Kordsa
2Q'26 Financial Results
Earnings Release

August 3, 2026

Kordsa reported sales revenues of USD 217 million in the second quarter of 2026, representing a 10.1% increase compared to the same quarter of 2025, supported by;

- Despite the contraction in production volumes in the tire reinforcement segment due to intense competition and production optimization initiatives implemented by tire manufacturers,
- The supportive effect of a 36% increase in revenues in the composites segment compared to the same quarter of 2025 and a 16% increase compared to the previous quarter,

Sales revenues increased by 10.1% and amounted to USD 217 million. During the same period, adjusted earnings before interest, depreciation and taxes ("Adjusted EBITDA") amounted to USD 26.1 million, while quarterly net income amounted to USD 14.2 million.

FINANCIAL DEVELOPMENTS

In the second quarter of 2026, sales revenues increased by 10.1% compared to the corresponding period of 2025 and amounted to USD 217 million. In the second quarter of 2026, compared to the same quarter of 2025;

- In the tire reinforcement segment, volume pressures continued due to production volume losses resulting from production optimization initiatives and plant closures by tire manufacturers in the EMEA and North America regions, as well as the significant shift of the price-volume pressure created by Asia-Pacific competition toward export markets. The increase in oil prices following the U.S./Israel-Iran war armed conflict that started at the end of February increased raw material and energy costs, and as a result, price increases were also implemented. Under these conditions, revenues in the tire reinforcement segment remained in line with the same quarter of 2025 and amounted to USD145 million (2Q'25: USD 144 million; 1Q'26: USD 139 million).

- In parallel with the increase in demand for Ox-Ox ceramic matrix composites, for which our wholly owned subsidiary Axiom Materials Inc., operating in the advanced composite materials industry in North America, is the main supplier, driven by the increase in energy cell production in the artificial intelligence (AI) sector, as well as the growth in the civil aviation industry, revenues in the composite technologies segment increased by 36% compared to the same quarter of the previous year and amounted to USD 67 million (2Q'25: US$49 million; 1Q'26: US$58 million).

In the second quarter of 2026;

- Despite the closure of factories by major tire manufacturers, particularly in Europe and North America, as part of production optimization initiatives, and the continuation of volume-price competition from Asia-Pacific producers,
- With the impact of the armed conflict between the U.S./Israel and Iran on increasing all commodity prices, particularly oil prices, the reflection of this impact on pricing in the tire reinforcement segment, the offsetting of cost pressures arising from the currency-inflation gap through cost reduction projects (USD 4.9 million), and the acceleration of the recovery process following the flood disaster that occurred at PT Indo Kordsa in March 2025 (USD 4.9 million),
- Together with increased sales to profitable sectors in the composite segment (US$5.9 million), quarterly Adjusted EBITDA amounted to USD 26.1 million.

At the meeting of our Board of Directors held on June 4, 2026, it was resolved to sell the 65,151 m² real estate asset located at parcel 205, block 765, İzmit district, Kocaeli province, and the 57,249 m² real estate asset located at parcel 211, block 765, İzmit district, Kocaeli province, both owned by the Company, not utilized in our operations and located outside our production sites, for a total consideration of TRY 800 million in order to restore our balance sheet structure to a healthier position. The sale of the aforementioned real estate assets was completed on June 19, 2026. A fixed asset disposal gain of approximately TRY 730 million (approximately USD 15 million) was recognized from the transfer of these real estate assets.

Supported by the operational profitability of the tire reinforcement and composite technologies segments, as well as the gain generated from the sale of the real estate assets completed in June 2026, our quarterly net income amounted to US$14.2 million in the second quarter of 2026.

In the second quarter of 2026, an investment of US$4.7 million was made in machine and product sustainability.

In the second quarter of 2026, the long-standing downward trend in working capital management reversed due to rising commodity prices resulting from the armed conflict. Compared to the first quarter of 2026, the working capital requirement increased by USD 24 million. Despite this increase, supported by strong profitability in both tire and composite operations and the cash generated from the land sales, net debt increased by only USD 6 million compared to the first quarter of 2026 and amounted to USD 304 million.

Together with the Adjusted EBITDA calculated by eliminating the one-off effects mentioned above in 2025 and the strong operational performance in the first half of 2026, the net debt / EBITDA ratio declined to 3.8x. In the calculation of Adjusted EBITDA, other income and expense items from operating activities excluding foreign exchange gains and losses were also taken into consideration.

As part of the Company's strategy to improve working capital management and achieve a healthier balance sheet structure, a loan agreement amounting to USD 200 million + EUR 50 million was signed with five financial institutions on December 23, 2025. Under this loan agreement, an “Adjusted Leverage” calculation has started to be monitored in addition to the net debt / EBITDA calculation above. According to this calculation, short-term and long-term finance lease liabilities are included in net debt. In the EBITDA calculation, non-cash expenses such as severance pay provisions, 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 excluded. As of the end of the second quarter of 2026, the“Adjusted Leverage” ratio is calculated at 3.7x according to the formula set out in the Club Loan Agreement.

At the meeting of our Board of Directors held on July 24, 2026, it was resolved to increase the Company's issued share capital from TRY 194,529,076.00 to TRY 3,695,860,271.57, entirely through internal resources, within the registered capital ceiling of TRY 10,000,000,000. Within this scope, an application was submitted to the Capital Markets Board on July 28, 2026 for the relevant capital increase.

Due to the flood that occurred at PT Indo Kordsa, the Company recognized US$20 million of insurance income in the financial statements for the third quarter of 2025 and US$5 million of insurance income in the financial statements for the first quarter of 2026, amounting to a total of US$25 million. Discussions with the insurance company, covering salvage values, repair and replacement alternatives, and the final indemnity amounts, are ongoing. Within the scope of the flood-related events at PT Indo Kordsa, the property damage and business interruption insurance policy provides coverage of up to USD 50 million, including business interruption of up to twelve months.

SUMMARY FINANCIAL RESULTS

	USD Financials (MUSD)						
	2Q'25	2Q'26	Δ	3Q'25	4Q'25	1Q'26	2Q'26
Sales	197	217	10,1%	198	179	201	217
Gross Profit	27	43	55,7%	29	17	31	43
Gross Margin (%)	13,9%	19,7%	6 pts'	14,4%	9,4%	15,6%	19,7%
OPEX (%)	12,9%	12,7%	0 pts'	12,9%	15,8%	13,8%	12,7%
Operating Profit	7	18	168,7%	1	-13	14	18
Operating Profit Margin (%)	3,3%	8,1%	5 pts'	0,6%	-7,0%	7,0%	8,1%
Adjusted EBITDA	14,8	26,1	75,7%	17	16	22	26
Adjusted EBITDA Margin (%)	7,5%	12,0%	4 pts'	8,4%	8,7%	10,8%	12,0%
Net Income	-4	14	n/a	-10	-15	3	14
Net Income (%)	-2,1%	6,4%	8 pts'	-5,3%	-8,3%	1,5%	6,4%

	TL Financials (MTL)						
	2Q'25	2Q'26	Δ	3Q'25	4Q'25	1Q'26	2Q'26
Sales	7.612	9.838	29,2%	8.037	7.546	8.756	9.838
Gross Profit	1.061	1.939	82,8%	1.160	706	1.369	1.939
Gross Margin (%)	13,9%	19,7%	6 pts'	14,4%	9,4%	15,6%	19,7%
OPEX (%)	12,9%	12,7%	0 pts'	12,9%	15,8%	13,8%	12,7%
Operating Profit	254	801	215,3%	46	-531	614	801
Operating Profit Margin (%)	3,3%	8,1%	5 pts'	0,6%	-7,0%	7,0%	8,1%
Adjusted EBITDA	573	1.182	106,1%	676	657	946	1.182
Adjusted EBITDA Margin (%)	7,5%	12,0%	4 pts'	8,4%	8,7%	10,8%	12,0%
Net Income	-163	634	n/a	-423	-630	133	634
Net Income (%)	-2,1%	6,4%	8 pts'	-5,3%	-8,3%	1,5%	6,4%

Adjusted EBITDA includes other income/expenses from operating activities except fx gains/losses. In the calculation of Adjusted EBITDA, the following quarterly adjustments have been made;

- 3Q'25: The difference between the USD 26.1 million expense resulting from inventory and asset impairments caused by the flood that occurred at the PT Indo Kordsa facility in March 2025, and the USD 20 million insurance income and USD 1 million income generated from the sale of scrap inventory.
- 4Q'25: The one-off impact of USD 20.1 million related to workforce / fixed cost optimization implemented 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).

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