly owned and directly controlled by Kordsa Inc. and operate in the field of composites, have transferred all of their shares to Axiom Materials Acquisition LLC, which is also under its direct control. The company's name has been changed to "Kordsa Advanced Materials Inc."

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.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 Group.

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 2025.

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Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2025

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

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 Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2025

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The aforementioned standard, amendments and improvements do not have any significant effect on the Group's consolidated financial position and performance.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 – Comparative Information</i>
TFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
TFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>
Amendments to TFRS 9 and TFRS 7	<i>Classification and Measurement of Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Power Purchase Arrangements</i>
Annual Improvements	<i>Annual Improvements to TFRSs – Volume 11</i>
Amendments to TFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2027.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 – Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of TFRS 17.

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

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

2.4 New and Amended Turkish Financial Reporting Standards (continued)

b) *New and revised TFRSs in issue but not yet effective (continued)*

TFRS 18 Presentation and Disclosures in Financial Statements

TFRS 18 includes requirements for all entities applying TFRS for the presentation and disclosure of information in financial statements. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

TFRS 19 Subsidiaries without Public Accountability: Disclosures

TFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

Amendments to TFRS 9 and TFRS 7 Classification and Measurement of Financial Instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of TFRS 9 Financial Instruments. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Amendments to TFRS 9 and TFRS 7 Power Purchase Arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Annual Improvements to TFRSs - Volume 11

The pronouncement comprises the following amendments:

- TFRS 1: Hedge accounting by a first-time adopter
- TFRS 7: Gain or loss on derecognition
- TFRS 7: Disclosure of deferred difference between fair value and transaction price
- TFRS 7: Introduction and credit risk disclosures
- TFRS 9: Lessee derecognition of lease liabilities
- TFRS 9: Transaction price
- TFRS 10: Determination of a 'de facto agent'
- TAS 7: Cost method

Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

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

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

2.4 New and Amended Turkish Financial Reporting Standards (continued)

b) *New and revised TFRSs in issue but not yet effective (continued)*

Amendments to TFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendments cover new or amended Turkish Financial Reporting Standards that were not considered when TFRS 19 was first issued. Amendments are effective from annual reporting periods beginning on or after 1 January 2027.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.5 Summary of Significant Accounting Policies

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

a) Revenue

The general model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contracts 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.

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The Group 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.

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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 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.

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.

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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)

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:

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

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.

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

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

2.5 Summary of Significant Accounting Policies (continued)

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.

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.

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

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

2.5 Summary of Significant Accounting Policies (continued)

d) Intangible assets (continued)

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.

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.

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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)

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.

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:

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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)

- 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. Dividends 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)

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 derecognizes 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 derecognizes 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 derecognizing 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.

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.

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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)

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.

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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

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.

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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)

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;
- 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.

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

2.5 Summary of Significant Accounting Policies (continued)

h) Business combinations (continued)

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.

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 TAS 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.

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

2.5 Summary of Significant Accounting Policies (continued)

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.

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.

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

2.5 Summary of Significant Accounting Policies (continued)

l) Impairment of non-financial assets (continued)

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.

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

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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)

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.

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.

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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)

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:

- There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term, or
- 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.

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

- 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.
- 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:

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

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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 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).

o) Government grants

Government grants are not recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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 recognized in profit or loss in the period in which they become receivable.

p) Equity items

Ordinary shares are classified as equity. Dividends payable are recognized 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

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

2.5 Summary of Significant Accounting Policies (continued)

p) Equity items (continued)

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.

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.

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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 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.

Current and deferred tax for the period

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).

Tax risk

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.

s) Effect of changes in foreign exchange rates

Foreign Currency Transactions and Balances

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 group 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.

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

2.5 Summary of Significant Accounting Policies (continued)

Financial Statements of Foreign Subsidiaries

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).

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).

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

2.5 Summary of Significant Accounting Policies (continued)

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 Türkiye, 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.

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.

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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)

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.

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.

The value of the cash-generating unit has been tested together with the sensitivity of the Weighted Average Cost of Capital ("WACC") and the growth rate by applying a +1%/-1% change in these assumptions. Based on the results of the impairment sensitivity analysis, no impairment has been identified in the value of the cash-generating unit.

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

2.5 Summary of Significant Accounting Policies (continued)

a) Impairment test of goodwill (continued)

To predict the future cash flows (infinite), a terminal growth rate of 2.0%, 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 8.0% and 8.7% has been used as the after-tax discount rate. For the calculation of the terminal value, 2% was used.

As at 31 December 2025, 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, property, plant and equipment 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).

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 arising from unused tax losses in Türkiye and the United States, as well as from R&D operations. Accumulated tax losses carried forward in Türkiye amounting to TRY 6.363.892.592. Of this amount, deferred tax assets have not been recognized on tax losses amounting to TRY 2.956.235.221. 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 4.412.444.858.

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

2.5 Summary of Significant Accounting Policies (continued)

e) Deferred tax (continued)

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 2025	1 January- 31 December 2024
Europe, Middle East and Africa	12.501.581.363	11.700.175.595
North America	10.996.890.022	9.500.837.427
South America	3.353.041.940	2.985.697.954
Asia	4.191.027.182	6.246.092.017
	31.042.540.507	30.432.802.993

b) Segment assets	31 December 2025	31 December 2024
North America	18.985.215.880	17.556.086.490
Europe, Middle East and Africa	11.552.738.548	14.288.916.108
Asia	11.399.528.869	10.271.319.494
South America	2.930.900.914	2.166.293.319
Segment assets (*)	44.868.384.211	44.282.615.411
Unallocated assets	7.358.139.006	3.424.244.187
Less: Intersegment elimination	(1.933.368.411)	(3.900.087.920)
Total assets per consolidated financial statements	50.293.154.806	43.806.771.678

c) Segment liabilities	31 December 2025	31 December 2024
Europe, Middle East and Africa	22.556.999.969	16.081.505.744
North America	3.461.795.839	8.305.385.103
South America	380.036.235	469.149.322
Asia	1.659.663.404	1.957.941.555
Segment liabilities (**)	28.058.495.490	26.813.981.724
Unallocated liabilities	2.902.709.106	2.735.148.922
Less: Intersegment elimination	(2.065.211.042)	(2.947.564.528)
Total liabilities per consolidated financial statements	28.895.993.554	26.601.566.118

(*) 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 2025

	Europe, Middle East and Africa (**)	North America	South America	Asia	Segmental ad- justment (*)	Total
External revenue	12.501.581.363	10.996.890.022	3.353.041.940	4.191.027.182	-	31.042.540.507
Intersegment revenue	883.083.991	534.151.756	239.419	562.494.131	(1.979.969.297)	-
Revenue	13.384.665.354	11.531.041.778	3.353.281.359	4.753.521.313	(1.979.969.297)	31.042.540.507
Segment operating expenses	(13.232.301.859)	(11.877.275.835)	(3.103.786.493)	(4.890.371.727)	1.998.589.421	(31.105.146.493)
Segment operating results	152.363.495	(346.234.057)	249.494.866	(136.850.414)	18.620.124	(62.605.986)
Operating profit	152.363.495	(346.234.057)	249.494.866	(136.850.414)	18.620.124	(62.605.986)

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NOTE 3 - SEGMENT REPORTING (CONTINUED)

e) Segment analysis for the period 1 January - 31 December 2024

	Europe, Middle East and Africa(**)	North America	South America	Asia	Segmental ad- justment (*)	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

(*) 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 2025	1 January - 31 December 2024
Europe, Middle East and Africa	732.511.928	1.000.882.946
North America	83.320.151	341.061.648
South America	33.373.208	81.345.329
Asia	534.209.847	189.542.781
	1.383.415.134	1.612.832.704

g) Depreciation and amortization expense

	1 January - 31 December 2025	1 January - 31 December 2024
Europe, Middle East and Africa	551.630.843	376.658.707
North America	676.239.530	570.956.661
Asia	461.365.359	391.923.283
South America	68.358.135	66.391.001
	1.757.593.867	1.405.929.652

h) Provision/(reversal) for doubtful receivables

	1 January - 31 December 2025	1 January - 31 December 2024
South America	-	2.669.836
Europe, Middle East and Africa	19.260.886	(7.844.565)
North America	43.345.511	25.745.548
	62.606.397	20.570.819

i) Provision/ (reversal) for inventory impairment

	1 January - 31 December 2025	1 January - 31 December 2024
Europe, Middle East and Africa	10.870.217	32.360.681
North America	37.320.356	114.505.170
South America	(1.802.121)	6.852.162
Asia	(33.133.663)	(32.829.280)
	13.254.789	120.888.733

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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 2025	1 January - 31 December 2024
Industrial Yarn and Cord Fabric	22.715.588.347	23.184.526.168
Advanced Composite Materials	7.824.327.450	6.219.623.561
Other	502.624.710	1.028.653.264
	31.042.540.507	30.432.802.993

b) Capital expenditures

	1 January - 31 December 2025	1 January - 31 December 2024
Industrial Yarn and Cord Fabric	1.102.897.139	641.259.454
Advanced Composite Materials	173.729.196	349.898.996
Other	106.788.799	621.674.254
	1.383.415.134	1.612.832.704

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 31 December 2025 and 2024 are as follows

	31 December 2025	31 December 2024
Cash	418.428	186.846
Bank-demand deposits	1.498.284.978	1.846.855.101
Bank-time deposits	520.662.901	1.137.432.287
Other liquid assets (*)	4.496.633.636	1.240.172.971
	6.515.999.943	4.224.647.205

Time deposits have less than 3 months of maturity. The average annual interest rate for time deposits is 0,50% for Euro (31 December 2024: 2,00%). The Average annual interest rate for time deposits is 1% for US Dollars (31 December 2024: 3,25%).

The Group's related party balance related to cash and cash equivalents are disclosed in Note 27.

Foreign currency, interest rate and sensitivity risks for the financial assets and liabilities of the Group are presented under Note 29.

(*) Other readily available assets consist of short-term free liquid funds received by the Group. The interest rate on these funds is 37.81% in TRY (31 December 2024: 46.74%), 3.76% in US Dollars, and 2.71% in Euros.

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NOTE 5 - FINANCIAL INVESTMENTS

	31 December 2025	31 December 2024
Common Stocks	2.776.360	2.225.796
	2.776.360	2.225.796

Detail of the common stocks are as follows:

	31 December 2025		31 December 2024	
	Percentage of shareholding %	Amount	Percentage of shareholding %	Amount
PT Bank Muamalat Indonesia	<0,02	2.118.420	<0,02	1.744.364
Desenbanco	<0,01	602.272	<0,01	433.136
Cetrel	<0,01	55.114	<0,01	47.858
Other	-	554	-	438
		2.776.360		2.225.796

	31 December 2025	31 December 2024
Financial Investments	13.960.078	11.495.103
	13.960.078	11.495.103

NOTE 6 - SHORT AND LONG TERM BORROWINGS

	31 December 2025	31 December 2024
Short-term borrowings	5.612.418.891	8.735.349.887
Short-term portion of long-term borrowings	3.699.890.614	5.749.650.855
Short-term lease transactions borrowings	171.016.199	148.487.674
Total short-term financial borrowings	9.483.325.704	14.633.488.416
Long-term borrowings	10.299.123.696	3.092.846.398
Long-term liabilities arising from leasing transactions	968.431.874	918.361.769
Total long-term financial borrowings	11.267.555.570	4.011.208.167
Total borrowings	20.750.881.274	18.644.696.583

The Group has provided guarantees through Kordsa Teknik Tekstil A.Ş. for long-term US Dollar denominated loans used by Kordsa Inc. (Note 16). The Group has no other collateral for the loans it has used.

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NOTE 6 - SHORT AND LONG TERM BORROWINGS (CONTINUED)

The details of long and short term borrowings as of 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	22,53	4.695.409.558	26,93	3.144.411.843
USD borrowings	6,54	750.347.963	8,00	3.652.706.130
EUR borrowings	2,50	166.661.370	6,02	1.756.378.272
Other borrowings (*)	-	-	4,30	181.853.642
		5.612.418.891		8.735.349.887
Short-term portion of long-term borrowings				
USD borrowings	7,39	2.714.778.050	7,65	5.749.650.855
EUR borrowings	6,66	985.112.564	-	-
		3.699.890.614		5.749.650.855
Total short-term borrowings		9.312.309.505		14.485.000.742
Long term borrowings				
USD Borrowing	7,16	7.797.755.556	7,14	2.356.261.348
EUR Borrowing	5,05	2.501.368.140	6,06	736.585.050
		10.299.123.696		3.092.846.398

(*) Consists of Thai Baht (THB) currency loans.

As of 31 December 2025 and 31 December 2024, the redemption schedules of long term borrowings are summarized below:

	31 December 2025	31 December 2024
1 to 2 years	2.695.475.888	2.101.907.309
2 to 3 years	2.559.038.380	966.943.607
3 to 4 years	2.521.658.006	8.612.148
4 to 5 years	2.515.501.312	4.959.849
Over 5 years	7.450.110	10.423.485
	10.299.123.696	3.092.846.398

As of 31 December 2025 and 31 December 2024, the redemption schedules of long-term lease liabilities are summarized below:

	31 December 2025	31 December 2024
1 to 2 years	160.665.662	212.999.600
2 to 3 years	78.876.897	100.074.846
3 to 4 years	56.904.752	71.540.433
4 to 5 years	138.099.739	61.283.471
Over 5 years	533.884.824	472.463.419
	968.431.874	918.361.769

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NOTE 6 - SHORT AND LONG TERM BORROWINGS (CONTINUED)

The reconciliation of the Group's obligations arising from its financial activities is as follows:

	2025	2024
1 January	18.644.696.583	12.616.277.121
Proceed from borrowings	22.350.915.797	11.568.557.081
Repayment of borrowings	(23.502.862.310)	(8.076.042.960)
Interest expense recognized in the statement of profit or loss (Note 24)	2.331.383.280	1.626.975.045
Interest payment	(2.435.707.318)	(1.688.750.412)
New lease agreement	75.230.612	52.972.029
Lease payments	(50.101.379)	(46.001.714)
Currency translation differences	3.337.326.009	2.590.710.393
31 December	20.750.881.274	18.644.696.583

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2025	31 December 2024
Trade receivables		
Trade receivables	4.661.664.349	5.400.197.293
Cheques received	17.192.846	22.949.448
Due from related parties (Note 27)	357.346.133	335.849.965
	5.036.203.328	5.758.996.706
Less: Provision for doubtful receivables	(129.187.675)	(48.600.401)
Less: Unearned credit finance income	1.377.208	(20.687.575)
	4.908.392.861	5.689.708.730

As of 31 December 2025, the annual interest rates used for the discount of trade receivables and payables are 45.34%, 7.62% and 5.62% for TL, USD and EUR, respectively (2024: 55.55%, 7.84%, and 6.27%). As of 31 December 2025, the average maturity of trade receivables is 66 days and the average maturity of trade payables is 50 days (31 December 2024: 67 days, 53 days respectively).

As of 31 December 2025, trade receivables amounting to TL 634.685.143 (31 December 2024: 712.731.951) were past due but not impaired. The aging of these receivables as of 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Up to 1 month	381.610.535	454.138.195
1 to 3 months	195.843.366	153.039.733
3 to 12 months	57.231.242	41.592.589
1 to 5 years	-	63.961.434
	634.685.143	712.731.951

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (CONTINUED)

As of 31 December 2025, trade receivables amounting to TL 129.187.669 (2024: TL 48.600.401) are overdue and the provisions have been booked for these doubtful receivables, as of 31 December 2025 and 31 December 2024, the aging schedule of the related receivables is as follows:

	31 December 2025	31 December 2024
Up to 1 month	4.285.910	4.205.516
1 to 3 months	7.426.285	4.752.525
3 to 12 months	21.735.508	26.185.183
1 to 5 years	95.739.972	13.457.177
	129.187.675	48.600.401

Movement schedules of provision for doubtful receivables for the years ended 31 December 2025 and 31 December 2024 are as follows:

	1 January-31 December 2025	1 January-31 December 2024
Balance on 1 January	48.600.401	23.575.045
Additions	63.158.177	28.704.299
Reversals	(551.780)	(8.133.480)
Currency translation differences	17.980.877	4.454.537
Balance on 31 December	129.187.675	48.600.401

	31 December 2025	31 December 2024
Trade payables		
Trade payables	3.792.123.169	3.156.411.525
Due to related parties (Note 27)	84.814.218	87.645.988
	3.876.937.387	3.244.057.513
Less: Unrealised credit finance expense on purchases	(44.876.634)	(39.763.233)
	3.832.060.753	3.204.294.280

NOTE 8 - OTHER RECEIVABLES AND OTHER PAYABLES

	31 December 2025	31 December 2024
Other short-term receivables		
Taxes and other duties (*)	222.723.085	103.008.510
Other (***)	655.048.691	131.536.197
	877.771.776	234.544.707

	31 December 2025	31 December 2024
Other long-term receivables		
Litigation guarantee receivables (**)	101.578.311	178.645.104
Other	5.973.872	152.693
	107.552.183	178.797.797

(*) 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.

(***) It consists of insurance receivables amounting to TL 428.456.991 related to the flood disaster in Indonesia.

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NOTE 8 – OTHER RECEIVABLES AND OTHER PAYABLES (CONTINUED)

Other short-term payables	31 December 2025	31 December 2024
Taxes and duties payable	284.022.490	173.893.486
Other	41.512.061	17.607.026
	325.534.551	191.500.512

NOTE 9 – INVENTORIES

	31 December 2025	31 December 2024
Finished goods	3.640.208.607	3.529.879.884
Raw materials and supplies	2.796.037.105	2.493.163.343
Semi-finished goods	1.061.242.130	1.198.180.668
Spare parts	564.015.117	458.442.440
Other inventories	282.712.404	251.808.995
	8.344.215.363	7.931.475.330
Less: Provision for inventory impairment	(578.327.041)	(457.136.332)
	7.765.888.322	7.474.338.998

The allocation of the impairment of inventories for the years ended 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Finished goods	235.941.711	178.241.846
Spare parts	175.211.187	134.334.059
Raw materials and supplies	112.787.398	81.082.435
Other inventories	37.342.532	28.129.757
Semi-finished and intermediate goods	17.044.213	35.348.235
Balance on 31 December	578.327.041	457.136.332

Movement schedules for impairment of inventories for the years ended 31 December 2025 and 31 December 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Balance on 1 January	457.136.332	270.414.821
Additions	231.560.792	199.079.012
Reversals	(218.306.003)	(78.190.279)
Currency translation differences	107.935.920	65.832.778
Balance on 31 December	578.327.041	457.136.332

The amount of provision for impairment of inventory charged to the cost of goods sold for the year 2025 is TL 13.254.789 (2024: TL 120.888.733).

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NOTE 10 – PREPAYMENTS AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2025	31 December 2024
Prepaid expenses	151.998.730	138.908.253
Advances given	68.440.899	54.060.273
Other	8.113.796	11.900.361
	228.553.425	204.868.887

Long-term prepaid expenses	31 December 2025	31 December 2024
Advances given	22.554.408	19.706.290
Other prepaid expenses	24.896.957	22.439.447
	47.451.365	42.145.737

Deferred revenue	31 December 2025	31 December 2024
Deferred revenue (*)	42.758.114	37.681.738
	42.758.114	37.681.738

(*) Deferred revenue comprises advances received from customers.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2025 is as follows:

	1 January 2025	Additions	Disposals (**)	Transfers (*)	Currency translation differences	31 December 2025
Cost:						
Land and land improvements	468.700.923	-	(9.323)	-	114.259.989	582.951.589
Buildings	3.630.266.471	3.259.302	(31.877.121)	49.889.616	847.708.154	4.499.246.422
Machinery and equipment	19.589.714.326	345.407.210	(2.800.055.451)	202.397.016	4.482.729.583	21.820.192.684
Motor vehicles	16.484.603	3.424.339	(5.666.622)	-	3.625.014	17.867.334
Furniture and fixtures	815.460.773	14.426.198	(71.736.074)	13.198.758	206.442.415	977.792.070
Construction in progress	1.124.321.198	904.862.436	(40.771.666)	(464.681.437)	292.333.432	1.816.063.963
	25.644.948.294	1.271.379.485	(2.950.116.257)	(199.196.047)	5.947.098.587	29.714.114.062
Accumulated depreciation:						
Land improvements	109.662.052	4.591.503	(9.323)	-	24.193.340	138.437.572
Buildings	1.979.156.120	112.527.729	(5.502.500)	(83.423)	489.722.945	2.575.820.871
Machinery and equipment	11.632.872.769	949.521.691	(1.634.878.321)	-	2.816.622.276	13.764.138.415
Motor vehicles	11.687.385	1.334.277	(3.037.829)	-	2.644.455	12.628.288
Furniture and fixtures	520.274.663	54.622.176	(57.349.473)	(3.094.491)	132.914.498	647.367.373
	14.253.652.989	1.122.597.376	(1.700.777.446)	(3.177.914)	3.466.097.514	17.138.392.519
Net book value	11.391.295.305					12.575.721.543

(*) For the twelve months period ended 31 December 2025, TL 196.018.133 (31 December 2024: TL 85.637.948 TL) was transferred to other intangible assets.

(**) The transfer of assets related to the Construction Reinforcement (Kratos) business segment, comprising certain machinery, patents, trademarks, and other intangible assets, together with inventories, spare parts, and customer lists, was completed on 3 November 2025 to Afyon Çimento T.A.Ş., in accordance with the provisions of the asset transfer agreement.

Depreciation and amortization expenses for the current period related to property, plant and equipment, intangible assets and right-of-use assets amounting to TL 1.293.114.208 (31 December 2024: TL 1.035.287.953) have been included in cost of goods sold; TL 32.389.054 (31 December 2024: TL 26.571.965) in research and development expenses; TL 420.750.523 (31 December 2024: TL 336.339.239) in general administrative expenses; and TL 11.340.082 (31 December 2024: TL 7.730.495) in marketing expenses.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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NOTE 12 - INTANGIBLE ASSETS

The movement of intangible assets for the year ended 31 December 2025 is as follows:

	1 January 2025	Additions	Disposals	Transfers	Currency translation differences	31 December 2025
Cost:						
Rights	394.592.033	2.567.527	-	-	99.496.245	496.655.805
Technology licences	575.667.655	-	-	46.505.492	129.486.622	751.659.769
Capitalized development costs	704.083.513	107.433.778	(75.976.413)	179.255.849	170.245.743	1.085.042.470
Computer software	276.836.893	2.034.344	(35.547.075)	(29.713.868)	81.286.043	294.896.337
Customer relationships	3.174.799.932	-	-	-	680.794.421	3.855.594.353
Trademarks	984.099.779	-	-	-	211.027.357	1.195.127.136
Other intangible assets	156.180.907	-	-	-	33.472.580	189.653.487
	6.266.260.712	112.035.649	(111.523.488)	196.047.473	1.405.809.011	7.868.629.357
Accumulated Depreciation						
Rights	106.430.125	47.010.787	-	-	37.317.484	190.758.396
Technology licences	360.989.841	69.041.661	-	10.121.692	104.980.177	545.133.371
Capitalized development costs	338.848.586	135.741.440	(33.745.867)	-	81.986.491	522.830.650
Computer software	182.224.136	37.244.302	(35.547.028)	(10.092.352)	33.797.742	207.626.800
Customer relationships	775.424.618	165.953.229	-	-	181.451.781	1.122.829.628
Trademarks	8.076.719	7.029.305	-	-	2.374.593	17.480.617
Other intangible assets	69.768.144	3.568.787	(5.489.490)	-	14.785.271	82.632.712
	1.841.762.169	465.589.511	(74.782.385)	29.340	456.693.539	2.689.292.174
Net book value	4.424.498.543					5.179.337.183

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NOTE 12 - INTANGIBLE ASSETS (CONTINUED)

The movement of intangible assets for the year ended 31 December 2024 is as follows:

	1 January 2024	Addition	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 13 - RIGHT OF USE ASSETS

	1 January 2025	Addition	Disposals	Transfer	Currency translation differences	31 December 2025
Cost						
Properties	1.119.777.517	-	(16.608.691)	-	268.755.156	1.371.923.982
Fixtures	1.601.161	-	(1.601.161)	-	-	-
Vehicles	148.192.690	59.110.358	(114.351.138)	-	27.260.615	120.212.525
Other	134.674.639	16.120.254	(66.710.339)	-	24.254.077	108.338.631
	1.404.246.007	75.230.612	(199.271.329)	-	320.269.848	1.600.475.138
Accumulated depreciation						
Properties	290.334.293	109.243.651	(2.176.527)	-	85.817.320	483.218.737
Fixtures	1.541.773	59.388	(1.601.161)	-	-	-
Vehicles	99.515.361	32.637.121	(73.920.665)	-	18.489.551	76.721.368
Other	88.010.209	27.466.820	(55.132.940)	-	16.312.786	76.656.875
	479.401.636	169.406.980	(132.831.293)	-	120.619.657	636.596.980
Net book value	924.844.371					963.878.158
	1 January 2024	Addition	Disposals	Transfers	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

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NOTE 14 - INVESTMENT PROPERTIES

	31 December 2025	31 December 2024
Balance on 1 January	587.832.293	697.056.265
(Losses)/gains from fair value adjustments (Note23) (*)	(23.421.708)	(32.407.464)
Disposals	-	(197.520.981)
Currency translation differences	123.911.662	120.704.473
Balance on 31 December	688.322.247	587.832.293

(*) As of 31 December 2025, the fair value of the Group's investment property in PT Indo Kordsa Company in the Asia Pacific Region has been revalued by independent experts who are not related to the Group and have appropriate qualifications and recent experience in the valuation of properties. 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 2025, the fair value hierarchy level of investment properties measured by the revaluation method is 2.

NOTE 15 - GOODWILL

The goodwill by amount of USD 154.516.599 as of 31 December 2025 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 14.464.089 consists of Microtex acquisition.

As of 31 December, the movements in goodwill were as follows;

	31 December 2025	31 December 2024
Balance on 1 January	5.476.328.966	3.959.700.724
Currency translation difference and other	1.144.042.801	1.516.628.242
Balance on 31 December	6.620.371.767	5.476.328.966

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 6.620.371.767 and TL 5.476.328.966 for the year ended as of 31 December 2025 and 31 December 2024 respectively.

The value of the cash-generating unit has been tested together with the sensitivity of the Weighted Average Cost of Capital ("WACC") and the growth rate by applying a +1%/-1% change in these assumptions. Based on the results of the impairment sensitivity analysis, no impairment has been identified in the value of the cash-generating unit.

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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:

	31 December 2025	31 December 2024
a) Guarantees given		
Pledges given to banks	1.001.749.184	813.930.268
Securities (*)	596.629.700	3.007.645.575
Letter of credits	1.280.459.419	676.875.725
Letter of guarantees	5.667.769.610	5.471.423.077
Commitments	172.563	1.905.094
	7.950.150.776	9.971.779.739

(*) Kordsa Teknik Tekstil A.Ş. participated as a joint and several guarantor in loans of Kordsa Inc., amounting to 13.900.000 US Dollars, equivalent to 596.629.700 TL (December 31, 2024: 85.250.000 US Dollars, 3.007.645.575 TL).

	31 December 2025	31 December 2024
b) Guarantees received		
Letter of guarantees	73.579.899	64.105.970
Cheques and notes received as collateral	331.350	331.350
	73.911.249	64.437.320

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NOTE 16 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES (CONTINUED)

31 December 2025	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A.Total amount of CPMSs given on behalf of own legal entity	7.353.521.076	4.854.241.141	56.614.554	4.000.000	138.470.893	281.215.110
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	596.629.700	-	13.900.000	-	-	-
C. CPMSs given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPMSs	-	-	-	-	-	-
i. Total amount of CPMSs given on behalf of the major shareholder	-	-	-	-	-	-
ii. Total amount of CPMSs given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPMSs given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	7.950.150.776	4.854.241.141	70.514.554	4.000.000	138.470.893	281.215.110
31 December 2024	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A.Total amount of CPMSs given on behalf of own 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. CPMSs given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPMSs	-	-	-	-	-	-
i. Total amount of CPMSs given on behalf of the major shareholder	-	-	-	-	-	-
ii. Total amount of CPMSs given on behalf of other Group companies	-	-	-	-	-	-
iii. Total amount of CPMSs given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	9.971.779.739	4.516.373.733	141.132.155	4.000.000	140.178.995	183.771.579

Group equity ratio to other CPMS given by the Group is 0% as of December 31, 2025 (December 31, 2024: 0%).

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NOTE 17 - SHORT TERM PROVISIONS

Short-term provisions for employee benefits	31 December 2025	31 December 2024
Provision for unused vacation	131.680.606	113.359.350
Provision for bonus accrual	283.098.957	186.243.847
Provision for capital contribution plan (*)	12.965.585	39.404.640
	427.745.148	339.007.837

(*) 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 2025	1 January- 31 December 2024
Balance on 1 January	113.359.350	95.788.338
Increase during the year	34.796.479	17.461.240
Decrease during the year	(42.618.679)	(15.338.072)
Currency translation differences	26.143.456	15.447.844
Balance on 31 December	131.680.606	113.359.350

Long-term provisions for employee benefits	31 December 2025	31 December 2024
Provision for employment termination benefits (*)	261.243.768	252.124.537
Accruals for employee retirement benefit plans (**)	197.708.352	160.283.504
	458.952.120	412.408.041

(*) 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 2025 the amount payable consists of one month's salary limited to a maximum of TL 53.919,68 (31 December 2024: TL 41.828,42) for each year of service.

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NOTE 17 - SHORT TERM PROVISIONS (CONTINUED)

(*) Provision for employment termination benefits (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:

	2025	2024
Discount rate (%)	4,40	3,0

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, 2025, 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 64.948,77 effective from January 1, 2026 has been taken into consideration in the calculation of the Group's provision for employment termination benefits (January 1, 2025: TL 46.656,61).

Movements in the provision for employment termination benefits during the year are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Balance on 1 January	252.124.537	233.272.716
Increase during the year	160.268.560	102.506.497
Payment during the year	(103.090.959)	(99.159.467)
Actuarial (gain)/loss	(44.310.082)	17.512.270
Currency translation differences	(3.748.288)	(2.007.479)
Balance on 31 December	261.243.768	252.124.537

(**) 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 benefits plans (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 2025	1 January- 31 December 2024
Balance on 1 January	160.283.504	131.022.244
Addition during the year	4.496.230	10.365.187
Payment during the year	(5.356.227)	(7.487.548)
Actuarial loss	17.506.924	2.373.197
Currency translation differences	20.777.921	24.010.424
Balance on 31 December	197.708.352	160.283.504

Employee benefit obligations	31 December 2025	31 December 2024
Wage accruals	63.446.306	31.311.695
Due to personnel	129.703.574	106.617.742
	193.149.880	137.929.437

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NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2025	31 December 2024
Deferred VAT	199.759.354	333.528.972
Deductible VAT	111.261.814	115.334.028
Prepaid taxes and funds	86.748.665	35.727.539
Other	4.089.484	56.989.561
	401.859.317	541.580.100
Other non-current assets	31 December 2025	31 December 2024
Spare parts	553.101.369	441.950.682
Other	121.437.058	2.786.963
	674.538.427	444.737.645
Other current liabilities	31 December 2025	31 December 2024
Expense accruals	360.867.944	251.715.208
Sales discounts and commission accruals (*)	186.124.254	95.225.284
Other tax accruals (**)	71.088.871	25.102.044
Other	286.123.010	185.896.205
	904.204.079	557.938.741

(*) 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 non-current liabilities	31 December 2025	31 December 2024
Other (*)	-	1.218.759.902
	-	1.218.759.902

(*) The 39% minority stake of the Group's subsidiary, Microtex Composites S.r.l., was acquired for 34,940,344 EUR on May 20, 2025, within the framework of the option agreement.

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 (2024: 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 2025 and 31 December 2024 are as follows:

	2025	Ownership interest %	2024	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)

The Group has adopted the registered capital system pursuant to the provisions of the Capital Markets Law No. 6362 (the "CML") and was authorized to implement the registered capital system by the Capital Markets Board (the "CMB") with its decision dated 21 September 1989 and numbered 594. The Company's registered capital ceiling amounts to TL 500,000,000. The registered capital is divided into 50,000,000,000 registered shares, each with a nominal value of Kr 1.

All company shareholders have the same equal rights and no privilege is granted to any one shareholder.

Revaluation and edging reserves

	31 December 2025	31 December 2024
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	(1.024.643.419)	(890.487.904)
	(1.024.913.570)	(890.758.055)

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 2025	1 January- 31 December 2024
Balance on 1 January	(890.487.904)	(951.945.731)
Increases/decreases	(171.994.250)	81.943.769
Income tax related to gains /losses recognized in other comprehensive income	37.838.735	(20.485.942)
Balance on 31 December	(1.024.643.419)	(890.487.904)

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 Türkiye's merger through the acquisition of Kordsa Global by Kordsa Türkiye as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Türkiye 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)

Capital Advance

Our main partner, Hacı Ömer Sabancı Holding A.Ş., paid our company a capital advance of 2.060.570.002 TL in cash on October 10, 2025, in accordance with the board of directors' decision dated September 12, 2025.

Restricted Reserves

Reserves 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, 2025 restricted reserves comprised legal reserves amounting to TL 480.427.363 (December 31, 2024: TL 458.633.027).

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 property, plant and equipment was as follows;

	2025	2024
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, 2025, TL 80.934.912 (December 31, 2024: TL 105.971.754) consists of actuarial gain or loss of long-term employee benefits and retirement plan provision (Türkiye, 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, 2025, the Group has foreign currency translation differences amounting to TL 12.214.736.236 (December 31, 2024: 10.780.943.130) 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.

Kordsa Teknik Tekstil A.Ş. and Its Subsidiaries Notes to the Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2025

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NOTE 19 - EQUITY (CONTINUED)

Prior years' profit/losses

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 2025, the Group has a net loss of TL 1.491.845.945 (2024: TL 855.696.078 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:

	2025	2024
Balance at the beginning of the period	3.706.940.789	3.216.427.057
The portion of total comprehensive income attributed to non-controlling interest	767.982.192	776.025.485
Dividend paid to non-controlling interest	(344.342.796)	-
Dividends distributed to non-controlling shareholders	(87.587.298)	(285.511.753)
Balance at the end of the period	4.042.992.887	3.706.940.789

NOTE 20 - REVENUE AND COST OF SALES

	1 January- 31 December 2025	1 January- 31 December 2024
Sales income (gross)	31.393.613.838	30.851.625.286
Sales returns (-)	(124.977.129)	(146.411.287)
Sales discounts (-)	(140.053.433)	(149.556.926)
Other sales discounts (-)	(86.042.769)	(122.854.080)
Sales income (net)	31.042.540.507	30.432.802.993
Cost of sales (-)	(27.021.893.922)	(26.492.054.540)
Gross Profit	4.020.646.585	3.940.748.453

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NOTE 21 - EXPENSES BY NATURE

	1 January- 31 December 2025	1 January- 31 December 2024
Raw material and supply expenses	16.828.375.221	18.117.841.398
Personnel expenses	5.859.321.059	4.888.004.329
Energy expenses	2.038.743.914	1.990.140.363
Depreciation and amortization expenses	1.757.593.867	1.405.929.652
Distribution expenses	697.166.134	857.623.298
Packaging expenses	488.194.123	505.700.876
Consultancy expenses	237.340.237	200.242.889
Idle mill expenses	971.472.718	342.400.532
Maintenance expenses	50.300.473	50.887.426
Rent expenses	37.461.413	33.457.177
Other	2.248.076.987	1.763.404.850
	31.214.046.146	30.155.632.790

General administrative expenses amounting to TL 2.507.894.488 (31 December 2024: TL 2.005.396.639), marketing expenses amounting to TL 1.437.195.697 (31 December 2024: TL 1.496.282.751), research and development expenses amounting to TL 247.062.039 (31 December 2024: TL 161.898.860) 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 2025 and prepared in accordance with the letter of the POA dated 19 August 2025 are as follows;

	2025(*)	2024(*)
Independent audit fee for the reporting period	24.586.763	28.164.289
Fees for other assurance services	1.524.631	245.853
	26.111.394	28.410.142

(*) 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 2025	1 January- 31 December 2024
Unearned finance income on credit sales	353.817.260	428.211.245
Domestic production incentive income (*)	253.320.540	210.083.990
Export incentive income	22.798.513	28.891.707
Foreign exchange gain/loss on trade receivables/payables (net)	66.139.133	-
Income from insurance claims	842.482.700	2.866.845
Other	172.108.252	107.539.453
	1.710.666.398	777.593.240

(*) 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 2025	1 January- 31 December 2024
Unrealized finance expense on credit purchase	196.693.569	217.947.501
Donations	189.915	3.725.970
Taxes and Duties	85.208.122	49.674.179
Expenses of the customer damages	11.020.656	19.629.617
Foreign exchange gain/loss on trade receivables/payables (net)	-	222.130.467
Impairment provisions related to flood events (**)	1.123.663.020	-
Other	184.991.463	138.900.552
	1.601.766.745	652.008.286

(**) On 3 March 2025, certain inventories and tangible assets were damaged due to a flood incident that occurred at the Company's Indonesia facility. As of the reporting date, negotiations with the insurance company are ongoing regarding the determination of scrap values, repair and restoration alternatives, and the final amount of compensation. An impairment loss of US Dollar 5.5 Million (TL 214 Million) related to inventories affected by the flood and US Dollar 20.6 Million (TL 806.9 million) related to property, plant and equipment has been recognized under other operating expenses in the financial statements. Proceeds amounting to US Dollar 1.5 Million derived from the sale of scrap inventories following the flood, as well as insurance compensation income of US Dollar 20 Million (in total TL 842.5 Million) finalized in 2025, have been recognized under other operating income. Within the scope of the flood-related incident at PT Indo Kordsa, the Company's property damage and business interruption insurance policy provides coverage of up to US Dollar 50 Million, including business interruption losses for a maximum period of twelve months.

NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 December 2025	1 January- 31 December 2024
Interest income	195.293.615	124.804.381
Gain on sale of property, plant and equipment	89.959.283	9.013.851
Other	5.046.246	4.908.930
	290.299.144	138.727.162
Losses from investing activities	1 January- 31 December 2025	1 January- 31 December 2024
Loss on sale of property, plant and equipment	2.750.535	474.103
Impairment losses on investment properties (Note 14)	23.421.708	32.407.464
Other (*)	-	102.124.143
	26.172.243	135.005.710

(*) 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 2025	1 January- 31 December 2024
Foreign exchange gain	1.079.452.186	441.088.653
Derivative financial instruments	119.738.970	100.406.667
Other	-	1.631.689
	1.199.191.156	543.127.009
Finance expense	1 January- 31 December 2025	1 January- 31 December 2024
Interest expenses	2.331.383.280	1.626.975.045
Foreign exchange losses	480.411.300	127.823.606
Losses on derivative instruments	182.982.793	11.970.700
Other	245.072.272	263.556.949
	3.239.849.645	2.030.326.300

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NOTE 25 - TAXATION ON INCOME

Corporate Tax

	31 December 2025	31 December 2024
Corporate tax payable	233.117.736	254.360.622
Less: Prepaid taxes	(278.885.042)	(240.540.421)
Current tax (asset)/ liability, net	(45.767.306)	13.820.201

The Group and its subsidiaries located in Türkiye are subject to the tax legislation and practices in force in Türkiye. 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 Türkiye are subject to the tax legislation and practices in force in Türkiye. 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, 2025, 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 Türkiye, 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 6/2/2025, published in the Official Gazette dated July 15, 2025 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 2025.

Within the scope of the said amendment, the tax rate used in deferred tax calculation as of December 31, 2025, is 25%. (31 December 2024: 25%).

According to the provisional article added to the Tax Procedure Law ("TPL") by Law No. 7571, published in the Official Gazette on 24 December 2025, even if the conditions are met, inflation adjustments based on the Producer Price Index ("PPI") will not be applied to the 2025, 2026, and 2027 accounting periods. Therefore, inflation adjustments have not been applied to the TPL financial statements that will serve as the basis for corporate tax returns for these periods.

Global Minimum Corporate Income Tax

In September 2023, the Public Oversight Accounting and Auditing Standards Authority (POA) issued amendments to TAS 12 introducing a mandatory exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. These amendments clarified that TAS 12 applies to income taxes arising from tax laws that have been enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments also introduce specific disclosure requirements for entities affected by such tax laws. The exception that deferred taxes related to these rules are neither recognized nor disclosed, together with the requirement to disclose that the exception has been applied, became effective upon issuance of the amendments. With a draft law submitted to the Turkish Grand National Assembly on 16 July 2024, Türkiye began adopting the OECD's Global Minimum Corporate Income Tax (Pillar Two) rules.

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

These regulations entered into force through laws published in the Official Gazette on 2 August 2024. The implementation in Türkiye is largely aligned with the OECD Pillar Two Model Rules and shows similarities in areas such as scope, exemptions, consolidation, tax calculations, and filing deadlines. Although secondary legislation detailing the calculation mechanics and application method has not yet been issued, based on preliminary assessments made by taking into account the OECD guidance, it is considered that these regulations are not expected to have a significant impact on the financial statements. Nevertheless, legislative developments in Türkiye and in other countries where the Company operates continue to be monitored.

Domestic Minimum Corporate Income Tax

Türkiye enacted the Domestic Minimum Corporate Income Tax through laws published in the Official Gazette on 2 August 2024. This tax will be applicable starting from the 2025 financial year. With Law No. 7524, the minimum corporate income tax regime was introduced, stipulating that the corporate income tax calculated under this regime may not be less than 10% of corporate profits before deductions and exemptions. The regulation will enter into force as of its publication date and will apply to corporate profits for the 2025 taxation period. In addition, the Corporate Income Tax General Communiqué No. 23 regarding this matter has been published.

Income Taxes (Including Deferred Tax Assets and Liabilities)

Under the provisional article added to the Tax Procedure Law ("TPL") by Law No. 7571 published in the Official Gazette dated 24 December 2025, it has been enacted that even if the conditions are met, the application of inflation adjustment based on the Producer Price Index (PPI) shall not be made for the 2025, 2026, and 2027 accounting periods. Accordingly, inflation adjustments have not been applied in the VUK financial statements that form the basis for corporate tax returns for these periods.

As of 31 December 2025, tax rates (%) which are used in deferred tax calculations and considering the tax legislation in each country are mentioned below:

Country	31 December 2025	31 December 2024
Türkiye	%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 Türkiye 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 Türkiye to joint stock companies residing in Türkiye are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

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NOTE 25 - TAXATION ON INCOME (CONTINUED)

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.

In Türkiye, 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 Türkiye, 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 Türkiye. 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 Türkiye, 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 2025 and 31 December 2024 are summarized as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Current period corporate tax expense	(233.117.736)	(254.360.622)
Deferred tax income (expense)	618.005.013	479.658.618
	384.887.277	225.297.996

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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 2025 and 31 December 2024 is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Profit/ (loss) before tax in the consolidated financial statements	(1.839.137.574)	(1.080.722.682)
Tax charge according to the parent company's tax rate	459.784.393	270.180.671
Tax rate differences of subsidiaries	(140.296.209)	(138.368.245)
Expected tax charge of the Group	319.488.184	131.812.426
Disallowable expenses	(120.302.464)	(22.789.444)
Recognition of unused tax losses as deferred tax assets	387.936.189	
Research and development incentive allowance	(3.264.044)	117.766.285
Effects of current period loss that no deferred tax calculated	(239.636.308)	(407.576.944)
Revaluation effect	162.671.089	-
Non-taxable income	29.738.333	94.270.385
Foreign currency translation differences and other	(151.743.702)	(111.681.456)
Current period tax expense	384.887.277	225.297.996

On August 2, 2024, the Government of Türkiye, 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 Türkiye 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)

Deferred Tax (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 2025 and 31 December 2024 using the enacted tax rates are as follows:

	Deferred tax assets/(liabilities)	
	31 December 2025	31 December 2024
Derivative financial instruments	7.055.778	(23.293.056)
Property, plant and equipment and intangible assets	(1.583.907.022)	(1.227.370.979)
Research and development	484.914.240	416.698.524
Inventories	(36.830.309)	(48.431.579)
Provision for employment termination benefits	94.517.905	97.274.187
Prepaid expenses	232.827.223	46.206.260
Unused previous year losses	1.166.335.920	547.504.882
Finance income	40.284.242	99.450.893
Other, net	556.358.528	282.025.246
Net deferred tax assets	961.556.505	190.064.378

Pursuant to the provisions of the Tax Procedure Law, prior year tax losses are accounted for at their statutory carrying amounts and can be carried forward for a maximum period of five years, subject to the limitations set forth in the relevant legislation. Based on management's projections and its assessment that it is probable that sufficient taxable profits will be available in future periods, primarily driven by the anticipated improvement in operating performance, a deferred tax asset amounting to TL 851.914.343 (31 December 2024: none) has been recognized in the consolidated financial statements. The utilization schedule of the recognized deferred tax asset, based on the statutory expiry of the underlying tax losses, is as follows: TL 32.566.459 expiring in 2027; TL 191.506.781 in 2028; TL 288.399.647 in 2029; and TL 339.441.456 in 2030.

For Kordsa Inc., a deferred tax asset of TL 314.421.577 arising from unused financial losses of TL 1.257.686.309 gross has been recognized in the consolidated financial statements and has an unlimited usage period.

	1 January- 31 December 2025	1 January- 31 December 2024
Balance on 1 January	190.064.378	430.244.298
Current year deferred tax income/(expense)	618.005.013	479.658.618
Charges to equity	30.586.588	(15.583.974)
Currency translation differences	122.900.526	(704.254.564)
Balance on 31 December	961.556.505	190.064.378

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NOTE 26 - LOSS 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 2025	1 January- 31 December 2024
Net profit/(loss) attributable to equity holders of the parent	(1.491.314.822)	(1.096.131.983)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(76,66)	(56,35)
Earning per share from continuing operations		
Net profit attributable to equity holders of the parent	(1.472.141.042)	(1.095.993.573)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(75,68)	(56,34)
Earning per share from discontinued operations		
Net loss attributable to equity holders of the parent	(19.173.780)	(138.410)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,99)	(0,07)

Nominal values of ordinary shares for the years ended 31 December 2025 and 31 December 2024 are assumed to be Kr 1 each.

NOTE 27 - RELATED PARTY DISCLOSURES

Bank balances:	31 December 2025	31 December 2024
Akbank T.A.Ş. - time deposit	1.756.753.903	4.081.615
Akbank T.A.Ş. - demand deposit	90.265.925	246.964.040
	1.847.019.828	251.045.655

	31 December 2025	31 December 2024
Akbank T.A.Ş. - bank borrowings	3.777.603.568	3.372.011.094
	3.777.603.568	3.372.011.094

Other Cash and Cash Equivalents:	31 December 2025	31 December 2024
Ak Portföy Yönetimi A.Ş.	2.720.172.011	1.240.172.971
	2.720.172.011	1.240.172.971

Due from related party:	31 December 2025	31 December 2024
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	344.865.797	328.892.087
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	11.053.508	1.813.002
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	582.553	4.608.932
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	239.529	152.340
Sabancı Dijital Teknoloji Hizm. A.Ş. ("SabancıDx")	222.162	248.558
Aksigorta A.Ş. ("Aksigorta")	-	77.389
Other	382.584	57.657
	357.346.133	335.849.965

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NOTE 27 - RELATED PARTY DISCLOSURES (CONTINUED)

Due to related party:	31 December 2025	31 December 2024
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	46.778.985	56.144.149
Aksigorta A.Ş. ("Aksigorta")	13.966.644	4.029.329
Afyon Çimento Sanayi T.A.Ş.	12.688.374	-
Akbank T.A.Ş.	5.137.166	6.401.341
Sabancı Dijital Teknoloji Hizm. A.Ş. ("SabancıDx")	4.670.776	17.636.784
Sabancı Holding	868.071	2.283.516
Other	704.202	1.150.869
	84.814.218	87.645.988

Product sales:	1 January- 31 December 2025	1 January- 31 December 2024
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	886.630.727	831.803.396
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	6.375.655	2.086.371
Afyon Çimento Sanayi T.A.Ş.	9.232.983	-
Other	12.754.387	22.638.371
	914.993.752	856.528.138

Service received:	1 January- 31 December 2025	1 January- 31 December 2024
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	556.103.690	588.386.609
Sabancı Dijital Teknoloji Hizm. A.Ş. ("SabancıDx")	162.004.011	120.811.189
Aksigorta A.Ş. ("Aksigorta")	190.087.943	218.933.448
Other	20.919.066	15.538.061
	929.114.710	943.669.307

Property, plant and equipment purchases:	1 January- 31 December 2025	1 January- 31 December 2024
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	988.150	2.395.671

Interest expense:	1 January- 31 December 2025	1 January- 31 December 2024
Akbank T.A.Ş.	229.391.300	77.676.548

Foreign exchange income/(expense), net	1 January- 31 December 2025	1 January- 31 December 2024
Akbank T.A.Ş.	53.407.687	(40.079.131)

Other income:	1 January- 31 December 2025	1 January- 31 December 2024
Sabancı Dijital Teknoloji Hizm. A.Ş. ("SabancıDx")	3.035.760	3.196.224
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	748.759	640.300
Akbank T.A.Ş.	861.217	697.031
	4.645.736	4.533.555

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NOTE 27 - RELATED PARTY DISCLOSURES (CONTINUED)

Sales of inventory and fixed assets	1 January- 31 December 2025	1 January- 31 December 2024
Afyon Çimento Sanayi T.A.Ş.	417.642.612	-

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 2025 and 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Short-Term Employee Benefits	128.595.792	118.776.228
Benefits Due to Dismissal	-	6.724.681
Post-Employment Benefits	2.445.393	865.630
Other Long-Term Benefits	536.839	230.743
	131.578.024	126.597.282

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 2025			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries				
PT Indo Kordsa Tbk (*)	%38,41	(6.448.298)	3.900.207.906	(70.320.124)
Other		5.917.175	142.784.981	(17.267.174)
Total		(531.123)	4.042.992.887	(87.587.298)

	31 December 2024			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated 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	

(*) 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 2025	31 December 2024
Cash and cash equivalents	928.611.046	1.177.292.783
Other current assets	2.660.985.312	2.620.258.667
Non-current assets	8.258.510.688	6.754.617.762
Total assets	11.848.107.046	10.552.169.212
Short-term borrowings	-	181.526.917
Other current liabilities	1.485.240.015	1.657.156.958
Other non-current liabilities	837.912.735	711.423.508
Total liabilities	2.323.152.750	2.550.107.383
Total equity	9.524.954.296	8.002.061.829
Total equity attributable to owners of the Company	9.132.564.361	7.255.296.023
Non-controlling interest (*)	392.389.935	746.765.806

Summary statement of profit and loss:	PT Indo Kordsa Tbk	
	1 January – 31 December 2025	1 January – 31 December 2024
Revenue	4.753.521.314	7.385.469.454
Cost of sales	(3.910.410.112)	(5.925.058.490)
Depreciation and amortization expense	(461.365.359)	(391.923.301)
Operating profit/(loss)	(163.022.657)	579.288.230
Finance income/(expense), net	90.945.352	-
Profit/(loss) before tax	(72.077.305)	579.288.230
Tax (-)	(41.318.225)	(173.982.585)
Non-controlling interests (*)	(60.248.295)	(73.823.047)
Profit/(loss) for the year	(173.643.825)	331.482.598

(*) 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 2025 and 31 December 2024 is as follows:

Derivative and Non-derivative financial liabilities ⁽¹⁾⁽²⁾:

31 December 2025	Carrying value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Borrowings	19.611.433.201	21.851.513.913	2.496.699.501	7.543.045.997	11.803.171.654	8.596.761
Lease liabilities	1.139.448.073	1.186.367.158	132.860.048	113.501.282	355.790.749	584.215.079
Trade payables	3.832.060.753	3.832.060.752	3.376.368.087	455.692.665	-	-
Liabilities within the scope of Employee Benefits	193.149.880	193.149.880	-	193.149.880	-	-
Other payables	349.229.570	349.229.569	266.693.858	55.475.944	10.781.187	16.278.580
	25.125.321.477	27.412.321.272	6.272.621.494	8.360.865.768	12.169.743.590	609.090.420

Derivative financial liabilities

Unrealized purchase/sale contracts (net)	(43.498.889)	(43.498.889)	(43.498.889)	-	-	-
	(43.498.889)	(43.498.889)	(43.498.889)	-	-	-

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	-	-
Liabilities within the scope of Employee Benefits	137.929.437	137.929.437	-	137.929.437	-	-
Other payables	191.500.512	214.326.395	193.552.985	314.581	4.626.990	15.831.839
	22.178.420.812	22.263.073.284	7.902.214.811	5.780.619.171	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)	-

(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.

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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 2025 and 31 December 2024, the interest rate profile of the Group interest-bearing financial instruments is as follows:

Fixed interest rate financial instruments	31 December 2025	31 December 2024
Financial Liabilities	7.059.183.343	13.206.764.530
Time Deposits	520.662.901	1.137.432.287
Variable interest rate financial instruments	31 December 2025	31 December 2024
Financial liabilities	12.552.249.858	4.371.082.610

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 2025, 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 69.306.971 (2024: TL 24.667.891) as a result of higher interest expense on floating rate borrowings.

On 31 December 2025, 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 14.512.768 as a result of higher interest expense on floating rate borrowings (2024: TL 582.719).

Derivative financial instruments

The Group's derivative financial instruments consist of forward foreign exchange contracts. As of 31 December 2025, the Group has an interest rate swap (IRS) designated as a derivative instrument to manage its exposure to variable interest rate risk. As of 31 December 2025, the fair value of the related derivative instrument amounted to a loss of TL 15.664.374 (2024: TL 7.902.791 loss).

As of 31 December 2025, the net book values of derivative forward option and clearing instruments are as follows:

EUR sell TL buy	Average Rate	Foreign Currency (EUR)	Contract Value (TL)	Fair Value (TL)
Between 0-3 months	50,6623	14.211.763	720.000.000	(22.184.495)
Total				(22.184.495)

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NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Derivative financial instruments (continued):

EUR sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (TL)	Fair Value (TL)
Between 0-3 months	1,1707	7.000.000	24.584.400	(6.851.455)
Between 3-6 months	1,1965	3.000.000	10.768.500	637.113
Between 6-9 months	1,2018	1.000.000	3.605.400	175.726
Total				(6.038.616)
BRL sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (TL)	Fair Value (TL)
Between 6-9 months	5,4408	1.245.190	6.774.817	388.596
Total				388.596
Forward/Swap Net				(43.498.889)

As of 31 December 2024, the net book values of derivative forward and clearing instruments are as follows:

EUR sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (TL)	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
BRL sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (TL)	Fair Value (TL)
Between 6-9 months	5,5443	4.881.072	27.062.126	14.698.969
Total				14.698.969
Forward/Swap Net				108.642.943

Foreign currency position

Group's assets and liabilities denominated in foreign currencies on 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Assets	3.445.199.107	3.519.832.421
Liabilities	(10.373.553.517)	(6.790.095.890)
Net foreign currency position	(6.928.354.410)	(3.270.263.469)

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2025	Total TL Equivalent	TL (*)	Euro (*)	Indonesian Rupiah ('000) (*)	Other TL Equivalent(**)
Assets:					
Trade receivables	1.672.399.870	110.562.177	24.128.501	60.376.447.141	193.562.767
Cash and cash equivalent	1.412.129.942	68.216.954	22.378.995	28.872.145.604	144.467.778
Other monetary receivables and assets	335.677.611	176.787.716	1.291.298	36.322.902.242	734.873
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	3.420.207.423	355.566.847	47.798.794	125.571.494.987	338.765.418
Financial investments available for sale	-	-	-	-	-
Other monetary receivables and assets	24.991.684	2.786.964	-	8.651.908.110	-
Non-current assets	24.991.684	2.786.964	-	8.651.908.110	-
Total assets (a)	3.445.199.107	358.353.811	47.798.794	134.223.403.097	338.765.418
Liabilities:					
Trade payables	1.007.876.435	333.384.913	5.898.985	75.510.378.679	182.549.664
Financial liabilities	5.979.765.526	5.265.000.000	14.000.000	-	-
Other monetary payable and liabilities	229.866.422	181.609.492	139.997	15.898.699.169	-
Current liabilities	7.217.508.383	5.779.994.405	20.038.982	91.409.077.848	182.549.664
Financial liabilities	2.518.825.225	-	50.000.000	-	-
Other monetary receivables and assets	3.297.305	-	-	1.282.458.396	-
Non-current liabilities	2.522.122.530	-	50.000.000	1.282.458.396	-
Total liabilities (b)	9.739.630.913	5.779.994.405	70.038.982	92.691.536.244	182.549.664
Off-balance sheet derivative assets (c)	(633.922.604)	(720.000.000)	1.711.763	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset / (liability) position (a-b+c-d)	(6.928.354.410)	(6.141.640.594)	(20.528.425)	41.531.866.853	156.215.754
Fair value of financial instruments used for foreign exchange hedge					
Hedges amount of foreign currency amount	(633.922.604)	(720.000.000)	1.711.763	-	-

(*) 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 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
Non-current assets held for sale	-	-	-	-	-
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					
Hedges amount of foreign currency liabilities	14.698.969	-	-	-	-

(*) 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 2025	31 December 2024
US Dollars (Buy/Sell)	42,8457/42,9229	35,2803/35,3438
Euro	50,2859	36,7362
Indonesian Rupiah (1000 units)	2,5665	2,1944
Brazilian Real	7,7867	5,6975
Thai Baht	1,3566	1,0380
Egyptian Pound	0,8986	0,6942

Average rates	31 December 2025	31 December 2024
US Dollars	39,2567	32,7680
Euro	44,7119	35,4642
Indonesian Rupiah (1000 units)	2,4080	2,0775
Brazilian Real	7,0646	6,0800
Thai Baht	1,2005	0,9284
Egyptian Pound	0,8021	0,8021

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 2025 and 31 December 2024.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2025	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If the Turkish Lira exchange rate changes by 10%				
TL net asset/liability	(614.164.039)	614.164.039	-	-
Hedged portion of TL amounts (-)	-	-	-	-
Net effect of TL	(614.164.039)	614.164.039	-	-
If the Euro exchange rate changes by 10%				
EUR net asset/liability	(103.228.890)	103.228.890	-	-
Hedged portion of EUR amounts (-)	-	-	-	-
Net effect of EUR	(103.228.890)	103.228.890	-	-
If the other currencies exchange rate changes by 10%				
Other foreign currency net asset/liability	24.557.487	(24.557.487)	-	-
Hedged portion of other foreign currency amounts (-)	-	-	-	-
Net effect of other foreign currencies	24.557.487	(24.557.487)	-	-
	(692.835.441)	692.835.441	-	-

31 December 2024	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If the Turkish Lira exchange rate changes by 10%				
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	-	-
If the Euro exchange rate changes by 10%				
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	-	-
If the other currencies exchange rate changes by 10%				
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	-	-

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

The import and export balances of Türkiye for the years ended 31 December 2025 and 31 December 2024 are presented in the tables below:

	31 December 2025		31 December 2024	
	Original Amount	TL Equivalent	Original Amount	TL Equivalent
Euro	142.351.355	6.364.799.550	158.605.857	5.624.829.834
US Dollars	78.763.103	3.091.979.506	91.421.107	2.995.686.834
British Pound	94.914	24.972	-	-
Total export		9.456.804.028		8.620.516.668
			1 January- 31 December 2025	1 January- 31 December 2024
Total import			5.521.918.873	6.508.445.051

(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 2025 and 31 December 2024, 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)

As of 31 December 2025, the credit risks that the Group is exposed to by types of financial instruments are as follows:

31 December 2025	Trade Receivables		Other Receivables (*) Derivatives		Bank Deposits	
	Related Party	Third Party	Related Party	Other	Related Party	Other
As of reporting date, credit risk exposure (**)	357.346.133	4.551.046.728	-	9.525.573	276.245.398	6.239.754.545
- The part of maximum risk under guarantee with collateral	-	73.911.249	-	-	-	-
Net book value of financial assets that are neither past due nor impaired	357.346.133	3.916.361.585	-	-	276.245.398	6.239.754.545
Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	634.685.143	-	-	-	-
- The part under guarantee with collateral	-	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	129.187.675	-	-	-	-
- Impairment (-)	-	(129.187.675)	-	-	-	-
- 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 2024, the credit risks that the Group is exposed to by types of financial instruments are as follows:

31 December 2024	Trade Receivables		Other Receivables (*) Derivatives		Bank Deposits	
	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	2.700.557.005
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.

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 2025	31 December 2024
Less than 1 month	381.610.535	454.138.195
Between 1-3 months	195.843.366	153.039.733
Between 3-12 months	57.231.242	41.592.589
Up to 5 years	-	63.961.434
	634.685.143	712.731.951

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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 2025 and 31 December 2024 net debt/(equity+net debt+non-controlling interest) ratio is:

	31 December 2025	31 December 2024
Total financial liabilities	20.750.881.274	18.644.696.583
Cash and cash equivalents	(6.515.999.943)	(4.224.647.205)
Net debt	14.234.881.331	14.420.049.378
Equity	17.354.168.365	13.498.264.771
Non-controlling interest	4.042.992.887	3.706.940.789
Equity+net debt+non-controlling interest	35.632.042.583	31.625.254.938
Net debt/(Equity+net debt +non-controlling interest) ratio	%40	%46

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 2025	Financial assets at amortised cost	FVOCI	Financial liabilities at amortised cost	Derivative financial assets and liabilities	Carrying value (*)	Note
Financial assets						
Cash and cash equivalents	6.515.999.943	-	-	-	6.515.999.943	4
Trade receivables	4.908.392.861	-	-	-	4.908.392.861	7
Trade receivables from related parties	357.346.133	-	-	-	357.346.133	27
Financial investments	-	16.736.438	-	-	16.736.438	5
Derivative financial instruments	-	-	-	9.525.573	9.525.573	30
Financial liabilities						
Borrowings	-	-	19.611.433.201	-	19.611.433.201	6
Lease Liabilities	-	-	1.139.448.073	-	1.139.448.073	6
Trade payables	-	-	3.832.060.753	-	3.832.060.753	7
Trade payables to related parties	-	-	84.814.218	-	84.814.218	27
Debts within the scope of employee benefits	-	-	193.149.880	-	193.149.880	17
Other financial liabilities (**)	-	-	325.534.551	-	325.534.551	8
Derivative financial instruments	-	-	-	53.024.462	53.024.462	29
31 December 2024						
Financial assets						
Cash and cash equivalents	4.224.647.205	-	-	-	4.224.647.205	4
Trade receivables	5.689.708.730	-	-	-	5.689.708.730	7
Trade 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	29
Financial liabilities						
Borrowings	-	-	17.577.847.140	-	17.577.847.140	6
Lease Liabilities	-	-	1.066.849.443	-	1.066.849.443	6
Trade payables	-	-	3.204.294.280	-	3.204.294.280	7
Trade payables to related parties	-	-	87.645.988	-	87.645.988	27
Debts within the scope of employee benefits	-	-	137.929.437	-	137.929.437	17
Other financial liabilities (**)	-	-	191.500.512	-	191.500.512	8
Derivative financial instruments	-	-	-	45.782.950	45.782.950	29

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

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 2025	31 December 2024		
Foreign currency forward/ swap contracts	(43.498.889)	108.642.943	Level 2	Discounted cash flow method: Future cash flows estimated using forward exchange rates (observable forward exchange rates at the end of the reporting period) and contractual exchange rates are discounted using a rate that reflects the credit risk of the respective counterparties.

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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 "Non-current 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 2025 and 31 December 2024, 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 2025: None, 31 December 2024: None) and liabilities related to asset groups classified as held for sale (31 December 2025: 46.353.055 TL, 31 December 2024: 46.088.054 TL).

Between the dates of 1 January- 31 December 2025 and 1 January- 31 December 2024, the operating results of Nile Kordsa are given below:

NILE KORDSA

	1 January- 31 December 2025	1 January- 31 December 2024
GROSS PROFIT		
Revenue	-	-
Cost of sales (-)	-	-
OPERATING PROFIT		
General administrative expenses (-)	-	-
Marketing expenses (-)	-	-
Research and development expenses (-)	-	-
Other income from operating activities	-	-
Other expenses from operating activities (-) (*)	(265.001)	(271.392)
OPERATING PROFIT/LOSS	(265.001)	(271.392)
Gain from investing activities	-	-
Loss from investing activities (-)	-	-
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(265.001)	(271.392)
Finance income	-	-
Finance expenses (-)	-	-
TAX EXPENSE/INCOME FROM CONTINUING OPERATIONS	(265.001)	(271.392)
Current tax expense	-	-
Deferred tax benefit	-	-
PROFIT/ LOSS FOR THE PERIOD	(265.001)	(271.392)

(*) Provisions recognized for the net assets related to Nile Kordsa in the consolidated financial statements.

In the preparation of the consolidated financial statements as of 31 December 2025 and 31 December 2024, the financial statements of Kordsa Advanced Materials GmbH have been classified in the statement of financial position as non-current assets held for sale (31 December 2025: TL 2,741,462; 31 December 2024: None) and liabilities directly associated with assets held for sale (31 December 2025: TL 15,718,974; 31 December 2024: None).

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

NOTE 31 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

The results of operations of Kordsa Advanced Materials GmbH for the periods between 1 January - 31 December 2025 and 1 January - 31 December 2024 are presented below.

KORDSA ADVANCE MATERIALS GMBH

	1 January- 31 December 2025	1 January- 31 December 2024
GROSS PROFIT		
Revenue	-	-
Cost of sales (-)	-	-
OPERATING PROFIT		
General administrative expenses (-)	-	-
Marketing expenses (-)	-	-
Research and development expenses (-)	-	-
Other income from operating activities	-	-
Other expenses from operating activities (-) (*)	(37.330.647)	-
OPERATING PROFIT/LOSS	(37.330.647)	-
Gain from investing activities	-	-
Loss from investing activities (-)	-	-
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(37.330.647)	-
Finance income	-	-
Finance expenses (-)	-	-
TAX EXPENSE/INCOME FROM CONTINUING OPERATIONS	(37.330.647)	-
Current tax expense	-	-
Deferred tax benefit	-	-
PROFIT/ LOSS FOR THE PERIOD	(37.330.647)	-

NOTE 32 - EVENTS AFTER THE REPORTING PERIOD

As a result of the flood incident at PT Indo Kordsa, the Group recognized insurance income of US Dollar 20 Million in the consolidated financial statements for the third quarter of 2025. Subsequent negotiations with the insurance company led to a revision of the insurance proceeds to US Dollar 25 million. Accordingly, an additional US Dollar 5 Million of insurance income is expected to be recognized in the consolidated financial statements for the first quarter of 2026. Negotiations with the insurance company are ongoing to determine scrap values, repair and restoration alternatives, and the final amount of compensation.

As of the reporting date, the Group's outstanding balance of US Dollar 13.250.000 under the US Dollar 17.000.000 loan facility utilized by Kordsa Inc. through DHB, with an original maturity date of 14 July 2028, was settled in full on 15 January 2026.

A Share Transfer Agreement was executed for the disposal of the Group's entire 10% equity interest in B PREG Kompozit ve Tekstil Mühendislik Danışmanlık Sanayi Ticaret A.Ş. to Sabancı Arf Inovasyon ve Ticarileştirme Anonim Şirketi, an existing shareholder of the same company, in consideration of EUR 500.000 representing the participation shares of the Ak Portföy Yönetimi A.Ş. Sabancı Holding Private Venture Capital Fund. Pursuant to the terms of the agreement, the share transfer has been completed, and the corresponding fund participation shares have been received by the Group.

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