

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 18)**

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 MARCH 2025**

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(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

		(Unaudited) Current Period 31 March 2025 USD'000	(Unaudited) Current Period 31 March 2025 TRY'000	(Audited) Previous Period 31 December 2024 USD'000	(Audited) Previous Period 31 December 2024 TRY'000
ASSETS	Note				
Current Assets		1.981.276	74.824.044	1.959.667	69.137.658
Cash and Cash Equivalents		702.132	26.516.453	532.238	18.777.531
Financial Investments		5.272	199.111	5.428	191.503
Trade Receivables		205.986	7.779.168	209.932	7.406.470
<i>Due From Related Parties</i>	3	<i>113.509</i>	<i>4.286.723</i>	<i>120.693</i>	<i>4.258.096</i>
<i>Other Trade Receivables</i>		<i>92.477</i>	<i>3.492.445</i>	<i>89.239</i>	<i>3.148.374</i>
Other Receivables		4.927	186.078	4.340	153.109
Financial Derivative Instruments		703	26.566	816	28.785
Inventories	4	928.324	35.058.697	989.092	34.895.478
Prepaid Expenses		26.754	1.010.397	33.352	1.176.677
Other Current Assets		107.178	4.047.574	184.469	6.508.105
Non Current Assets		3.127.030	118.094.207	3.063.739	108.089.603
Financial Investments		1.857	70.141	1.979	69.831
Other Receivables		130	4.903	139	4.903
Investments Accounted For Using Equity Method	5	36.665	1.384.682	36.283	1.280.062
Property, Plant and Equipment	6	2.887.791	109.059.175	2.835.917	100.051.989
Right of Use Assets		13.829	522.277	13.105	462.360
Intangible Assets	6	40.538	1.530.928	41.118	1.450.662
Prepaid Expenses		146.220	5.522.101	135.198	4.769.796
<i>Due From Related Parties</i>	3	<i>1.357</i>	<i>51.266</i>	<i>1.357</i>	<i>47.892</i>
<i>Other Prepaid Expenses</i>		<i>144.863</i>	<i>5.470.835</i>	<i>133.841</i>	<i>4.721.904</i>
TOTAL ASSETS		5.108.306	192.918.251	5.023.406	177.227.261

The details of presentation currency translation to TRY explained in Note 2.1.

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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

		(Unaudited) Current Period 31 March 2025 USD'000	(Unaudited) Current Period 31 March 2025 TRY'000	(Audited) Previous Period 31 December 2024 USD'000	(Audited) Previous Period 31 December 2024 TRY'000
LIABILITIES	Note				
Current Liabilities		769.095	29.098.164	847.874	29.967.974
Short Term Borrowings	7	141.903	5.368.700	278.156	9.831.094
Short Term Portion of Long Term Borrowings	7	92.796	3.510.826	91.650	3.239.261
Trade Payables		370.464	14.016.454	348.798	12.328.734
<i>Due to Related Parties</i>	3	69.931	2.645.764	62.503	2.209.079
<i>Other Trade Payables</i>		300.533	11.370.690	286.295	10.119.655
Payables for Employee Benefits	9	84.900	3.212.089	81.822	2.891.890
Other Payables		38.009	1.438.036	20.954	740.577
Derivative Financial Instruments		2.076	78.561	-	-
Deferred Revenue		22.521	852.044	10.908	385.542
Current Tax Liabilities	11	6.778	256.442	5.809	205.298
Short Term Provisions	8	5.607	212.125	5.111	180.654
Other Current Liabilities		4.041	152.887	4.666	164.924
Non Current Liabilities		1.021.894	38.662.020	867.556	30.662.714
Long Term Borrowings	7	723.886	27.387.292	564.899	19.965.671
Long Term Provisions		72.099	2.727.771	75.137	2.655.639
<i>Long Term Provisions for Employee Benefits</i>	9	72.099	2.727.771	75.137	2.655.639
Deferred Tax Liabilities	11	225.909	8.546.957	227.520	8.041.404
EQUITY		3.317.317	125.158.067	3.307.976	116.596.573
Share Capital	12	1.474.105	2.900.000	1.474.105	2.900.000
Inflation Adjustment to Capital		85	164	85	164
Other Comprehensive Income/Expense Not to be Reclassified to Profit/ (Loss)		(73.707)	64.998.596	(73.707)	61.397.172
<i>Actuarial (Loss)/ Gain Funds</i>		(73.707)	(1.196.793)	(73.707)	(1.196.793)
<i>Foreign Currency Translation Reserves</i>		-	66.195.389	-	62.593.965
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		194	7.357	119	4.217
<i>Cash Flow Hedging Gain (Loss)</i>		194	7.357	119	4.217
Restricted Reserves Assorted from Profit		487.715	3.237.560	486.185	3.179.560
Retained Earnings		1.400.534	52.987.369	986.353	34.861.452
Net Profit for the Period		28.391	1.027.021	434.836	14.254.008
TOTAL LIABILITIES AND EQUITY		5.108.306	192.918.251	5.023.406	177.227.261

The details of presentation currency translation to TRY explained in Note 2.1.

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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as of Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

		(Unaudited) Current Period 1 January - 31 March 2025 USD'000	(Unaudited) Current Period 1 January - 31 March 2025 TRY'000	(Unaudited) Previous Period 1 January - 31 March 2024 USD'000	(Unaudited) Previous Period 1 January - 31 March 2024 TRY'000
	Note				
Revenue	13	743.815	26.906.457	831.717	25.681.507
Cost of Sales	13	(692.155)	(25.037.728)	(734.204)	(22.670.542)
GROSS PROFIT/(LOSS)		51.660	1.868.729	97.513	3.010.965
Marketing, Sales and Distribution Expenses	14	(8.389)	(303.456)	(6.970)	(215.216)
General Administrative Expenses	14	(12.405)	(448.724)	(11.017)	(340.184)
Research and Development Expenses		(36)	(1.306)	(26)	(816)
Other Operating Income	14	5.619	203.246	109.724	3.388.034
Other Operating Expenses	14	(3.630)	(131.298)	(2.585)	(79.804)
OPERATING PROFIT/(LOSS)		32.819	1.187.191	186.639	5.762.979
Expenses from Investing Activities		(99)	(3.591)	(34)	(1.051)
Share of Investments' Profit Accounted by Using The Equity Method	5	383	13.839	1.396	43.092
OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME/ (EXPENSE)		33.103	1.197.439	188.001	5.805.020
Finance Income	15	31.192	1.128.326	20.266	625.783
Finance Expense	15	(36.188)	(1.309.023)	(33.131)	(1.022.981)
PROFIT/(LOSS) BEFORE TAX		28.107	1.016.742	175.136	5.407.822
Tax (Expense)/ Income	11	284	10.279	(35.098)	(1.083.764)
Current Corporate Tax (Expense)/ Income		(1.352)	(48.900)	(30.371)	(937.797)
Deferred Tax (Expense)/ Income		1.636	59.179	(4.727)	(145.967)
NET PROFIT/(LOSS) FOR THE PERIOD		28.391	1.027.021	140.038	4.324.058
Earnings/(Loss) per share			0,3541		1,4911
(TRY 1 Nominal value per share)					

The details of presentation currency translation to TRY explained in Note 2.1.

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(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as of Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

	(Unaudited) Current Period 1 January - 31 March 2025 USD'000	(Unaudited) Current Period 1 January - 31 March 2025 TRY'000	(Unaudited) Previous Period 1 January - 31 March 2024 USD'000	(Unaudited) Previous Period 1 January - 31 March 2024 TRY'000
Note				
PROFIT/(LOSS) FOR THE PERIOD	28.391	1.027.021	140.038	4.324.058
OTHER COMPREHENSIVE INCOME				
Not to be reclassified subsequently to profit or loss				
Foreign Currency Translation Gain (Loss)	-	8.256.333	-	8.511.658
To be reclassified subsequently to profit or loss				
Gain (Loss) in Cash Flow Hedging Reserves	100	4.187	1.141	33.589
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11 (25)	(1.047)	(285)	(8.397)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	75	8.259.473	856	8.536.850
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	28.466	9.286.494	140.894	12.860.908

The details of presentation currency translation to TRY explained in Note 2.1.

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(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as of Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

	Note	Share Capital	Inflation Adjustment to Capital	Other Comprehensive Income (Expense) Not to be Reclassified to Profit/ (Loss)		Other comprehensive income (expense) to be reclassified subsequently to profit or loss	Restricted Reserves Assorted from Profit	Retained Earnings		Total Shareholders' Equity
				Foreign Currency Translation Reserves	Actuarial (Loss)/ Gain Funds	Cash Flow Hedging Gain (Loss)		Retained Earnings	Net Profit for the Period	
(Unaudited)										
1 January 2025		2.900.000	164	62.593.965	(1.196.793)	4.217	3.179.560	34.861.452	14.254.008	116.596.573
Net profit for the period		-	-	-	-	-	-	-	1.027.021	1.027.021
Other comprehensive income/(loss)		-	-	8.256.333	-	3.140	-	-	-	8.259.473
Total comprehensive income/(loss)		-	-	8.256.333	-	3.140	-	-	1.027.021	9.286.494
Increase (decrease) due to other changes (**)	2.1	-	-	(4.654.909)	-	-	-	4.654.909	-	-
Dividends (*)		-	-	-	-	-	-	(725.000)	-	(725.000)
Transfers		-	-	-	-	-	58.000	14.196.008	(14.254.008)	-
31 March 2025		2.900.000	164	66.195.389	(1.196.793)	7.357	3.237.560	52.987.369	1.027.021	125.158.067
(Unaudited)										
1 January 2024		2.900.000	164	50.764.442	(953.191)	(26.023)	3.049.060	25.666.719	4.601.547	86.002.718
Net profit for the period		-	-	-	-	-	-	-	4.324.058	4.324.058
Other comprehensive income/(loss)		-	-	8.511.658	-	25.192	-	-	-	8.536.850
Total comprehensive income/(loss)		-	-	8.511.658	-	25.192	-	-	4.324.058	12.860.908
Increase (decrease) due to other changes (**)	2.1	-	-	(3.214.431)	-	-	-	3.214.431	-	-
Dividends		-	-	-	-	-	-	(1.450.000)	-	(1.450.000)
Transfers		-	-	-	-	-	130.500	4.471.047	(4.601.547)	-
31 March 2024		2.900.000	164	56.061.669	(953.191)	(831)	3.179.560	31.902.197	4.324.058	97.413.626

(*) At the Ordinary General Assembly Meeting of the Company held on 26 March 2025, dividend per share: TRY 0,25 from the profits of 2024. The decision to distribute a cash dividend of TRY 725.000 thousand was unanimously approved.

(**) Retained earnings; in the condensed financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the condensed statement of financial position dated 31 March 2025 by converting to US Dollars at historical rates, are explained in Note 2.1

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

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

		(Unaudited) Current Period 1 January - 31 March 2025 USD'000	(Unaudited) Current Period 1 January - 31 March 2025 TRY'000	(Unaudited) Previous Period 1 January - 31 March 2024 USD'000	(Unaudited) Previous Period 1 January - 31 March 2024 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note	234.485	8.628.833	24.886	651.013
Profit (Loss) for The Period		28.391	1.027.021	140.038	4.324.058
Adjustments to Reconcile Profit (Loss)		23.509	855.655	(34.728)	(1.078.390)
Adjustments for Depreciation and Amortisation Expenses	13/14	28.930	1.057.156	28.359	875.654
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(1.720)	(62.219)	-	-
Adjustments for Provision (Reversal of Provision) for Inventories	4	(1.720)	(62.219)	-	-
Adjustments for Provisions		9.178	332.052	5.536	170.924
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	8.353	302.169	5.070	156.556
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	825	29.883	466	14.368
Adjustments for Interest (Income) and Expenses		(13.371)	(483.699)	1.626	50.233
Adjustments for Interest Income	15	(31.192)	(1.128.326)	(20.177)	(622.993)
Adjustments for Interest Expense	15	17.820	644.611	21.802	673.196
Unearned Financial Income from Credit Sales		1	16	1	30
Adjustments for Unrealised Foreign Exchange Differences		378	9.056	1.137	29.002
Adjustments for Fair Value (Gains) Losses		686	24.799	(90)	(2.790)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		686	24.799	(90)	(2.790)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	5	(383)	(13.839)	(1.396)	(43.092)
Adjustments for Tax (Income) Expenses	11	(284)	(10.279)	35.098	1.083.764
Other Adjustments for Non-Cash Items	14	-	-	(105.000)	(3.242.159)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		72	2.628	2	74
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		72	2.628	2	74
Other adjustments for Losses (Gains) Reconciliation		23	-	-	-
Changes in Working Capital		124.867	4.715.677	(79.100)	(2.553.774)
Adjustments for Decrease (Increase) in Trade Receivables		7.568	285.810	(719)	(23.213)
Decrease (Increase) in Trade Receivables from Related Parties		7.184	271.308	449	14.496
Decrease (Increase) in Trade Receivables from Third Parties		384	14.502	(1.168)	(37.709)
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(578)	(21.828)	94	3.035
Decrease (Increase) in Other Receivables from Operations from Third Parties		(578)	(21.828)	94	3.035
Decrease (Increase) in Derivative Financial Instruments		113	4.268	(368)	(11.881)
Adjustments for Decrease (Increase) in Inventories		62.951	2.377.382	(19.022)	(614.130)
Decrease (Increase) in Prepaid Expenses		6.588	248.799	3.624	117.000
Adjustments for Increase (Decrease) in Trade Payables		21.666	818.230	(109.127)	(3.523.209)
Increase (Decrease) in Trade Payable to Related Parties		7.428	280.523	(20.184)	(651.649)
Increase (Decrease) in Trade Payable to Third Parties		14.238	537.707	(88.943)	(2.871.560)
Adjustments for Increase (Decrease) in Other Payables Related from Operations		990	37.388	24.760	799.387
Increase (Decrease) in Other Payables to Third Parties Related from Operations		990	37.388	24.760	799.387
Increase (Decrease) in Derivative Liabilities		1.490	56.271	382	12.333
Adjustments for Other Increase (Decrease) in Working Capital		24.079	909.357	21.276	686.904
Decrease (Increase) in Other Assets Related from Operations		13.091	494.389	22.599	729.618
Increase (Decrease) in Other Payables Related from Operations		10.988	414.968	(1.323)	(42.714)
Cash Flows Provided by Operating Activities		176.767	6.598.353	26.210	691.894
Payments Related to Provisions for Employee Termination Benefits	9	(6.445)	(233.168)	(716)	(22.111)
Payments Related to Other Provisions	8	(37)	(1.347)	(20)	(606)
Income Taxes Refund (Paid)		-	-	(588)	(18.164)
Other Cash Inflow (Outflow)		64.200	2.264.995	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		(85.897)	(3.138.034)	(93.170)	(2.859.322)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		2	15	1	24
Cash Inflow from Sales of Property, Plant and Equipment		2	15	1	24
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(75.042)	(2.714.528)	(105.662)	(3.262.623)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(75.038)	(2.714.376)	(105.615)	(3.261.159)
Cash Outflow from Purchase of Intangible Assets	6	(4)	(152)	(47)	(1.464)
Cash Advances and Debts Given		(11.013)	(415.913)	12.491	403.277
Cash Advance and Debts Given to Related Parties		-	-	240	7.748
Other Cash Advances and Debts Given		(11.013)	(415.913)	12.251	395.529
Other Cash Inflows (Outflows)		156	(7.608)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		24.613	864.596	41.148	787.529
Cash Inflow from Borrowings		237.044	8.574.722	247.480	7.641.619
Cash Inflow from Loans		237.044	8.574.722	247.480	7.641.619
Cash Outflow from Repayments of Borrowings		(202.832)	(7.356.310)	(170.467)	(5.386.432)
Cash Outflow from Loan Repayments		(202.832)	(7.356.310)	(170.467)	(5.386.432)
Increase (Decrease) in Other Payables to Related Parties		-	-	(31.193)	(1.322.609)
Cash Outflow from Debt Payments for Leasing Contracts		(563)	(20.361)	(309)	(9.540)
Interest Paid		(33.134)	(1.198.589)	(21.299)	(657.658)
Interest Received		24.098	865.134	16.936	522.149
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		173.201	6.355.395	(27.136)	(1.420.780)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(6.781)	1.251.299	(63.770)	(396.202)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		166.420	7.606.694	(90.906)	(1.816.982)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		531.826	18.763.006	392.653	11.558.996
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		698.246	26.369.700	301.747	9.742.014

- As of 31 March 2025, the total accrual of interest on time deposits is TRY 146.753 thousand (USD 3.886 thousand) (31 March 2024: TRY 7.461 thousand (USD 231 thousand)).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 1 – COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS

İskenderun Demir ve Çelik A.Ş. (“the Company”) registered in 12 November 1968 and published at 19 November 1968 in the trade registry gazette. The Company established in 3 October 1970 in the southern of Türkiye on the Mediterranean coast in the distance of 17 km from İskenderun in Payas region. The principal activities of the Company are production and sale of iron products, flat and long steel products and their by-products. The Company’s main products are billet, slab, coil, plate, wire rod and by-products are coke, benzol, ammonium sulphate and slag.

The Company had become an affiliated company of the Turkish Iron and Steel Administration with the decision no 93/T-85 dated 10 September 1993 of Supreme Planning Committee. Then with the decision no 98/20 of Privatization Committee dated 2 March 1998, the Company was transferred to Turkish Privatization Administration. Ultimately, shares of the Company were transferred to Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (“Erdemir”) in 31 January 2002 by the Turkish Privatization Administration with the decision no 2001/08 which dated 8 February 2001. The immediate parent of Ereğli Demir ve Çelik Fabrikaları T.A.Ş is Ataer Holding A.Ş. The ultimate controlling party is Ordu Yardımlaşma Kurumu (OYAK). İskenderun Demir ve Çelik A.Ş. stocks continue to be traded on Borsa İstanbul since 26 March 2016.

The registered address of the Company is Karayılan Beldesi, 31319 İskenderun/HATAY.

The main operations of the subsidiaries of the Company and the share percentages of İsdemir for these companies are as follows:

Shares in Subsidiaries and Joint Ventures	Business Area	Valid Currency	Share of Capital and right to vote of Company (%)	
			31 March 2025	31 December 2024
Teknopark Hatay A.Ş.	R&D Centre	TRY	5%	5%
İsdemir Linde Gaz Ortaklığı A.Ş.	Industrial Gas Production and Sales	US Dollars	50%	50%

The number of the personnel employed by the Company as of reported period 31 March 2025 are 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

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company and all its subsidiaries in Türkiye maintain their legal books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles issued by the Turkish Commercial Code (“TCC”) and tax legislation.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

The accompanying condensed financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

In addition, interim condensed financial statements are prepared in accordance with TFRS Taxonomy Announcement published by the POA on 3 July 2024 and Financial Statement Examples formats specified in the User's Guide published by CMB.

Financial statements are prepared on the basis of historical cost, except for derivative financial instruments and financial investments carried at fair value. In determining historical cost, the fair value of the amount paid for the assets is generally taken as basis.

In accordance with the Turkish Accounting Standard No: 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Company has preferred to prepare condensed financial statements in the interim period. Accordingly, these condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

Functional and Reporting Currency

Although the currency of the country in which is the Company is domiciled is Turkish Lira (TRY), the Company’s functional currency is determined as US Dollar. US Dollar is used to a significant extent in, and has a significant impact on the operations of the Company and reflects the economic substance of the underlying events and circumstances relevant to the Company. Therefore, the Company uses the US Dollar in measuring items in its financial statements and as the functional currency.

The accompanying financial statements are prepared in Turkish Lira (TRY) in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013.

Functional currency of the joint venture

The functional currency of the Company’s joint venture İsdemir Linde Gaz Ortaklığı A.Ş. is US Dollars.

Inflation accounting

The Public Oversight, Accounting and Auditing Standards Authority (“POA”) 23 November 2023, in accordance with the announcement “Adjustment of the Financial Statements of Companies Subject to Independent Audit in Accordance with Inflation”; It has been decided that the financial statements of the enterprises applying the Turkish Financial Reporting Standards for the annual reporting period ended on or after 31 December 2023, in accordance with the relevant accounting principles contained in the Turkish Accounting Standard 29 “Financial Reporting in High-Inflation Economies” (TAS 29) will be presented adjusted for the effect of inflation.

In line with the above explanations, the Company does not need to make any adjustments in accordance with TAS 29 in its financial statements to be prepared in accordance with TFRS due to the fact that the functional currency of the Company is US dollars as of the reporting date.

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(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

Presentation currency translation

Company; Pursuant to the Public Oversight, Accounting and Auditing Standards Authority's "POA" announcement dated 15 March 2021, "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards", the assets and liabilities in the summary financial statements are used by using the buying and selling rates valid as of the end of the reporting period. It has been valued and translated into the presentation currency at the same exchange rates.

According to TAS 21 (“The Effects of Changes in Foreign Exchange Rates”) financial statements that are prepared in US Dollars for the Company have been translated in TRY as the following method:

- The assets on condensed financial position as of 31 March 2025 are translated from US Dollars into TRY using the Central Bank of the Republic of Türkiye's buying rate of exchange which is 37,7656 TRY = 1 US \$ and the liabilities selling rate of exchange which is 37,8337 TRY = 1 US \$ (31 December 2024 foreign exchange buying rate: 35,2803 TRY = 1 US \$, foreign exchange selling rate: 35,3438 TRY = 1 US \$).
- For the three months period ended 31 March 2025, condensed profit or loss statements are translated from the 3 months average 36,1736 TRY = 1 US \$ rates of 2025 January-March period (31 March 2024: 30,8777 TRY = 1 US \$).
- Retained earnings; In the condensed interim financial statements, in accordance with TAS 21, they are converted to US Dollars at historical rates and followed in US Dollars. In order to show the Turkish Lira equivalent amounts as of the reporting dates retained earnings in the statement of financial position dated 31 March 2025 are presented by converting them into TRY using the foreign exchange selling rate effective as of 31 March 2025 announced by the Central Bank of the Republic of Türkiye, 37,8337 TRY = 1 US \$ (31 December 2024: 35,3438 TRY= 1 US \$).
- Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- Capital and other reserves are presented with their legal values in the accompanying financial statements, and other equity items are presented with their historical cost values. The translation differences between the historical values of these items translated into the presentation currency and their carrying values from legal records are accounted for as foreign currency translation differences in the other comprehensive income statement.

USD amounts presented in the condensed interim financial statements

The figures in USD amounts presented in the accompanying condensed interim financial statements comprising the statements of financial position as of 31 March 2025 and 31 December 2024, condensed statement of income and other comprehensive income and statement of cash flows for the interim period ended 31 March 2025 and 2024 represent the financial statements prepared according to USD reporting currency within the frame of functional currency change that the Company has made, which is effective as of 1 July 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

Going concern

The Company prepared its condensed interim financial statements in accordance with the going concern assumption.

Approval of the financial statements

The condensed interim financial statements have been approved on 29 April 2025 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.2 Comparative Information and Restatement of Financial Statements with Prior Periods

The Company’s financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statements. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period financial statements.

2.3 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in preparation of the interim condensed financial statements as at 31 March 2025 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2025 summarized below.

a) The new standards, amendments and interpretations which are effective from 2025

Amendments to TAS 21 : *Lack of Exchangeability*

The effects of these standards and comments on the financial statements and performance of the company are explained in the relevant paragraphs.

Amendments to TAS 21 Lack of Exchangeability

In May 2024, the POA published amendments to TAS 21. The amendments determine how to assess whether a currency is fungible and how to determine the applicable exchange rate in cases where the currency is not fungible. According to the amendment, when an estimate of the applicable exchange rate is made because a currency is not fungible, information is disclosed that enables financial statement users to understand how the inability to fungible currency with another currency affects or is expected to affect the performance, financial position and cash flow of the enterprise. When changes are implemented, comparative information is not restated.

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

The company, with the following standards that have not yet entered into force, has not yet implemented the following changes and comments:

Amendments to TFRS 10 and TAS 28 : *Sales or Contributions of Assets by the Investor to its Associate or Joint Venture*
TFRS 17 : *Insurance Contracts*

Amendments to TFRS 10 and TAS 28 Sales or Contributions of Assets by the Investor to its Associate or Joint Venture

The POA postponed the effective date of the amendments made to TFRS 10 and TAS 28 indefinitely in December 2017, to be changed depending on the ongoing research project outputs regarding the equity method. However, it still allows early application.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.3 Adoption of New and Revised Financial Reporting Standards (cont’d)

b) New and revised TFRSs in issue but not yet effective (cont’d)

TFRS 17 Insurance Contracts

In February 2019, the POA published TFRS 17, a comprehensive new accounting standard covering recognition and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that allows both the measurement of liabilities arising from insurance contracts with current balance sheet values and the recognition of profit throughout the period in which the services are provided. With the announcement made by the POA, the mandatory effective date of the Standard has been postponed to accounting periods starting on or after 1 January 2026.

The potential impacts of these standards, amendments and improvements on the Company's financial position and performance are being assessed.

c) Changes published by the International Accounting Standards Board (IASB) but not published by the POA

TFRS 9 and TFRS 7 (Amendments)	: <i>Classification and Measurement of Financial Instruments</i>
TFRS 9 and TFRS 7 (Amendments)	: <i>Contracts for Electricity Produced from Natural Resources</i>
TFRS 18	: <i>New Standard for Presentation and Disclosures in Financial Statements</i>
TFRS 19	: <i>New Non-Publicly Accountable Subsidiaries: Disclosures Standard</i>

Annual Improvements to TFRS Accounting Standards – 11th Amendment

The possible effects of these standards, changes and improvements on the Company's financial position and performance are being evaluated.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements for the three months period ended 31 March 2025 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim financial statements for the period ended 31 March 2025 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2024. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

There has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope as of 31 March 2025, from the interests reported as of 31 December 2024.

2.5 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standards is made either retrospectively or prospectively in accordance with the transition requirements of the standards. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.6 Segment Reporting

The segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services.

NOTE 3 –RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling parent of the Company are Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and Ordu Yardımlaşma Kurumu respectively (Note 1).

The details of trade receivables between the Company and related parties are disclosed below:

	31 March 2025	31 December 2024
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	4.257.151	4.226.819
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. ⁽³⁾	6.661	1.047
Erdemir Asia Pacific PTE LTD ⁽²⁾	25	23
Erdemir Romania SRL ⁽²⁾	22.886	-
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	-	30.207
	<u>4.286.723</u>	<u>4.258.096</u>

The trade receivables from related parties mainly arise from sales of iron, steel and by-products.

The details of prepaid expenses between the Company and related parties are disclosed below:

	31 March 2025	31 December 2024
<u>Prepaid expenses (long term)</u>		
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	51.266	47.892
	<u>51.266</u>	<u>47.892</u>

Prepaid expenses to related parties arise from advances given for tangible assets.

- ⁽¹⁾ Immediate parent company
- ⁽²⁾ Subsidiaries of the immediate parent company
- ⁽³⁾ Subsidiaries of the ultimate company
- ⁽⁴⁾ Joint venture
- ⁽⁵⁾ Participations of the ultimate company

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

The details of trade payables between the Company and related parties are disclosed below:

<u>Due to related parties (short term)</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	1.311.350	1.174.850
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	211.967	110.738
Omsan Lojistik A.Ş. ⁽³⁾	331.887	183.494
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	100.856	25.697
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	93.422	47.146
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	16.816	27.753
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	42.490	42.081
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	137.195	173.615
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	3.610	-
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	66.746	78.084
Other	329.425	345.621
	<u>2.645.764</u>	<u>2.209.079</u>

The trade payables from related parties are generally due to the purchase of raw material and service transactions.

The details of sales between the Company and related parties are disclosed below:

<u>Major sales to related parties</u>	<u>1 January - 31 March 2025</u>	<u>1 January - 31 March 2024</u>
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	15.983.944	16.473.215
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	1.577	4.100
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	104.088	98.787
Erdemir Romania S.R.L. ⁽²⁾	31.584	-
Omsan Lojistik A.Ş. ⁽³⁾	-	62
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	6.235	31.562
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	39.866	36.306
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	7	2.567
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	106	309
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	8	5
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	70	12.926
Other	572	3.303
	<u>16.168.057</u>	<u>16.663.142</u>

The major sales to related parties are generally due to the sales transactions of iron, steel, service, energy and by-products.

- ⁽¹⁾ Immediate parent company
- ⁽²⁾ Subsidiaries of the immediate parent company
- ⁽³⁾ Subsidiaries of the ultimate company
- ⁽⁴⁾ Joint venture
- ⁽⁵⁾ Participations of the ultimate company

İSKENDERUN DEMİR VE ÇELİK A.Ş.

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(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

The details of purchases between the Company and related parties are disclosed below:

<u>Major purchases from related parties</u>	<u>1 January - 31 March 2025</u>	<u>1 January - 31 March 2024</u>
Doco Petrol ve Danışmanlık A.Ş. ⁽³⁾	25.745	20.321
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	33.215	23.289
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	2.197.692	2.328.424
Erdemir Asia Pacific PTE LTD ⁽²⁾	12.557	480.179
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	105.988	297.328
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	265.639	180.195
Omsan Denizcilik A.Ş. ⁽³⁾	-	10.442
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	86.244	338.030
Omsan Lojistik A.Ş. ⁽³⁾	398.850	280.917
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	35.123	20.105
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	111.501	76.519
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	181.879	184.991
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	136.841	111.949
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	95.248	145.215
OYAK Yenilenebilir Enerji A.Ş. ⁽³⁾	2.061	-
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	85.841	105.131
Other	88.210	24.967
	<u>3.862.634</u>	<u>4.628.002</u>

The major purchases from related parties are generally due to the purchased service transactions, energy and raw material.

The Company earned TRY 99.208 thousand finance income from related party transactions of the first three month period of 2025, amounting to TRY 14.550 thousand of interest income and TRY 84.658 thousand of interest accrued on term (31 March 2024: TRY 401.678 thousand total finance income from related party receivables, TRY 338.840 thousand of interest income and TRY 62.838 thousand of interest accrued).

The terms and policies applied to the transactions with related parties performed:

As of 31 March 2025, the balances realized in the status of commercial goods are secured and their payments are cash-based. Other receivables from related parties balances are non-secured, interest -bearing and their collections will be done in cash. Certain maturity differences are applied for transactions made with related parties, depending on market conditions and product types, and delay interest is applied for overdue sales, again depending on market conditions and product types.

For the three months period ended 31 March 2025, the Company provides no provision for the receivables from related parties (31 December 2024: None).

- ⁽¹⁾ Immediate parent company
- ⁽²⁾ Subsidiaries of the immediate parent company
- ⁽³⁾ Subsidiaries of the ultimate company
- ⁽⁴⁾ Joint venture
- ⁽⁵⁾ Participations of the ultimate company

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

Benefits provided to executive managers:

The company's executive management team consists of the Board of Directors, General Manager and Assistant General Managers. For the three months period ended 31 March 2025, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the executive management of the Company is TRY 4.837 thousand (31 March 2024: TRY 3.456 thousand).

NOTE 4 – INVENTORIES

The details of the Company’s inventories for the reporting period are as follows:

	31 March 2025	31 December 2024
Raw materials	8.208.757	10.636.629
Work in progress	7.027.122	6.265.485
Finished goods	4.285.077	3.898.281
Spare parts	5.701.483	5.390.597
Goods in transit	7.237.700	6.268.327
Other inventories	3.725.096	3.549.244
Allowance for impairment on inventories (-)	(1.126.538)	(1.113.085)
	<u>35.058.697</u>	<u>34.895.478</u>

The movement of the allowance for impairment on inventories:

	1 January – 31 March 2025	1 January – 31 March 2024
Opening balance	1.113.085	900.361
Provision released (-)	(62.219)	-
Translation difference	75.672	87.081
Closing balance	<u>1.126.538</u>	<u>987.442</u>

The Company has provided an allowance for the impairment on the inventories of finished goods, work in progress and raw materials within the scope of aging reports in the cases when their net realizable values are lower than their costs or for slow moving inventories. The provision released has been recognized under cost of sales (Note 13).

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The detail of the investments accounted for using equity method is follows:

<i>Joint Venture</i>	Right to vote ratio %	31 March 2025	Right to vote ratio %	31 December 2024	Business segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.384.682	50	1.280.062	Industrial Gas Production and Sale

The movement of the Company's investments accounted for using equity method is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Opening balance	1.280.062	884.293
Net profit(loss) for the period	13.839	43.092
Currency translation difference	90.781	87.492
Closing balance	1.384.682	1.014.877

Company's share on net assets of investments accounted for using equity method is as follows:

	31 March 2025	31 December 2024
Total assets	2.933.308	2.869.854
Total liabilities	163.944	309.731
Net assets	2.769.364	2.560.123
Company's share on net assets	1.384.682	1.280.062

	31 March 2025	31 December 2024
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş has the right of to deduct TRY 179.732 thousand (31 December 2024: TRY 221.977 thousand) from corporate tax of the investment deduction where profit will occur in the upcoming years pursuant to the Resolution No 2012/3305 on Government Aids in Investments and the Cabinet Decision issued in the Official Gazette on 22 February 2017. The deferred tax asset of TRY (42.245) thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY (21.123) thousand) is included in the financial statements prepared as of reporting date.

Company's share in profit of investments accounted for using equity method is as follows:

	1 January – 31 March 2025	1 January – 31 March 2024
Revenue	196.241	224.785
Operating Profit	38.939	86.027
Net profit (loss) for the period	27.677	86.184
Company's share in net profit (loss)	13.839	43.092

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS

The movement of tangible assets for the reporting period is as follows:

	31 March 2025	31 March 2024
<u>Opening balance as of 1 January</u>		
Cost	210.619.833	160.359.967
Accumulated depreciation	(110.567.844)	(89.755.963)
Net book value	100.051.989	70.604.004
Net book value	100.051.989	70.604.004
Additions (*)	2.907.256	3.249.137
Disposals (-)	(2.643)	(98)
<i>Cost disposals</i>	(6.277)	(294.431)
<i>Accumulated depreciation disposals</i>	3.634	294.333
Transfers to intangible assets	(4.238)	-
Currency translation difference	7.130.690	6.934.003
<i>Cost currency translation difference</i>	14.952.358	15.627.213
<i>Accumulated depreciation currency translation difference</i>	(7.821.668)	(8.693.210)
Current period depreciation (-)	(1.023.879)	(938.561)
Net book value at the end of the period	109.059.175	79.848.485
<u>Closing balance as of</u>		
Cost	228.468.932	178.941.886
Accumulated depreciation	(119.409.757)	(99.093.401)
Net book value	109.059.175	79.848.485

(*) The amount of capitalized borrowing cost is TRY 192.880 thousand for the current period (31 March 2024: TRY (12.022) thousand).

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (31 March 2024: None).

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS (cont’d)

The movement of intangible assets for the reporting period is as follows:

	31 March 2025	31 March 2024
<u>Opening balance as of 1 January</u>		
Cost	3.136.368	2.568.081
Accumulated amortisation	(1.685.706)	(1.328.170)
Net book value	1.450.662	1.239.911
Net book value at the begin.of the period	1.450.662	1.239.911
Additions	152	1.464
Transfers from tangible assets	4.238	-
Currency translation difference	101.267	119.073
<i>Cost currency translation difference</i>	<i>221.133</i>	<i>248.447</i>
<i>Accumulated depreciation currency translation difference</i>	<i>(119.866)</i>	<i>(129.374)</i>
Current period amortisation (-)	(25.391)	(20.084)
Net book value at the end of the period	1.530.928	1.340.364
<u>Closing balance as of</u>		
Cost	3.361.891	2.817.992
Accumulated amortisation	(1.830.963)	(1.477.628)
Net book value	1.530.928	1.340.364

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (31 March 2024: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use assets amounting to TRY 13.968 thousand (31 March 2024: TRY 7.753 thousand) assets are as follows:

	31 March 2025	31 March 2024
Associated with cost of production	1.025.419	923.630
General administrative expenses	11.148	12.723
Marketing, sales and distribution expenses	26.671	27.553
Other operating expenses	-	2.492
	1.063.238	966.398

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 7 – BORROWINGS

Breakdown of borrowings is as follows:

	31 March 2025	31 December 2024
Short term bank borrowings	5.368.700	9.831.094
Short term portion of long term bank borrowings	3.432.570	3.164.273
Long term bank borrowings	27.122.212	19.732.100
Total bank borrowings	35.923.482	32.727.467
Current portion of long term lease payables	84.129	80.101
Cost of current portion of long term lease payables (-)	(5.873)	(5.113)
Long term lease payables	1.201.031	999.412
Cost of long term lease payables (-)	(935.951)	(765.841)
Total leases borrowings	343.336	308.559
Total borrowings	36.266.818	33.036.026

As of 31 March 2025, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 March 2025
Fixed	US Dollars	7,49	6.764.627	19.360.469	26.125.096
Floating	US Dollars	TERM SOFR+2,79	722.051	6.449.124	7.171.175
Floating	EURO	Euribor+0,5	278.517	1.312.619	1.591.136
Fixed	TRY	42,00	1.036.075	-	1.036.075
			8.801.270	27.122.212	35.923.482

As of 31 December 2024, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 December 2024
Fixed	US Dollars	7,75	10.248.346	12.251.798	22.500.144
Floating	US Dollars	TERM SOFR+2,94	1.039.869	6.215.818	7.255.687
Floating	EURO	Euribor+0,5	261.880	1.264.484	1.526.364
Fixed	TRY	51,45	1.445.272	-	1.445.272
			12.995.367	19.732.100	32.727.467

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

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NOTE 7 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	31 March 2025			31 December 2024		
	Bank Loans	Lease liabilities	Total liabilities	Bank Loans	Lease liabilities	Total liabilities
Within 1 year	8.801.270	78.256	8.879.526	12.995.367	74.988	13.070.355
Between 1-2 years	2.697.592	13.341	2.710.933	2.126.113	12.463	2.138.576
Between 2-3 years	20.302.050	8.367	20.310.417	14.139.559	7.817	14.147.376
Between 3-4 years	2.120.834	7.149	2.127.983	1.365.114	6.679	1.371.793
Between 4-5 years	362.041	6.390	368.431	497.359	5.970	503.329
Five years or more	1.639.695	229.833	1.869.528	1.603.955	200.642	1.804.597
	35.923.482	343.336	36.266.818	32.727.467	308.559	33.036.026

NOTE 8 – PROVISIONS

The Company’s short term provisions are as follows:

	31 March 2025	31 December 2024
Provision for lawsuits	200.302	170.725
Penalty provision for employment shortage of disabled personnel	7.765	5.960
Provision for land occupation	4.058	3.969
	212.125	180.654

As of reporting period, lawsuits filed by and against the Company are as follows:

	31 March 2025	31 December 2024
Lawsuits filed by the Company	176.550	112.491

The provisions for the lawsuits filed by the Company represents the doubtful trade receivables.

	31 March 2025	31 December 2024
Lawsuits filed against the Company	159.452	149.062
Provision for lawsuits filed against the Company	200.302	170.725

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NOTE 8 – PROVISIONS (cont’d)

The movement of the short term provisions is as follows:

	1 January 2025	Change for the period	Payments	Provision released	Translation Difference	31 March 2025
Provision for lawsuits	170.725	59.268	(1.347)	(31.246)	2.902	200.302
Penalty provision for employment shortage of disabled personnel	5.960	1.781	-	-	24	7.765
Provision for land occupation	3.969	373	-	(293)	9	4.058
	<u>180.654</u>	<u>61.422</u>	<u>(1.347)</u>	<u>(31.539)</u>	<u>2.935</u>	<u>212.125</u>
	1 January 2024	Change for the period	Payments	Provision released	Translation Difference	31 March 2024
Provision for lawsuits	142.840	15.259	(606)	(693)	3.359	160.159
Penalty provision for employment shortage of disabled personnel	6.624	76	-	(319)	(11)	6.370
Provision for land occupation	2.988	306	-	(261)	8	3.041
	<u>152.452</u>	<u>15.641</u>	<u>(606)</u>	<u>(1.273)</u>	<u>3.356</u>	<u>169.570</u>

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NOTE 8 – PROVISIONS (cont’d)

The Decision of the Constitutional Court for Electricity and Air Gas Consumption Tax

The claims filed every month since May 2012 for refunding of taxes paid and deduction thereof from Electric and Coal Gas Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the company. Thereafter, the Company used its right on 15 January 2015 to apply the Constitutional Court individually. As a result of the General Assembly Resolution of the Supreme Court the Company, which was issued on 25 October 2018 and published in the Official Gazette on 25 December 2018, was notified and stated that the property rights of the Company were violated, and retrial was decided 22 trials for the applicable claims to eliminate the consequences of the violation of the property rights.

Similarly, it was decided by the Supreme Court that it was combined within the scope of our individual application and that the Company's right to property was violated in 34 cases that were concluded, and that the trials in the relevant lawsuits were taken to eliminate the consequences of the violation of the right to property.

56 lawsuits, which were decided to be retrial by the Constitutional Court, were heard again at the Hatay Tax Court, and the Local Court decided to accept the cases in favor of the Company. In addition, in 9 cases, based on the decision of the Constitutional Court, in favor of the Hatay 1st Tax Court, and in favor of the Adana Regional Court of Justice after the Council of State reversed 12 cases, the cases were decided to be accepted in a total of 77 cases. All of these 77 files have been finalized in favor of the Company. The total number of lawsuits filed by the company in this regard is 80, and the Constitutional Court's review for 3 files is still ongoing.

Litigation provision amounts is provided by taking legal opinion of Company’s lawyers. It is evaluated by the Company Management that it will not cause a more significant loss than the provision amount reserved for lawsuits.

NOTE 9 – EMPLOYEE BENEFITS

Short term payables of the employee termination benefits of the Company is as follows:

	31 March 2025	31 December 2024
Due to personnel	906.674	575.663
Social security premiums payable	2.305.415	2.316.227
	3.212.089	2.891.890

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NOTE 9 – EMPLOYEE BENEFITS (cont’d)

Long term provision of the employee termination benefits of the Company is as follows:

	31 March 2025	31 December 2024
Provisions for employee termination benefits	2.155.504	2.254.266
Provisions for seniority incentive premium	139.045	125.065
Provision for unused vacations	433.222	276.308
	<u>2.727.771</u>	<u>2.655.639</u>

According to the Turkish Labor Law, the company is obliged to pay severance pay to every employee who has completed at least one year of service and retired after 25 years of working life, who has been dismissed, called for military service or deceased.

As of 31 March 2025, the employee termination benefit has been updated to a maximum of TRY 46.655,43 (31 December 2024: TRY 41.828,42).

The employee termination benefit legally is not subject to any funding requirement.

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Company’s obligation under defined benefit plans. The obligation as of 31 March 2025 has been calculated by an independent actuary and projected unit credit method is used in the calculation. Actuarial assumptions, used in calculating the present value of liabilities are compared with used in the financial statement for the year ended 31 December 2024 period, is the same.

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 March 2025, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

The anticipated rate of resignation which do not result in the payment of employee benefits is also considered in the calculation. The anticipated rate of resignation is assumed to be related with the past experience, therefore past experiences of employees are analyzed and considered in the calculation. In the actuarial calculation as of reporting period, the anticipated rate of resignation is considered to be inversely proportional to the past experience. The anticipated rate of resignation is between 2%-0% for the employees with past experience between 0-15 years or over.

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NOTE 9 – EMPLOYEE BENEFITS (cont’d)

The movement of the provision for employee termination benefits is as follows:

	1 January – 31 March 2025	1 January – 31 March 2024
Opening balance	2.254.266	1.773.470
Service cost	23.438	23.781
Interest cost	92.615	75.442
Termination benefits paid	(216.696)	(19.336)
Translation difference	1.881	1.038
Closing balance	2.155.504	1.854.395

According to the current labor agreement, employees completing their 10th, 15th and 20th service years receive seniority incentive premium payments.

The movement of the provision for seniority incentive premium is as follows:

	1 January – 31 March 2025	1 January – 31 March 2024
Opening balance	125.065	123.634
Service cost	6.459	4.912
Interest cost	7.359	7.019
Translation difference	162	131
Closing balance	139.045	135.696

The movement of the provision for unused vacation is as follows:

	1 January – 31 March 2025	1 January – 31 March 2024
Opening balance	276.308	189.135
Provision for the period	247.354	86.571
Vacation paid during the period (-)	(16.472)	(2.775)
Provisions released (-)	(75.056)	(41.169)
Translation difference	1.088	(917)
Closing balance	433.222	230.845

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 10 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The guarantees received reporting period by the Company are as follows:

	31 March 2025	31 December 2024
Letters of guarantees received	7.676.270	7.324.019
	<u>7.676.270</u>	<u>7.324.019</u>

The Collaterals, Pledges and Mortgages (CPM) given by the Company are as follows:

	31 March 2025	31 December 2024
A. Total CPM given for the Company's own legal entity	8.791.853	9.694.733
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>8.791.853</u>	<u>9.694.733</u>

As of reporting period, the ratio of the other CPM given by the Company to shareholders equity is 0% (31 December 2024: 0%).

The breakdown of the collateral given by the Company in TRY equivalent to original currency is as follows:

	31 March 2025	31 December 2024
US Dollars	3.086.927	4.249.477
TRY	5.623.376	5.371.784
EURO	81.550	73.472
	<u>8.791.853</u>	<u>9.694.733</u>

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NOTE 11 – TAX ASSETS AND LIABILITIES

The details of the Company's tax expenses as of the reporting period are as follows:

	31 March 2025	31 December 2024
<u>Corporate tax payable:</u>		
Previous period provision of corporation tax	205.298	-
Current corporate tax provision	51.144	205.298
	<u>256.442</u>	<u>205.298</u>
	1 January - 31 March 2025	1 January - 31 March 2024
<u>Taxation:</u>		
Current corporate tax expense	48.900	937.797
Deferred tax expense/(income)	(59.179)	145.967
	<u>(10.279)</u>	<u>1.083.764</u>

Corporate Tax

The Company is subject to corporation tax applicable in Türkiye. The necessary provisions are allocated in the financial statements for the estimated liabilities based on the Company's results for the current period. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other deductions (retained losses if any, used investment allowance if required).

With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the first paragraph of Article 32 of the Corporate Tax Law was amended, and the corporate tax rate was increased to 25% for the corporate earnings of 2023 and the following taxation periods. The valid corporate tax rate is 25% as of reporting date. The exemption rate applied to the gains arising from the sale of immovable properties in the assets of institutions before 15 July 2023 is 25% and will be applied to the deferred tax to be calculated on the temporary differences arising in case of revaluation of the relevant immovable properties. The tax rate should be taken into account as 18,75% if the book value of the relevant real estate is recovered through sale.

Pursuant to subparagraph (A) of Article 298 and temporary article 33 of Tax Procedure Law No. 213, it has been stipulated that the balance sheets will be subject to inflation adjustment at the end of the 2023 accounting period and in the following accounting periods, depending on the fulfillment of the adjustment conditions (including temporary tax periods). On the other hand, the Tax Procedure Law General Communiqué numbered 582, published in the Official Gazette dated 15 February 2025 and numbered 32814, stipulated that no inflation adjustment will be made in the first, second and third provisional tax periods of the 2025 accounting period.

Although no inflation adjustment will be made in the first, second and third provisional tax periods of the 2025 accounting period, inflation adjustment must be made in the financial statements to be prepared in accordance with the Tax Procedure Law at the end of the 2025 accounting period.

In line with the above explanations; the financial statements dated 31 March 2025 prepared in accordance with the Tax Procedure Law have not been subject to inflation adjustment.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

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NOTE 11 – TAX ASSETS AND LIABILITIES (cont’d)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon the temporary differences arising between its statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of some income and expenses tax bases in different reporting periods in the financial statements prepared according to TFRS.

Although it was regulated by the Tax Procedure Law General Communiqué numbered 582 that no inflation adjustment will be made in the first, second and third temporary tax periods of the 2025 accounting period, since inflation adjustment will be made in the financial statements to be prepared in accordance with the Tax Procedure Law at the end of the 2025 accounting period, the effects of inflation adjustments in the financial statements prepared in accordance with the Tax Procedure Law have been recorded in the financial statements prepared in accordance with TFRS as of the reporting period.

The tax rate used in the calculation of deferred tax assets and liabilities (excluding land and land) is based on 25% (31 December 2024: 25%). Deferred tax on temporary timing differences arising from land and land is calculated with 18,75% (31 December 2024: 18,75%).

Deferred tax assets and liabilities by the Company are as follows:

	31 March 2025	31 December 2024
<u>Deferred tax assets:</u>		
Provisions for employee benefits	681.943	663.910
Leasing payables	85.834	77.140
Provision for lawsuits	51.090	43.674
Adjustment of receivable rediscount	4.905	4.930
Inventories	-	135.038
Fair values of the derivative financial instruments	12.987	-
Unused tax losses	378.114	-
Other	620.593	185.064
	<u>1.835.466</u>	<u>1.109.756</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets (net)	(10.170.019)	(9.014.431)
Right of use assets	(130.805)	(115.798)
Amortized cost adjustment on loans	(6.219)	(13.722)
Fair values of the derivative financial instruments	-	(7.209)
Inventories	(75.380)	-
	<u>(10.382.423)</u>	<u>(9.151.160)</u>
<u>Deferred tax assets/(liabilities) net:</u>	<u>(8.546.957)</u>	<u>(8.041.404)</u>

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NOTE 11 – TAX ASSETS AND LIABILITIES (cont’d)

Deferred tax (cont’d)

The partially or fully recoverable amount of the deferred tax assets of the Company that can be deducted from the future profits is estimated under the current conditions. During the evaluation, future profit projections, financial losses in current periods, expiry dates of unused financial losses carried and other tax assets are taken into consideration.

Company management has been evaluated that tax losses subject to deferred tax will be subject to deduction within 1 year, according to future profit projections.

The temporary differences disclosed above besides the deferred tax asset and liabilities, have been prepared on the basis of the gross values and show the net deferred tax position.

The breakdown of deferred tax asset (liability) is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Opening balance	(8.041.404)	(6.164.262)
Deferred tax (expense)/income	59.179	(145.967)
The amount in comprehensive income/(expense)	(1.047)	(8.397)
Translation difference	(563.685)	(603.941)
Closing balance	<u>(8.546.957)</u>	<u>(6.922.567)</u>

Reconciliation of tax provision is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
<u>Reconciliation of tax provision</u>		
Profit(loss) before tax	1.016.742	5.407.822
Statutory tax rate	25%	25%
Calculated tax acc. to effective tax rate	(254.186)	(1.351.956)
<u>Reconciliation between the tax provision and calculated tax:</u>		
- Non-deductible expenses	(4.084)	(1.903)
- Investment discount	459.262	-
- Unused tax losses	378.114	-
- Non-taxable income	-	20
- The impact of investments accounted for using the	3.460	10.773
- Effect of currency translation (*)	(572.287)	259.302
Tax (expense)/income in the profit or loss statement	<u>10.279</u>	<u>(1.083.764)</u>

(*) The difference between the Company’s functional currency and the currency in basis of tax base cause to translation difference.

The Company has a strategic investment incentive certificate based on the Council of Ministers Decision No. 2012/3305 published in the Official Gazette dated 19 June 2012. As of the reporting date, TRY 459.262 thousand in reduced corporate tax was used within the scope of the strategic investment incentive certificate as a result of meeting the valid conditions in the current period.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

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NOTE 12 – EQUITY

The capital structure reporting period by the Company is as follows:

	(%)	31 March 2025	(%)	31 December 2024
<u>Shareholders</u>				
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	94,87	2.751.326	94,87	2.751.326
Quoted in Stock Exchange	5,13	148.674	5,13	148.674
Historical capital		2.900.000		2.900.000
Inflation adjustment to capital		164		164
Restated capital		2.900.164		2.900.164

NOTE 13 – SALES AND COST OF SALES

The Company derives its revenue from the transfer of goods at a point in time in the following major product lines. As of reporting date, the amount of performance obligations in the ongoing contracts of the Company will be eligible for recognition in the future is TRY 793.510 thousand. The Company planning to recognize related revenue amount as a revenue in a year.

The breakdown of sales revenue for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
<u>Sales Revenue</u>		
Domestic sales	19.042.611	20.958.836
Export sales	6.846.545	4.058.719
Other revenues (*)	927.795	593.680
Interest income from sales with maturities	97.038	73.027
Sales returns (-)	(7.532)	(2.755)
	26.906.457	25.681.507
<u>Cost of sales (-)</u>	(25.037.728)	(22.670.542)
Gross profit	1.868.729	3.010.965

(*) The total amount of by product exports in other revenues is TRY 340.527 thousand (31 March 2024: TRY 301.421 thousand).

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NOTE 13 – SALES AND COST OF SALES (cont’d)

The breakdown of cost of goods sales for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Raw material usage	(18.732.893)	(18.692.512)
Personnel costs	(1.878.830)	(1.018.398)
Energy costs	(1.106.382)	(807.588)
Depreciation and amortization expenses	(1.008.700)	(832.886)
Factory overheads	(1.152.593)	(417.582)
Other cost of goods sold	(807.136)	(612.395)
Freight costs for sales delivered to customers	(255.893)	(154.226)
Reversal of inventory write-downs (Note 4)	62.219	-
Amortisation expenses of right of use	(10.637)	-
Other	(146.883)	(134.955)
	<u>(25.037.728)</u>	<u>(22.670.542)</u>

NOTE 14 – OPERATING EXPENSES ACCORDING TO THEIR NATURE AND OTHER OPERATING INCOME / (EXPENSES)

The breakdown of marketing expenses according to their nature for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Personnel expenses (-)	(65.906)	(37.985)
Depreciation and amortization (-)	(26.671)	(27.553)
Tax, duty and charges (-)	(250)	(175)
Benefits and services from third parties (-)	(210.629)	(149.503)
	<u>(303.456)</u>	<u>(215.216)</u>

The breakdown of general administrative expenses according to their nature for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Personnel expenses (-)	(86.222)	(53.390)
Depreciation and amortization expenses (-)	(7.817)	(7.462)
Amortization expense of right of use (-)	(3.331)	(5.261)
Tax, duty and charges (-)	(4.153)	(9.553)
Benefits and services from third parties (-)	(347.201)	(264.518)
	<u>(448.724)</u>	<u>(340.184)</u>

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NOTE 14 – OPERATING EXPENSES ACCORDING TO THEIR NATURE AND OTHER OPERATING INCOME / (EXPENSES) (cont’d)

The breakdown of other operating income for the reporting period is as follows:

<u>Other operating income</u>	<u>1 January - 31 March 2025</u>	<u>1 January - 31 March 2024</u>
Foreign exchange gains from trade receivables and payables	91.418	-
Discount income	97	98
Provisions released	31.246	1.012
Service income	20.500	15.826
Maintenance repair and rent income	6.443	8.274
Lawsuit income	3.286	1.442
Indemnity and penalty detention income	10.397	8.449
Previous period insurance indemnity income	-	69.481
Warehouse income	5.453	5.588
Overdue interest income	13	37
Insurance indemnity income due to earthquake	-	3.242.159
Other income and gains	34.393	35.668
	<u>203.246</u>	<u>3.388.034</u>

The breakdown of other operating expenses for the reporting period is as follows:

<u>Other operating expenses (-)</u>	<u>1 January - 31 March 2025</u>	<u>1 January - 31 March 2024</u>
Provision expenses	(61.049)	(15.335)
Donation expenses	(4.730)	(5.279)
Amortisation expenses of right of use	-	(2.492)
Foreign exchange expenses from trade receivables and payables	-	(15.860)
Penalty expenses	(1.774)	(2.111)
Service expenses	(16.633)	(13.977)
Lawsuit compensation expenses	(4.645)	(849)
Other expenses and losses	(42.467)	(23.901)
	<u>(131.298)</u>	<u>(79.804)</u>

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(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 15 – FINANCE INCOME AND EXPENSES

The breakdown of financial income for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
<u>Finance income</u>		
Interest income on bank deposits	1.113.776	284.153
Interest income on related party	14.550	338.840
Fair value differences of derivative financial instruments (net)	-	2.790
	<u>1.128.326</u>	<u>625.783</u>

The breakdown of financial expenses for the reporting period is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
<u>Finance expenses (-)</u>		
Interest expenses on borrowings	(629.360)	(666.178)
Foreign exchange loss (net)	(531.183)	(263.177)
Interest cost of employee benefits	(99.974)	(82.461)
Interest expenses on leases	(15.251)	(7.018)
Other financial expenses	(8.456)	(4.147)
Fair value differences of derivative financial instruments (net)	(24.799)	-
	<u>(1.309.023)</u>	<u>(1.022.981)</u>

During the reporting period, the interest expenses of TRY 192.880 thousand have been capitalized as part of the Company’s property, plant and equipment (31 March 2024: TRY (12.022) thousand).

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NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional information about financial instruments

Foreign currency risk management

As of reporting period, the foreign currency position of the Company in terms of original currency is calculated as it as follows:

	31 March 2025			
	TRY (Presentation currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	1.640.398	140.382	36.854	-
2a. Monetary financial assets	17.049.933	14.370.663	65.827	21
2b. Non- monetary financial assets	163.962	147.553	403	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	18.854.293	14.658.598	103.084	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	75.044	75.044	-	-
6b. Non- monetary financial assets	2.072.083	64.366	49.327	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	2.147.127	139.410	49.327	-
9. Total assets (4+8)	21.001.420	14.798.008	152.411	21
10. Trade payables	4.187.086	3.883.972	7.262	27.776
11. Financial liabilities	1.392.848	1.114.329	6.831	-
12a. Other monetary financial liabilities	5.220.397	5.213.396	172	-
12b. Other non-monetary financial liabilities	4.528	-	111	-
13. Current liabilities (10+11+12)	10.804.859	10.211.697	14.376	27.776
14. Trade payables	-	-	-	-
15. Financial liabilities	1.577.697	265.077	32.192	-
16a. Other monetary financial liabilities	2.727.771	2.727.771	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	4.305.468	2.992.848	32.192	-
18. Total liabilities (13+17)	15.110.327	13.204.545	46.568	27.776
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(3.924.973)	-	(96.259)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	3.924.973	-	96.259	-
20. Net foreign currency asset/liability position (9-18+19)	1.966.120	1.593.463	9.584	(27.755)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	3.659.576	1.381.544	56.224	(27.755)
22. Fair value of derivative financial instruments used in foreign currency hedge	(40.500)	-	(993)	-
23. Hedged foreign currency assets	3.924.973	-	96.259	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	7.187.072	-	-	-
26. Imports	10.896.466	-	-	-

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NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

	31 December 2024			
	TRY (Presentation currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	598.104	102.547	13.490	-
2a. Monetary financial assets	13.531.173	13.213.061	8.659	21
2b. Non- monetary financial assets	205.392	191.465	379	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	14.334.669	13.507.073	22.528	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	74.734	74.734	-	-
6b. Non- monetary financial assets	1.723.655	9.918	46.650	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1.798.389	84.652	46.650	-
9. Total assets (4+8)	16.133.058	13.591.725	69.178	21
10. Trade payables	4.338.807	3.933.883	11.003	-
11. Financial liabilities	1.782.140	1.520.259	7.116	-
12a. Other monetary financial liabilities	4.135.422	4.128.853	178	-
12b. Other non-monetary financial liabilities	11.444	-	311	-
13. Current liabilities (10+11+12)	10.267.813	9.582.995	18.608	-
14. Trade payables	-	-	-	-
15. Financial liabilities	1.498.050	233.567	34.359	-
16a. Other monetary financial liabilities	2.655.639	2.655.639	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	4.153.689	2.889.206	34.359	-
18. Total liabilities (13+17)	14.421.502	12.472.201	52.967	-
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(268.506)	-	(7.296)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	268.506	-	7.296	-
20. Net foreign currency asset/liability position (9-18+19)	1.443.050	1.119.524	8.915	21
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(206.047)	918.141	(30.507)	21
22. Fair value of derivative financial instruments used in foreign currency hedge	12.661	-	344	-
23. Hedged foreign currency assets	268.506	-	7.296	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	23.383.535			
26. Imports	61.523.360			

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(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

The following table shows the Company’s sensitivity to a 10% (+/-) change in the TRY, EURO and JPY 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates.

For assets with foreign currency balances in the summary statement of financial position as of 31 March 2025: 37,7656 TRY = US \$ 1, 40,7019 TRY = Euro 1; 0,2501 TRY = JPY 1 for liabilities: 37,8337 TRY = US \$ 1, 40,7753 TRY = Euro 1, 0,2518 TRY = JPY 1 converted at rates (31 December 2024: For assets; 35,2803 TRY = US \$ 1, 36,7362 TRY = Euro 1; 0,2249 TRY = JPY, 1 For Liabilities; 35,3438 TRY = US \$ 1, 36,8024 TRY = Euro 1, 0,2264 TRY = JPY 1).

	Profit/(loss) before tax after capitalization on tangible assets	
	Appreciation of foreign currency	Depreciation of foreign currency
31 March 2025		
1- TRY net asset/liability	138.154	(138.154)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	138.154	(138.154)
5- Euro net asset/liability	228.502	(228.502)
6- Hedged portion from Euro risk (-)	(392.499)	392.499
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(163.997)	163.997
9- Jap. Yen net asset/liability	(698)	698
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	(698)	698
TOTAL (4+8+12)	(26.541)	26.541

(Convenience Translation into English of Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

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NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

	Profit/(loss) before tax after capitalization on tangible assets	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2024		
1- TRY net asset/liability	91.814	(91.814)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	91.814	(91.814)
5- Euro net asset/liability	(112.420)	112.420
6- Hedged portion from Euro risk (-)	(26.851)	26.851
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(139.271)	139.271
9- Jap. Yen net asset/liability	-	-
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	-	-
TOTAL (4+8+12)	(47.457)	47.457

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value
31 March 2025				
Financial Assets				
Cash and cash equivalents	26.516.453	-	-	26.516.453
Trade receivables	7.779.168	-	-	7.779.168
Financial investments	199.111	-	70.141	269.252
Other receivables	190.981	-	-	190.981
Derivative financial instruments	-	8.655	17.911	26.566
Financial Liabilities				
Financial liabilities	36.266.818	-	-	36.266.818
Trade payables	14.016.454	-	-	14.016.454
Other liabilities	2.463.037	-	-	2.463.037
Derivative financial instruments	-	-	78.561	78.561
31 December 2024				
Financial Assets				
Cash and cash equivalents	18.777.531	-	-	18.777.531
Trade receivables	7.406.470	-	-	7.406.470
Financial investments	191.503	-	69.831	261.334
Other receivables	158.012	-	-	158.012
Derivative financial instruments	-	5.644	23.141	28.785
Financial Liabilities				
Financial liabilities	33.036.026	-	-	33.036.026
Trade payables	12.328.734	-	-	12.328.734
Other liabilities	943.589	-	-	943.589

Company management, considers that the fair values of financial assets and liabilities approximate book values.

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(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values (con’t)

31 March 2025

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	69.117	-	69.117	-
Derivative financial assets	17.911	-	17.911	-
Derivative financial liabilities	(78.561)	-	(78.561)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	8.655	-	8.655	-
Total	17.122	-	17.122	-

31 December 2024

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	68.875	-	68.875	-
Derivative financial assets	23.141	-	23.141	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	5.644	-	5.644	-
Total	97.660	-	97.660	-

First Level: Quoted (non-adjusted) prices in active markets for identical assets or liabilities.

Second Level: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Third Level: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

NOTE 17 – SUBSEQUENT EVENTS

None.

NOTE 18 – OTHER ISSUES AFFECTING THE CONDENSED INTERIM FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Convenience translation to English:

As of 31 March 2025, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.