



İSKENDERUN DEMİR VE ÇELİK A.Ş.

For the Period 1 January - 30 June 2025
Board of Directors' Activity Report

(Convenience translation into English of a report originally issued in Turkish)

REVIEW REPORT ON COMPLIANCE OF INTERIM OPERATING REPORT

To the Board of Directors of İskenderun Demir ve Çelik Anonim Şirketi;

Introduction

We have been engaged to perform a review on the compliance of the financial information included in the accompanying interim operating report of İskenderun Demir ve Çelik Anonim Şirketi (the Company) as of 30 June 2025, with the interim condensed financial statements, which we reviewed. Interim operating report is the responsibility of the Company management. Our responsibility as the auditors is to express a conclusion regarding if the financial information included in the accompanying interim operating report is consistent with the interim condensed financial statements and explanatory notes, which we reviewed as the subject of the review report dated 6 August 2025.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information included in the accompanying interim operating report is not consistent, in all material respects, with the information disclosed in the interim condensed financial statements and explanatory notes, which we reviewed.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Mehmet Başol Çengel, SMMM
Partner

6 August 2025
İstanbul, Türkiye

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

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

1 January - 30 June 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: Murat YALÇINTAŞ)	Chairman	27.05.2013 (*)
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Represented by: Ahmet TAŞKIN)	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 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: İsmail DOĞAN)	Board Member and Executive Director	17.09.2012 (*)
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Represented by: Hilal YÜCEL)	Board Member	20.09.2012 (*)
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 Board Member's duty starting dates were considered.

Changes in the Executive Board within the Period

With the decision of the Board of Directors dated 18 July 2025, and numbered 874, it has been decided to appoint Murat YALÇINTAŞ as the real person representative of the Chairman ATAER Holding A.Ş. instead of Süleyman Savaş ERDEM and to appoint İsmail DOĞAN as the real person representative of the Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. instead of Can ÖRÜNG.

With the same decision, Company's Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: İsmail DOĞAN), has been authorized as "Executive Director" to exercise all duties and powers of the Board of Directors except for those that cannot be delegated within the framework of the Turkish Commercial Code, other applicable legislation, and the provisions of the Company's Articles of Association.

With the decision of the Board of Directors dated 5 August 2025 and numbered 875 it has been decided to appoint Ahmet TAŞKIN as the real person representative of the Deputy Chairman and Executive Director Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. instead of Görtan DAMAR.

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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
Ahmet TAŞKIN	Deputy Chairman and Executive Director	05.08.2025	Middle East Technical University - Metallurgy Engineering	38 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
İsmail DOĞAN	Board Member and Executive Director	18.07.2025	Boğaziçi University -Industrial Engineering	17 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
Vacant	Marketing and Sales Group Vice President	-	-	-
Vacant	Procurement Group Vice President	-	-	-
Vacant	Enterprise Architecture and Human Resources Group Vice President	-	-	-
Salih Cem ORAL	General Manager	12.09.2022	İstanbul Technical University - Metallurgy Engineering	32 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

The duties of Marketing and Sales Group Vice President Sercan BÜYÜKBAYRAM, Procurement Group Vice President Şevket Selim YILMAZ and Enterprise Architecture and Human Resources Group Vice President Ercan KAYA have ended as of 4 August 2025.

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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

29th Period Collective Labor Agreement, which will be valid between 1 January 2025 and 31 December 2026 has been signed on 17 July 2025 between Özçelik-İş Union and İskenderun Demir ve Çelik A.Ş.

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 allowance, 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, maternity leave, part time work permit, moving permit, breast-feeding leave, adoption leave, permission to file a public lawsuit, permission to be with your child and other leaves for natural disaster.

Complementary health insurance for our hourly paid staff; employer sponsored 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:

	30 June 2025	31 December 2024
	Personnel	Personnel
Paid Hourly Personnel	3.422	3.711
Paid Monthly Personnel	1.368	1.437
	4.790	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 – 30 June 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 20.837 thousand expense was recorded relating to the Board Members and Executive Management in the period from 1 January 2025 – 30 June 2025.

C - Research and Development Studies

The research and development activities of OYAK Mining Metallurgy are conducted by the Erdemir R&D Center, certified by the Republic of Türkiye Ministry of Industry and Technology in 2014. These activities focus on five main areas; raw materials and iron making, steel making and casting technologies, hot and cold rolled products and processes, energy and environmental solutions.

Erdemir R&D Center has state of the art laboratory facilities and pilot scale simulation systems. Center's main specialization areas are material characterization, thermomechanical simulation, metal forming, welding technologies, corrosion, fatigue, enameling, rheology, spectral analysis, inclusion analysis and X-Ray applications. On the other hand, experimental studies with main production route processes' simulators such as coking, agglomeration, sintering, melting, rolling, heat treatment and coating are conducted in R&D Center.

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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 No.1 New Blast Furnace, the Boiler No.3 Retubing and Burner Modification and the No.1 Blast Furnace Top Recovery Turbine (TRT) Projects have been commissioned. Equipment procurement and site activities continue for the Port-1 New Grab Ship Unloader Cranes Project. Construction and mechanical work continue within the scope of the Second Phase of the Seawater Pumping Station Sustainability Investment. Equipment supplies 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 and İsdemir Biomass Gasification Facility Project. 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.

As of reporting period, the Company's total investment expenditure is USD 137 million (30 June 2024: USD 257 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

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have been reviewed as of 30 June 2025.

Summary of Financial Position

	(Reviewed)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	30 June 2025	31 December 2024
Current Assets	87.063.925	69.137.658
Non-current Assets	125.631.052	108.089.603
Total Assets	212.694.977	177.227.261
Current Liabilities	38.430.160	29.967.974
Non-current Liabilities	40.641.792	30.662.714
Shareholders' Equity	133.623.025	116.596.573
Total Liabilities	212.694.977	177.227.261

Summary of Profit or Loss

	(Reviewed)	(Reviewed)
	Current Period	Previous Period
(Thousand TRY)	1 January - 30 June 2025	1 January - 30 June 2024
Revenue	55.652.605	53.775.357
Gross Profit	4.597.408	5.376.990
Operating Profit	3.250.107	7.675.898
Profit Before Tax	2.812.346	7.753.581
Net Profit for the Period	3.040.825	7.112.702
EBITDA	5.344.815	6.120.133

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 - 30 June 2025	1 January - 30 June 2024
Gross Profit Margin	8,3%	10,0%
Operating Profit Margin	5,8%	14,3%
EBITDA Margin	9,6%	11,4%
Net Profit Margin for the Period	5,5%	13,2%

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3. The Availability of Financial Sources and The Policies The Company Applies in This Framework

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:

"As a 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.

General Assembly is authorized for the "distribution of dividend advance" in accordance with relevant 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. The dividend payment was started at 2 July 2025.

5. Information About the Sector

Global crude steel production in June this year decreased by 5,8% year on year to 151,4 million tonnes. In the first half of this year, global crude steel production went down by 2,2% year on year to 934,3 million tonnes.

In June, crude steel output in Asia amounted to 112,9 million tonnes, down 6,2%, with China's output at 83,2 million tonnes, down 9,2%, with 6,7 million tonnes produced by Japan, decreasing by 4,4%, 13,6 million tonnes produced by India, up by 13,3%, and 5 million tonnes produced by South Korea, moving down by 1,8% with all comparisons on year on year basis.

EU-27 countries produced 10,4 million tonnes of crude steel in June, down by 8,2% year on year. In the given period, Germany's output amounted to 2,7 million tonnes, down 15,9% year on year.

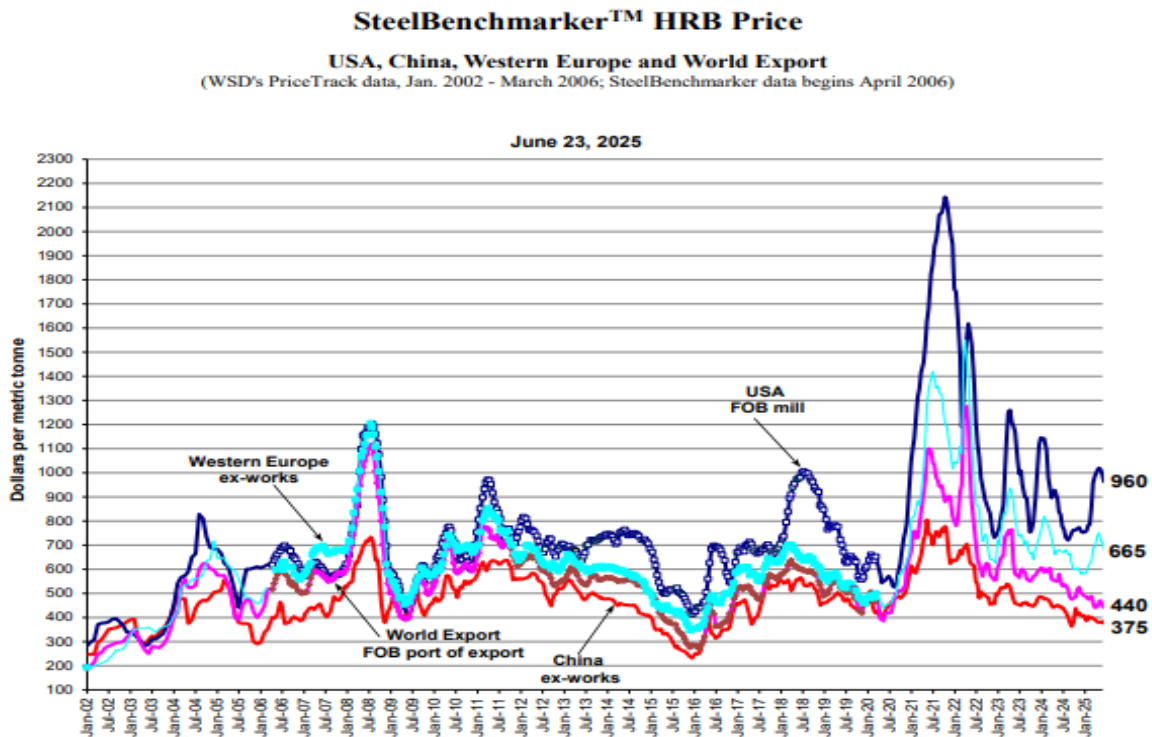
The CIS registered a crude steel output of 6,7 million tonnes, decreasing by 8,8% on year on year basis, with Russia's estimated output at 5,6 million tonnes, down 7,4% year on year.

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In North America, in June, crude steel output totaled 8,7 million tonnes, up by 1,2% year on year, with the US producing 6,9 million tonnes, increasing by 4,6%, both year on year. Crude steel output in South America in June amounted to 3,5 million tonnes, up by 1,3% compared to the same month in the previous year, with Brazil's output totaling 2,8 million tonnes, decreasing by 0,5% year on year.

In the given month, Africa produced 1,7 million tonnes of crude steel, increasing by 3% year on year. In the Middle East, crude steel output totaled 4,3 million tonnes, moving down by 4,9%.

Price changes of hot rolled products follows:



Türkiye's crude steel production decreasing by 3,5% annually in June to 2,9 million tonnes. In June, production in electric arc furnace facilities annually increasing by 1,3% (2,1 million tonnes), while production in integrated facilities was annually decreasing by 14,7% (0,8 million tonnes).

In the January-June period this year, Türkiye's annual crude steel production decreased by 1,7% year on year to 18,3 million tonnes. During this period, produced in electric arc furnace facilities increased by 3,3% (13,4 million tonnes) and while production in integrated facilities decreased by 13% (4,9 million tonnes).

6. The Position within the Sector

The Company produced 2,7 million tonnes crude steel in the first six month of 2025.

7. Development Regarding the Plants

The company, which is the only integrated long and flat steel producer in Türkiye, 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 six months of 2025.

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8. Production Plants and Productivity

Capacity utilization rates are provided below:

Capacity Utilization ratios (%)	1 January- 30 June 2025	1 January- 30 June 2024
Liquid Steel	96%	94%
Crude Steel	94%	92%

9. Products

The main products produced are;

- Billet
- Wire Rod
- Slab
- Hot Roll

10. Production (quantity)

Final Products (000 Tonne)	1 January - 30 June 2025	1 January - 30 June 2024
Flat products (*)	2.267	2.137
Long products	366	450
Total	2.633	2.587

(*) Slab production included to flat production.

11. Development in Sales

The iron and steel industry are 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 18,3 million tonnes production in the first six months of 2025.

The Company's total sales in the first six months of 2025 reached 2,6 million tonnes. 2,2 million tonnes of total sales were realized as flat products and 0,4 million tonnes as long products. 26% of the Company's total sales were realized through exports.

12. Sales(quantity)

Finished Product (000 Tonne)	1 January - 30 June 2025	1 January - 30 June 2024
Flat products (*)	2.192	2.093
Long products	367	441
Total	2.559	2.534

(*) As of reporting period, sales of 668 thousand tonnes of flat product in total flat product sales are transactions made to related parties (30 June 2024: 647 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.