



İSKENDERUN DEMİR VE ÇELİK A.Ş.

For the Period 1 January - 31 March 2025
Board of Directors' Activity Report

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

A - GENERAL INFORMATION**1. Report Period**

1 January - 31 March 2025

2. Information on the Company

- **Trade Title** : İSKENDERUN DEMİR VE ÇELİK A.Ş.
- **Trade Registry Number** : 1599
- **Address of the Head Office** : Karayılan Mahallesi, 31319 İskenderun/HATAY
- **Website** : www.isdemir.com.tr

3. Shareholding Structure and Capital Structure

Paid-in Capital : TRY 2.900.000 thousand

Shareholders	Shares (Thousand TRY)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2.751.326	94,87
Publicly Held	148.674	5,13
Total	2.900.000	100,00

No change in shareholding and capital structure.

4. Information on Board of Directors, key managers and number of personnel

According to the Turkish Commercial Code and related regulations, the election of the Member of Board of Directors is executed by the General Assembly within the framework of the Articles of Association. Should there be a vacant position in the Board of Directors Membership within the respective period; an election is held for the vacant positions according to the provisions of Turkish Commercial Code and Company's Articles of Association and submitted to the next general assembly to be approved. The Company's 2024 Ordinary General Assembly has been executed on 26 March 2025.

Within the framework of the provisions of the Turkish Commercial Code and the Capital Market Law, pursuant to Articles 9th and 10th of the Company's Articles of Association, at the Ordinary General Assembly Meeting held on 26 March 2025, the membership number of Board of Directors has been determined as 9 and 6 Board Members were elected to serve for 3 years and 3 Independent Board Members were elected to serve for 1 year.

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The active members of the Board of Directors as of reporting period:

Board of Directors	Title	Effective from
ATAER Holding A.Ş. Represented by: Süleyman Savaş ERDEM	Chairman	27.05.2013 (*)
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. Represented by: Gürtan DAMAR	Deputy Chairman and Executive Director	13.09.2012 (*)
Erdemir Madencilik Sanayi ve Ticaret A.Ş. Represented by: Mustafa Serdar BAŞOĞLU	Board Member and Executive Director	18.09.2012 (*)
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration Represented by: Hilal YÜCEL	Board Member	20.09.2012 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. Represented by: Baran ÇELİK	Board Member	17.09.2012 (*)
Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. Represented by: Güliz KAYA	Board Member	17.09.2012 (*)
Emre GÖLTEPE	Independent Board Member	17.03.2022
Kadri ÖZGÜNEŞ	Independent Board Member	31.03.2023
Sezai Afif ENSARİ	Independent Board Member	28.03.2024

(*) Legal entity's duty starting dates were considered.

Changes in the Executive Board within the Period

At the Ordinary General Assembly Meeting held on 26 March 2025, ATAER Holding A.Ş. (represented by Süleyman Savaş ERDEM), Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (represented by Gürtan DAMAR), Erdemir Madencilik Sanayi ve Ticaret A.Ş. (represented by Mustafa Serdar BAŞOĞLU), Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (represented by Hilal YÜCEL), OYAK Pazarlama Hizmet ve Turizm A.Ş. (represented by Baran ÇELİK) and Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. (represented by Güliz KAYA) have been elected as board members for serving 3 years period and Emre GÖLTEPE, Kadri ÖZGÜNEŞ and Sezai Afif ENSARİ have been elected as independent board members for serving 1 year period.

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Authorities and Duties of the Members of the Board of Directors'

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Trade Act's relevant clauses and in the Articles of Association.

Executive Management

Executive Management	Title	Effective from	Education	Experience
Gürtan DAMAR	Deputy Chairman and Executive Director	03.06.2024	Yıldız Technical University - Mechanical Engineering	30 Years
Mustafa Serdar BAŞOĞLU	Board Member and Executive Director	03.06.2024	Bülent Ecevit University - Business Administration (Master's Degree) Karadeniz Technical University - Finance (Bachelor's Degree)	21 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Bülent Ecevit University - Business Administration (Master's Degree) Karadeniz Technical University - Finance (Bachelor's Degree)	21 Years
Sercan BÜYÜKBAYRAM	Marketing and Sales Group Vice President	19.06.2023	Middle East Technical University - Sociology (Master's Degree) Middle East Technical University - Political Science and Public Administration (Bachelor's Degree)	25 Years
Şevket Selim YILMAZ	Procurement Group Vice President	22.02.2024	Atatürk University - Business Administration	21 Years
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	21.07.2020	Selçuk University - Economics (Doctor's Degree) Hacettepe University - Economics (Master's Degree)	37 Years
Salih Cem ORAL	General Manager	12.09.2022	İstanbul Technical University - Metallurgy Engineering	31 Years
Buğra ŞENER	Deputy General Manager (Operations)	27.09.2021	İstanbul Technical University - Metallurgy Engineering (Master's Degree) İstanbul Technical University - Metallurgy Engineering (Bachelor's Degree)	27 Years

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5. The Transactions of Board Members Made on Its Behalf or on Behalf of Other and The Activities as Part of Prohibition of Competition

At the Ordinary General Assembly held on 26 March 2025, it is consented to give the authority for transactions according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board.

No transaction had been realized in this context.

6. Personnel and Labor Movements and Collective Bargaining Practices and Rights and Benefits Provided to Personnel and Workers

28th Period Collective Labor Agreement, which will be valid between 1 January 2023 and 31 December 2024 has been signed on 6 June 2023 between Özçelik-İş Union and İskenderun Demir ve Çelik A.Ş. 29th Period Collective Labor Agreement negotiations started on 29 January 2025.

The rights and benefits provided to our employees within the scope of collective bargaining practices, are classified under the heading. Bonuses and social benefits include bonuses, holiday allowance, fuel allowance, annual leave allowance, marriage allowance, maternity benefit, death allowance active military service, child support, educational aid, food aid and vehicle assistance.

Permits are annual paid leave, companion leave, compassionate leave, free leave and marriage leave, death leave, work limit permit, pregnancy permit, maternity leave, part time work permit, moving permit, breast-feeding leave, adoption leave, public prosecution permit, permission to be with your child and other leaves for natural disaster.

Complementary health insurance for our hourly paid staff; individual annuity insurance, private health insurance and life insurance are provided to our monthly paid personnel.

Social benefits such as death allowance, food aid and vehicle assistance are provided to all our employees; other welfare benefits are paid only to employees with hourly wages. Permits such as annual leave, excuse for leave, marriage leave, death leave, maternity leave, working limit, companion leave, adoption permit, part time work permit, transfer permit, free leave and dairy leave are granted to all employees, other permits are available only for the benefits of our employees working on hourly basis.

The number of personnel of the Company is as follows:

	31 March 2025	31 December 2024
	Personnel	Personnel
Paid Hourly Personnel	3.538	3.711
Paid Monthly Personnel	1.390	1.437
	4.928	5.148

7. Compliance With The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2024 were met during the period 1 January 2025 – 31 March 2025.

8. Amendments in The Articles of Association

None.

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B - Financial Rights Given to Board Members and Executive Management

1. Total Value of The Financial Benefits Provided Such As Attendance Fee, Wages, Premiums, Bonuses, Profit Shares

At the Ordinary General Assembly Meeting of the Company dated 26 March 2025, no wages will be paid to the Board members representing Group B shares, The monthly net wage that will be paid to the members representing Group A shares will be TRY 40.000 (monthly, in cash), The monthly net wage that will be paid to Independent Board Members will be TRY 55.000 (monthly, in cash), and it was decided by majority vote that the new wages will be valid from the date of 1 April 2025.

Individual Accident and Life insurance was taken out for each of the Board of Directors and the Chairman of the Board, and no other benefit was provided.

No bonus payment was made to any of the Board Members as a reward for performance recognition.

No debt was given to any of the Board Members and the managers within the period, directly or through a third party no guarantee or collateral was given for any of them to allow them to obtain any loan.

2. Information on The Total Amount of Allowances, Travel, Accommodation and Representation Expenses, and Cash and Non-cash Payments, Insurance and Similar Guarantees

A total of TRY 4.837 thousand expense was recorded relating to the Board Members and Executive Management in the period from 1 January 2025 – 31 March 2025.

C - Research and Development Studies

OYAK Mining Metallurgy conducts its research and development activities at "Erdemir R&D Center, " certified by the Republic of Türkiye Ministry of Industry and Technology in 2014. Erdemir R&D Center performs activities in five main areas: raw materials and iron making, steel making and casting technologies, hot rolled products and process, cold rolled products and process, energy and environment.

Erdemir R&D Center serving OYAK Mining Metallurgy has well-equipped laboratory facilities, such as material characterization, thermomechanical simulation, metal forming, welding, corrosion, fatigue, enameling, rheology, spectral analysis, inclusion analysis and X-ray diffraction, etc., and also simulators for pilot scale trials on raw material and product development, such as agglomeration systems, coking, sintering, melting, rolling and coating processes.

In the first quarter of 2025, 2 new long product grade was developed and the number of long steel products has reached 333. In addition, 4 new flat product grades were developed and the number of flat steel products has reached 270. As being in the scope of R&D activities 6 projects have been completed and 28 projects have been still going further during that period.

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D - Company Activities and Significant Developments Related to the Activities

1. Investment Activities

With its modern production facilities and production technology, OYAK Mining Metallurgy produces competitive products in the world and continues its investment activities in line with its continuous development strategy.

In this context;

The 1. New Blast Furnace Project was commissioned and test production started. Site activities continue in The Boiler No.3 Retubing and Burner Modification and the 1. Blast Furnace Top Recovery Turbine (TRT) Projects. Engineering, equipment procurement works and site activities continue for the Port-1 New Grab Ship Unloader Cranes Project. Construction and mechanical works continue within the scope of the Second Phase of the Seawater Pumping Station Sustainability Investment. Equipment supply and site activities are ongoing in The Port Capacity Increase Investment and the Repair, Renovation and Strengthening Projects of Port Facility Damaged by the Earthquake. Engineering studies continue in the scope of İsdemir Robotic Applications and Automation Projects. Site activities continue within the scope of the South Harbor Sea Reclamation Project.

Procurement activities continue for the New 1. and 2. Turbo Generator and the Electricity Generation from The Steam Produced in Coke Dry Quenching Projects.

The amount of total investment expenditures of Company's as of 31 March 2025 is USD 75 million (31 March 2024: USD 106 million).

2. Internal Control System and Internal Audit Activities

Company does not have an Internal Audit Department. However, in OYAK Mining-Metallurgy our company is included; the Internal Audit Directorate is available reporting to the Chairman of the Board and Executive Director to evaluate and improve effectiveness of Risk Management, Control and Governance processes. The Internal Audit Department reports directly to the Vice Chairman of the Board of Directors and the Executive Director, with the aim of evaluating and improving the effectiveness of the risk management, control and governance processes of the Group Companies.

3. Direct and Indirect Affiliates

The business areas of the companies in which the Company has shares are provided below with the share ratio in such companies:

Name of the Company	Country of Operation	Operation	Share 2025 %	Share 2024 %
Teknopark Hatay A.Ş.	Türkiye	R&D Center	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production & Sales	50	50

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E - Financial Position

1. Summary of Financial Statements

The financial statements are prepared in accordance with the financial reporting standards published by the Capital Markets Board. The interim financial statements dated 31 March 2025 have not been independently audited.

Summary of Financial Position

	(Unaudited)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	31 March 2025	31 December 2024
Current Assets	74.824.044	69.137.658
Non-current Assets	118.094.207	108.089.603
Total Assets	192.918.251	177.227.261
Current Liabilities	29.098.164	29.967.974
Non-current Liabilities	38.662.020	30.662.714
Shareholders' Equity	125.158.067	116.596.573
Total Liabilities	192.918.251	177.227.261

Summary of Profit or Loss

	(Unaudited)	(Unaudited)
	Current Period	Previous Period
(Thousand TRY)	1 January - 31 March 2025	1 January - 31 March 2024
Sales Revenue	26.906.457	25.681.507
Gross Profit (Loss)	1.868.729	3.010.965
Operating Profit (Loss)	1.187.191	5.762.979
Profit (Loss) Before Tax	1.016.742	5.407.822
Net Profit (Loss) for the Period	1.027.021	4.324.058
EBITDA	2.168.050	3.319.105

The Entity prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In the regular meetings of the Board of Directors is reviewing the current position of the Entity and activities are compared with the previous period and budget targets.

2. Key Ratios

(%)	1 January - 31 March 2025	1 January - 31 March 2024
Gross Profit (Loss) Margin	6,9%	11,7%
Operating Profit (Loss) Margin	4,4%	22,4%
EBITDA Margin	8,1%	12,9%
Profit Margin for the Period	3,8%	16,8%

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
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Company has full access to all national and international financial sources with its market making power based on high trading volume in money markets. New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of Company is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of systematic models. Within the risk tolerances, forward, futures, swap and options reflecting market conditions are implemented, if necessary.

4. Dividend Distribution Policy

Company's Dividend Distribution Policy is as follows:

"In principle, the Company has adopted a policy of distributing the entire cash distributable profit for the full amount of the distributable profit for the period allowed by the prospective free cash creation expectation, including market forecast and financial leverage ratios and investment / financing requirements, within the framework of applicable legislation and the Company's Articles of Association. The profit distribution policy is reviewed every year by the Board of Directors according to national and global economic conditions, the projects on the agenda and the status of funds.

Dividends shall be paid in full and in cash, within the framework of the provisions of the legislation, by the Board of Directors at the General Assembly meeting decided to be distributed until 15 December of the relevant calendar year in one time.

The General Assembly is authorized to distribute Advance Dividend in accordance with the provisions of the applicable legislations."

At the Ordinary General Assembly Meeting held on 26 March 2025, dividend distribution gross dividend per share: TRY 0,25 amounting to TRY 725.000 thousand from the profit of 2024 was approved.

5. Information About the Sector

Global crude steel production in March this year increased by 2,9% year on year to 166,1 million tonnes. In the January-March period this year, global crude steel production went down by 0,4% year on year to 468,6 million tonnes.

In March, crude steel output in Asia amounted to 123,6 million tonnes, up 3,9%, with China's output at 92,8 million tonnes, up 4,6%, with 7,2 million tonnes produced by Japan, increasing by 0,2%, 13,8 million tonnes produced by India, up by 7,0%, and 5 million tonnes produced by South Korea, moving down by 5,3% with all comparisons on year on year basis.

EU-27 countries produced 11,7 million tonnes of crude steel in March, up by 0,2% year on year. In the given period, Germany's output amounted to 3,1 million tonnes, down 11,7% year on year.

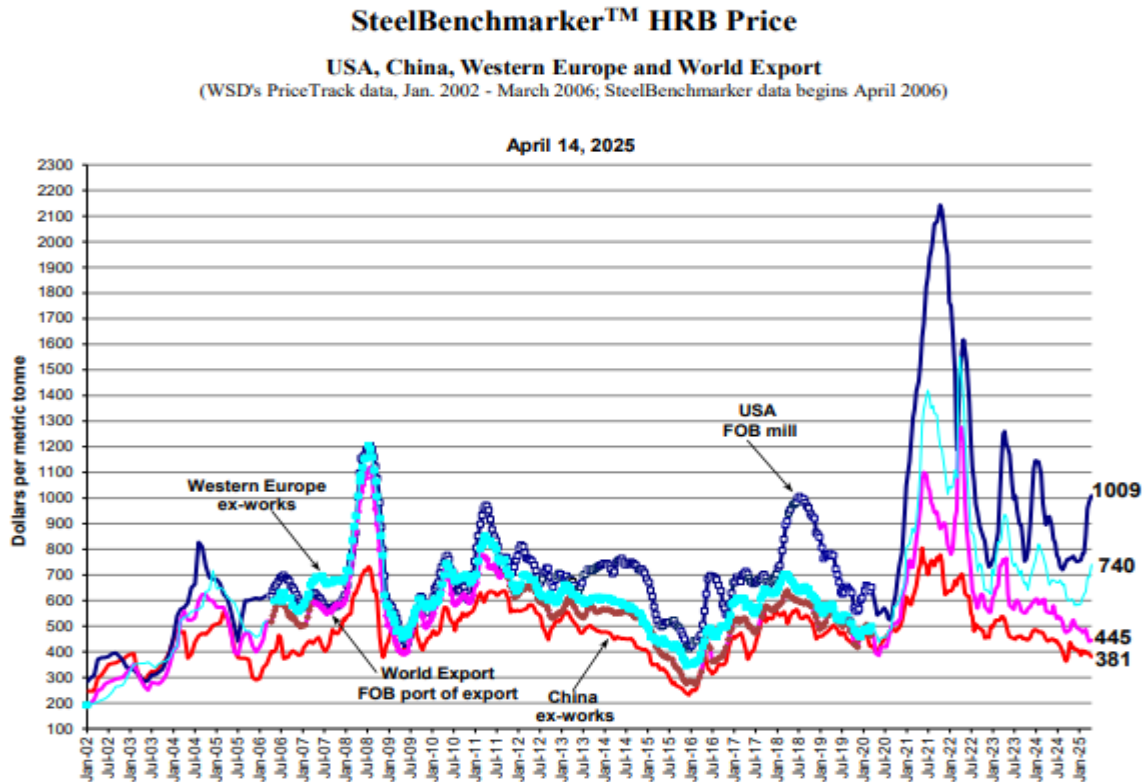
The CIS registered a crude steel output of 7,1 million tonnes, decreasing by 3,5% on year on year basis, with Russia's estimated output at 6,2 million tonnes, down 3,2% year on year.

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In North America, in March, crude steel output totaled 9,2 million tonnes, up by 1,4% year on year, with the US producing 6,7 million tonnes, decreasing by 1,5%, both year on year. Crude steel output in South America in March amounted to 3,7 million tonnes, up by 6,5% compared to the same month in the previous year, with Brazil's output totaling 2,9 million tonnes, increasing by 6,6% year on year.

In the given month, Africa produced 1,9 million tonnes of crude steel, increasing by 0,6 % year on year. In the Middle East, crude steel output totaled 5,3 million tonnes, moving up by 1,9%.

Price changes of hot rolled products follows:



Türkiye's crude steel production decreased by 2,8% annually in March to 3,1 million tonnes. In March, production in electric arc furnace facilities was 2,2 million tonnes, while production in integrated facilities was 905 thousand tonnes.

In the January-March period, Türkiye's annual crude steel production was 9,3 million tonnes, with 6,8 million tonnes produced in electric arc furnace facilities and 2,5 million tonnes in integrated facilities during the same period.

6. The Position within the Sector

The Company produced 1,4 million tonnes crude steel in the first three month of 2025.

7. Development Regarding the Plants

The company, which is the only integrated long and flat steel producer in Turkey, has successfully continued its production, operation, maintenance and modernization activities in all facilities and continued its activities in line with the principle of quality production with optimum cost and maximum efficiency, and realized 15% of Türkiye's crude steel production in the first three months of 2025.

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8. Production Plants and Productivity

Capacity utilization rates are provided below:

Capacity Utilization ratios (%)	1 January - 31 March 2025	1 January - 31 March 2024
Liquid Steel	97%	95%
Crude Steel	95%	93%

9. Products

The main products produced are;

- Billet,
- Wire Rod,
- Slab,
- Hot Roll.

10. Production (quantity)

Final Products (000 Tonne)	1 January - 31 March 2025	1 January - 31 March 2024
Flat products (*)	1.118	1.034
Long products	200	268
Total	1.318	1.302

(*) Slab production included to flat production.

11. Development in Sales

The iron and steel industry is a delivering force in national economies and Türkiye is one of the leading countries in terms of both production and consumption of steel, ranking as the World's 7th largest crude steel producer with 9,3 million tonnes production in the first three months of 2025.

The Company's total sales in the first quarter of 2025 reached 1,3 million tonnes. 1,1 million tonnes of total sales were realized as flat products and 0,2 million tonnes as long products. 25% of the Company's total sales were realized through exports.

Group; managed to include 40 new customers in its customer portfolio composed of 6 customers for long products and 34 customers for flat products in the first quarter of 2025.

12. Sales(quantity)

Finished Product (000 Tonne)	1 January - 31 March 2025	1 January - 31 March 2024
Flat products (*)	1.107	980
Long products	176	256
Total	1.283	1.236

(*) As of 31 March 2025, sales of 308 thousand tonnes of slab in total flat product sales are transactions made to related parties (31 March 2024: 231 thousand tonnes).

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F - Risks and Evaluation of the Board

1. Enterprise Risk Management

Enterprise Risk Management Procedure has been published with the purpose of ensuring systematic and comprehensive identification, evaluation, control and monitoring of risks and opportunities that may affect Company's assets, reputation, profitability. The procedure includes guidance on support and positioning, risk identification, prioritization, improvement, reporting, monitoring/surveillance and communication principles related to risks in order to manage Company wide risks to the highest standard.

In order to measure the risks incurred by the company and ensure conformity to the risk tolerance limits; risks are monitored and managed in accordance with regulations and guidelines developed for critical risks.

2. Early Detection of Risk Committee

The Early Detection of Risk Committee Regulation is included in the Corporate Governance Policies and Regulations tab under Corporate Governance section of Investor Relations title on the company's website.

The purpose of the Committee is to identify the risks that may threaten the existence, progress and continuation of the Company operations within the scope of The Early Detection of Risk Committee Regulation and legal legislation, to implement the necessary measures related to the risks identified and to manage those risks.

The meetings of the Committee are held bimonthly and in accordance with the regular meetings of the Board of Directors. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes. Meeting minutes are kept by the secretariat.

G - Other Information

1. Organizations Out of the Headquarters

None.

2. Information for Shareholders

None.