

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
BETWEEN 1 JANUARY - 30 SEPTEMBER 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 30 SEPTEMBER 2025

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

		(Unaudited) Current Period 30 September 2025 USD'000	(Unaudited) Current Period 30 September 2025 TRY'000	(Audited) Previous Period 31 December 2024 USD'000	(Audited) Previous Period 31 December 2024 TRY'000
ASSETS	Note				
Current Assets		2.214.187	91.903.830	1.959.667	69.137.658
Cash and Cash Equivalents		1.052.130	43.670.570	532.238	18.777.531
Financial Investments		-	-	5.428	191.503
Trade Receivables		204.851	8.502.698	209.932	7.406.470
<i>Due From Related Parties</i>	3	<i>133.071</i>	<i>5.523.349</i>	<i>120.693</i>	<i>4.258.096</i>
<i>Other Trade Receivables</i>		<i>71.780</i>	<i>2.979.349</i>	<i>89.239</i>	<i>3.148.374</i>
Other Receivables		5.176	214.828	4.340	153.109
Financial Derivative Instruments		-	-	816	28.785
Inventories	4	856.553	35.552.764	989.092	34.895.478
Prepaid Expenses		18.741	777.890	33.352	1.176.677
Other Current Assets		76.736	3.185.080	184.469	6.508.105
Non Current Assets		3.164.101	131.331.684	3.063.739	108.089.603
Financial Investments		1.701	70.623	1.979	69.831
Other Receivables		118	4.903	139	4.903
Investments Accounted For Using Equity Method	5	33.703	1.398.891	36.283	1.280.062
Property, Plant and Equipment	6	2.926.899	121.486.224	2.835.917	100.051.989
Right of Use Assets		21.517	893.114	13.105	462.360
Intangible Assets	6	39.583	1.642.976	41.118	1.450.662
Prepaid Expenses		140.580	5.834.953	135.198	4.769.796
<i>Due From Related Parties</i>	3	<i>1.306</i>	<i>54.210</i>	<i>1.357</i>	<i>47.892</i>
<i>Other Prepaid Expenses</i>		<i>139.274</i>	<i>5.780.743</i>	<i>133.841</i>	<i>4.721.904</i>
TOTAL ASSETS		5.378.288	223.235.514	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 30 SEPTEMBER 2025

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

		(Unaudited) Current Period 30 September 2025	(Unaudited) Current Period 30 September 2025	(Audited) Previous Period 31 December 2024	(Audited) Previous Period 31 December 2024
	Note	USD'000	TRY'000	USD'000	TRY'000
LIABILITIES					
Current Liabilities		978.693	40.696.943	847.874	29.967.974
Short Term Borrowings	7	118.973	4.947.068	278.156	9.831.094
Short Term Portion of Long Term Borrowings	7	90.447	3.760.927	91.650	3.239.261
Trade Payables		718.552	29.879.819	348.798	12.328.734
<i>Due to Related Parties</i>	3	<i>151.874</i>	<i>6.315.156</i>	<i>62.503</i>	<i>2.209.079</i>
<i>Other Trade Payables</i>		<i>566.678</i>	<i>23.564.663</i>	<i>286.295</i>	<i>10.119.655</i>
Payables for Employee Benefits	9	19.537	812.364	81.822	2.891.890
Other Payables		4.226	175.784	20.954	740.577
Derivative Financial Instruments		1.015	42.188	-	-
Deferred Revenue		11.586	481.774	10.908	385.542
Current Tax Liabilities	11	5.206	216.490	5.809	205.298
Short Term Provisions	8	7.520	312.707	5.111	180.654
Other Current Liabilities		1.631	67.822	4.666	164.924
Non Current Liabilities		993.736	41.321.150	867.556	30.662.714
Long Term Borrowings	7	711.355	29.579.299	564.899	19.965.671
Long Term Provisions		71.501	2.973.129	75.137	2.655.639
<i>Long Term Provisions for Employee Benefits</i>	9	<i>71.501</i>	<i>2.973.129</i>	<i>75.137</i>	<i>2.655.639</i>
Deferred Tax Liabilities	11	210.880	8.768.722	227.520	8.041.404
EQUITY		3.405.859	141.217.421	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)		(76.765)	72.214.671	(73.707)	61.397.172
<i>Actuarial (Loss)/ Gain Funds</i>		<i>(76.765)</i>	<i>(1.318.334)</i>	<i>(73.707)</i>	<i>(1.196.793)</i>
<i>Foreign Currency Translation Reserves</i>		-	<i>73.533.005</i>	-	<i>62.593.965</i>
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		(43)	(1.785)	119	4.217
<i>Cash Flow Hedging Gain (Loss)</i>		<i>(43)</i>	<i>(1.785)</i>	<i>119</i>	<i>4.217</i>
Restricted Reserves Assorted from Profit		487.715	3.237.560	486.185	3.179.560
Retained Earnings		1.400.534	58.236.430	986.353	34.861.452
Net Profit for the Period		120.228	4.630.381	434.836	14.254.008
TOTAL LIABILITIES AND EQUITY		5.378.288	223.235.514	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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

		(Unaudited) Current Period 1 January - 30 September 2025	(Unaudited) Current Period 1 January - 30 September 2025	(Unaudited) Current Period 1 July - 30 September 2025	(Unaudited) Previous Period 1 January - 30 September 2024	(Unaudited) Previous Period 1 January - 30 September 2024	(Unaudited) Previous Period 1 July - 30 September 2024
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
Revenue	13	2.314.814	89.151.372	33.498.767	2.480.999	79.921.920	26.146.563
Cost of Sales	13	(2.130.165)	(82.039.919)	(30.984.722)	(2.261.842)	(72.862.097)	(24.463.730)
GROSS PROFIT/(LOSS)		184.649	7.111.453	2.514.045	219.157	7.059.823	1.682.833
Marketing, Sales and Distribution Expenses	14	(26.051)	(1.003.301)	(358.633)	(23.072)	(743.218)	(270.194)
General Administrative Expenses	14	(40.085)	(1.543.809)	(543.977)	(39.638)	(1.276.871)	(471.089)
Research and Development Expenses		(65)	(2.502)	(915)	(66)	(2.125)	(1.245)
Other Operating Income	14	22.174	853.994	266.853	121.833	3.924.677	215.970
Other Operating Expenses	14	(11.261)	(433.704)	(145.349)	(6.353)	(204.651)	(74.538)
OPERATING PROFIT/(LOSS)		129.361	4.982.131	1.732.024	271.861	8.757.635	1.081.737
Income from Investing Activities		-	-	-	968	31.186	2.067
Expenses from Investing Activities		(462)	(17.808)	(10.228)	(47)	(1.525)	(328)
Share of Investments' Profit Accounted by Using The Equity Method	5	2.080	80.098	41.077	4.957	159.686	50.949
OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME/ (EXPENSE)		130.979	5.044.421	1.762.873	277.739	8.946.982	1.134.425
Finance Income	15	58.059	2.236.058	480.927	61.789	1.990.434	410.610
Finance Expense	15	(79.170)	(3.049.089)	(824.756)	(75.262)	(2.424.456)	(785.656)
PROFIT/(LOSS) BEFORE TAX		109.868	4.231.390	1.419.044	264.266	8.512.960	759.379
Tax (Expense)/ Income	11	10.360	398.991	170.512	(11.554)	(372.205)	268.674
Current Corporate Tax (Expense)/ Income		(5.206)	(200.515)	(68.271)	(73.458)	(2.366.349)	(241.611)
Deferred Tax (Expense)/ Income		15.566	599.506	238.783	61.904	1.994.144	510.285
NET PROFIT/(LOSS) FOR THE PERIOD		120.228	4.630.381	1.589.556	252.712	8.140.755	1.028.053
Earnings/(Loss) per share			1,5967	0,5481		2,8072	0,3545
(TRY 1 Nominal value per share)							

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 OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

		(Unaudited) Current Period 1 January - 30 September 2025	(Unaudited) Current Period 1 January - 30 September 2025	(Unaudited) Current Period 1 July - 30 September 2025	(Unaudited) Previous Period 1 January - 30 September 2024	(Unaudited) Previous Period 1 January - 30 September 2024	(Unaudited) Previous Period 1 July - 30 September 2024
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
PROFIT/(LOSS) FOR THE PERIOD		120.228	4.630.381	1.589.556	252.712	8.140.755	1.028.053
OTHER COMPREHENSIVE INCOME							
Not to be reclassified subsequently to profit or loss							
Foreign Currency Translation Gain (Loss)		-	20.843.010	5.968.502	-	14.076.311	3.930.512
Actuarial Gain/(Loss) of Defined Benefit Plans	9	(4.077)	(162.055)	-	(7.492)	(245.916)	-
Tax Effect of Actuarial Gain/(Loss) of Defined Benefit Plans	11	1.019	40.514	-	1.873	61.479	-
To be reclassified subsequently to profit or loss							
Gain (Loss) in Cash Flow Hedging Reserves		(216)	(8.003)	48.450	401	8.217	(46.938)
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11	54	2.001	(12.112)	(100)	(2.054)	11.735
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(3.220)	20.715.467	6.004.840	(5.318)	13.898.037	3.895.309
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		117.008	25.345.848	7.594.396	247.394	22.038.792	4.923.362

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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		-	-	-	-	-	-	-	4.630.381	4.630.381
Other comprehensive income/(loss)		-	-	20.843.010	(121.541)	(6.002)	-	-	-	20.715.467
Total comprehensive income/(loss)		-	-	20.843.010	(121.541)	(6.002)	-	-	4.630.381	25.345.848
Increase (decrease) due to other changes (**)	2.1	-	-	(9.903.970)	-	-	-	9.903.970	-	-
Dividends (*)		-	-	-	-	-	-	(725.000)	-	(725.000)
Transfers		-	-	-	-	-	58.000	14.196.008	(14.254.008)	-
30 September 2025		2.900.000	164	73.533.005	(1.318.334)	(1.785)	3.237.560	58.236.430	4.630.381	141.217.421
(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		-	-	-	-	-	-	-	8.140.755	8.140.755
Other comprehensive income/(loss)		-	-	14.076.311	(184.437)	6.163	-	-	-	13.898.037
Total comprehensive income/(loss)		-	-	14.076.311	(184.437)	6.163	-	-	8.140.755	22.038.792
Increase (decrease) due to other changes (**)	2.1	-	-	(5.028.234)	-	-	-	5.028.234	-	-
Dividends		-	-	-	-	-	-	(1.450.000)	-	(1.450.000)
Transfers		-	-	-	-	-	130.500	4.471.047	(4.601.547)	-
30 September 2024		2.900.000	164	59.812.519	(1.137.628)	(19.860)	3.179.560	33.716.000	8.140.755	106.591.510

(*) At the Ordinary General Assembly Meeting of the Company held on 26 March 2025, dividend per share: TRY 0,25 (2024: TRY 0,50) from the profits of 2024. The decision to distribute a cash dividend of TRY 725.000 thousand (28 March 2024: TRY 1.450.000 thousand) was unanimously approved. The dividend payment was started at 2 July 2025.

(**) 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 30 September 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

		(Unaudited) Current Period 1 January - 30 September 2025 USD'000	(Unaudited) Current Period 1 January - 30 September 2025 TRY'000	(Unaudited) Previous Period 1 January - 30 September 2024 USD'000	(Unaudited) Previous Period 1 January - 30 September 2024 TRY'000
	Note	751.176	30.250.717	129.286	3.577.877
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (Loss) for The Period		120.228	4.630.381	252.712	8.140.755
Adjustments to Reconcile Profit (Loss)		93.326	3.654.128	12.805	411.343
Adjustments for Depreciation and Amortisation Expenses	13/14	95.956	3.740.193	88.676	2.856.575
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(3.590)	(138.253)	(11)	(338)
Adjustments for Provision (Reversal of Provision) for Receivables		-	-	(3)	(87)
Adjustments for Provision (Reversal of Provision) for Inventories	4	(3.590)	(138.253)	(8)	(251)
Adjustments for Provisions		18.398	708.559	16.742	539.268
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	15.103	581.628	15.846	510.431
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	3.295	126.931	896	28.837
Adjustments for Interest (Income) and Expenses		(6.201)	(238.840)	9.053	291.614
Adjustments for Interest Income	15	(58.059)	(2.236.058)	(57.223)	(1.843.370)
Adjustments for Interest Expense	15	51.854	1.997.066	66.234	2.133.631
Unearned Financial Income from Credit Sales		4	152	42	1.353
Adjustments for Unrealised Foreign Exchange Differences		(2.418)	(113.733)	(2.434)	(88.299)
Adjustments for Fair Value (Gains) Losses		4.150	159.836	417	13.425
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		4.150	159.836	417	13.425
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	5	(2.080)	(80.098)	(4.957)	(159.686)
Adjustments for Tax (Income) Expenses	11	(10.360)	(398.991)	11.554	372.205
Other Adjustments for Non-Cash Items	14	-	-	(105.000)	(3.382.428)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		400	15.455	(962)	(30.993)
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		400	15.455	(962)	(30.993)
Other adjustments for Losses (Gains) Reconciliation		(929)	-	(273)	-
Changes in Working Capital		490.443	20.356.719	(260.905)	(8.902.340)
Adjustments for Decrease (Increase) in Trade Receivables		8.704	361.275	(24.481)	(835.317)
Decrease (Increase) in Trade Receivables from Related Parties		(12.378)	(513.771)	23.756	810.578
Decrease (Increase) in Trade Receivables from Third Parties		21.082	875.046	(48.237)	(1.645.895)
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(815)	(33.828)	(132)	(4.504)
Decrease (Increase) in Other Receivables from Operations from Third Parties		(815)	(33.828)	(132)	(4.504)
Decrease (Increase) in Derivative Financial Instruments		816	33.870	-	-
Adjustments for Decrease (Increase) in Inventories		138.538	5.750.269	(6.319)	(215.611)
Decrease (Increase) in Prepaid Expenses		14.673	609.029	4.668	159.277
Adjustments for Increase (Decrease) in Trade Payables		369.754	15.347.305	(142.423)	(4.859.615)
Increase (Decrease) in Trade Payable to Related Parties		89.371	3.709.504	(27.709)	(945.459)
Increase (Decrease) in Trade Payable to Third Parties		280.383	11.637.801	(114.714)	(3.914.156)
Adjustments for Increase (Decrease) in Other Payables Related from Operations		(79.052)	(3.281.196)	5.026	171.492
Increase (Decrease) in Other Payables to Third Parties Related from Operations		(79.052)	(3.281.196)	5.026	171.492
Increase (Decrease) in Derivative Liabilities		(3.351)	(139.089)	(391)	(13.341)
Adjustments for Other Increase (Decrease) in Working Capital		41.176	1.709.084	(96.853)	(3.304.721)
Decrease (Increase) in Other Assets Related from Operations		43.533	1.806.916	(97.332)	(3.321.065)
Increase (Decrease) in Other Payables Related from Operations		(2.357)	(97.832)	479	16.344
Cash Flows Provided by Operating Activities		703.997	28.641.228	4.612	(350.242)
Payments Related to Provisions for Employee Termination Benefits	9	(11.563)	(445.329)	(2.620)	(84.399)
Payments Related to Other Provisions	8	(127)	(4.879)	(61)	(1.965)
Income Taxes Refund (Paid)		(5.331)	(205.298)	(1.145)	(36.329)
Other Cash Inflow (Outflow)		64.200	2.264.995	128.500	4.050.812
CASH FLOWS FROM INVESTING ACTIVITIES		(169.592)	(6.539.042)	(374.673)	(12.079.414)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		5	127	1.029	33.168
Cash Inflow from Sales of Property, Plant and Equipment		5	127	1.029	33.168
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(123.883)	(4.771.172)	(370.506)	(11.935.305)
Cash Outflow from Purchase of Property, Plant and Equipment		(123.879)	(4.771.010)	(370.135)	(11.923.365)
Cash Outflow from Purchase of Intangible Assets		(4)	(162)	(371)	(11.940)
Cash Advances and Debts Given		(55.560)	(2.139.798)	174	5.937
Cash Advance and Debts Given to Related Parties		-	-	240	8.189
Other Cash Advances and Debts Given		(55.560)	(2.139.798)	(66)	(2.252)
Dividends Received	5	4.418	180.298	-	-
Other Cash Inflows (Outflows)		5.428	191.503	(5.370)	(183.214)
CASH FLOWS FROM FINANCING ACTIVITIES		(52.851)	(1.893.122)	172.686	5.241.595
Cash Inflow from Borrowings		299.744	11.544.147	693.674	22.345.737
Cash Inflow from Loans		299.744	11.544.147	693.674	22.345.737
Cash Outflow from Repayments of Borrowings		(317.595)	(12.059.359)	(564.593)	(18.203.879)
Cash Outflow from Loan Repayments		(317.595)	(12.059.359)	(564.593)	(18.203.879)
Increase (Decrease) in Other Payables to Related Parties		-	-	110.822	3.262.404
Cash Outflow from Debt Payments for Leasing Contracts		(3.493)	(134.521)	(998)	(32.144)
Dividends Paid		(18.189)	(724.834)	(45.117)	(1.449.719)
Interest Paid		(66.733)	(2.570.114)	(75.188)	(2.422.088)
Interest Received		53.415	2.051.559	54.086	1.741.284
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		528.733	21.818.553	(72.701)	(3.259.942)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(9.861)	3.029.558	(19.601)	1.949.232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		518.872	24.848.111	(92.302)	(1.310.710)
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		1.050.698	43.611.117	300.351	10.248.286

- As of 30 September 2025, the total accrual of interest on time deposits is TRY 59.453 thousand (USD 1.432 thousand) (30 September 2024: TRY 2.939 thousand (USD 86 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 (%)	
			30 September 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 30 September 2025 are as follows:

	30 September 2025	31 December 2024
	Personnel	Personnel
Paid Hourly Personnel	3.404	3.711
Paid Monthly Personnel	1.361	1.437
	4.765	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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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, condensed interim 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 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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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)

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:

- a) The assets on condensed financial position as of 30 September 2025 are translated from US Dollars into TRY using the Central Bank of the Republic of Türkiye's buying rate of exchange which is 41,5068 TRY = 1 US \$ and the liabilities selling rate of exchange which is 41,5816 TRY = 1 US \$ (31 December 2024 foreign exchange buying rate: 35,2803 TRY = 1 US \$, foreign exchange selling rate: 35,3438 TRY = 1 US \$).
- b) For the nine months period ended 30 September 2025, condensed profit or loss statements are translated from the nine months average 38,5134 TRY = 1 US \$ rates of 2025 January-September period (30 September 2024: 32,2136 TRY = 1 US \$).
- c) 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 30 September 2025 are presented by converting them into TRY using the foreign exchange selling rate effective as of 30 September 2025 announced by the Central Bank of the Republic of Türkiye, 41,5816 TRY = 1 US \$ (31 December 2024: 35,3438 TRY= 1 US \$).
- d) Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- e) 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 30 September 2025 and 31 December 2024, condensed statement of income and other comprehensive income and statement of cash flows for the nine month interim period ended 30 September 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 20 October 2025 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 30 September 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 1 January 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 and not early adopted

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	: <i>Sales or Contributions of Assets by the Investor to its Associate or Joint Venture</i>
TFRS 17	: <i>Insurance Contracts</i>
Amendments to TFRS 9 and TFRS 7	: <i>Classification and measurement of financial instruments</i>
Amendments to TFRS 9 and TFRS 7	: <i>Contracts Referencing Nature-dependent Electricity</i>
TFRS 18	: <i>New Standard for Presentation and Disclosure in Financial Statements</i>
TFRS 19	: <i>Subsidiaries without Public Accountability: Disclosures</i>
Annual Improvements to TFRS Accounting Standards – Volume 11	

Amendments to TFRS 10 and TAS 28 Sales or Contributions of Assets between an Investor and 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. Early application of the amendments is still permitted.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 The New Standard for 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 beginning on or after 1 January 2026.

Amendments to TFRS 9 and TFRS 7 – Classification and measurement of financial instruments

In August 2025, POA issued amendments to the classification and measurement of financial instruments (amendments to TFRS 9 and TFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in TFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings.

Amendments to TFRS 9 and TFRS 7 - Contracts Referencing Nature-dependent Electricity

In August 2025, POA issued Contracts Referencing Nature-dependent Electricity (Amendments to TFRS 9 and TFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 18 The New Standard for Presentation and Disclosure in Financial Statements

In May 2025, the Public Oversight Authority (POA) published TFRS 18, which replaces TAS 1. TFRS 18 introduces new requirements for the presentation of the profit or loss statement, including the disclosure of certain totals and subtotals. TFRS 18 requires entities to present all income and expenses included in the profit or loss statement within one of five categories: operating activities, investing activities, financing activities, income taxes, and discontinued operations. The standard also requires the disclosure of performance measures determined by management and introduces new requirements for aggregating or disaggregating financial information in accordance with the functions defined for the primary financial statements and footnotes. The publication of TFRS 18 also brought certain amendments to other financial reporting standards, such as TAS 7, TAS 8, and TAS 34. TFRS 18 and the related amendments will become effective for reporting periods beginning on or after 1 January 2027. However, early adoption is permitted. TFRS 18 will be applied retroactively.

TFRS 19 – The new Standard for Subsidiaries without Public Accountability: Disclosures

In August 2025, POA issued TFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other TFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply TFRS 19 will not need to apply the disclosure requirements in other TFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with TFRS accounting standards may elect to apply TFRS 19. TFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under TFRS 19.

Annual Improvements to TFRSs – Volume 11

In September 2025, POA issued Annual Improvements to TFRSs – Volume 11, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter: These amendments are intended to address potential confusion arising from an inconsistency between the wording in TFRS 1 and the requirements for hedge accounting in TFRS 9.
- TFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition: The amendments update the language on unobservable inputs in the Standard and include a cross reference to TFRS 13.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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)

Annual Improvements to TFRSs – Volume 11 (cont’d)

- TFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price: TFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with TFRS 9, the lessee is required to apply derecognition requirement of TFRS 9 and recognise any resulting gain or loss in profit or loss. TFRS 9 has been also amended to remove the reference to 'transaction price'.
- TFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between TFRS 10 paragraphs.
- TAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

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

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements for the nine months period ended 30 September 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 30 September 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 30 September 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.

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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

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:

	30 September 2025	31 December 2024
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	5.454.882	4.226.819
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. ⁽³⁾	2.789	1.047
Erdemir Asia Pacific PTE LTD ⁽²⁾	-	23
Erdemir Romania SRL ⁽²⁾	19.905	-
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	45.773	30.207
	<u>5.523.349</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 trade payables between the Company and related parties are disclosed below:

	30 September 2025	31 December 2024
<u>Due to related parties (short term)</u>		
Amsterdam Scrap Terminal B.V. ⁽³⁾	3.100.909	-
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	960.890	1.174.850
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	573.065	110.738
Omsan Lojistik A.Ş. ⁽³⁾	669.002	183.494
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	132.597	25.697
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	244.752	47.146
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	16.418	27.753
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	50.372	42.081
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	246.462	173.615
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	49.551	78.084
Other	271.138	345.621
	<u>6.315.156</u>	<u>2.209.079</u>

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

- (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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

	30 September 2025	31 December 2024
<u>Prepaid expenses (long term)</u>		
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	54.210	47.892
	54.210	47.892

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

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

	1 January - 30 September 2025	1 January - 30 September 2024
<u>Major sales to related parties</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	53.060.558	47.426.111
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	5.536	8.946
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	336.418	315.671
Erdemir Romania S.R.L. ⁽²⁾	144.991	-
Omsan Lojistik A.Ş. ⁽³⁾	998	327
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	17.547	71.775
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	102.073	110.575
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	29	7.709
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	984	1.004
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	29	21
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	170	21.586
Other	3.270	1.756
	53.672.603	47.965.481

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

(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 - 30 September 2025</u>	<u>1 January - 30 September 2024</u>
Doco Petrol ve Danışmanlık A.Ş. ⁽³⁾	84.034	66.521
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	111.198	92.550
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	6.591.295	6.755.420
Erdemir Asia Pacific PTE LTD ⁽²⁾	13.369	1.185.194
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	574.731	757.397
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	1.076.955	693.239
Amsterdam Scrap Terminal B.V. ⁽³⁾	4.026.499	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	303.932	470.935
Omsan Lojistik A.Ş. ⁽³⁾	1.233.641	976.133
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	144.325	85.080
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	430.979	305.611
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	585.979	529.951
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	496.317	403.919
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	374.625	442.764
OYAK Yenilenebilir Enerji A.Ş. ⁽³⁾	102.021	1.231.822
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	197.870	318.643
Other	534.228	150.042
	<u>16.881.998</u>	<u>14.465.221</u>

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

The Company earned TRY 310.435 thousand finance income from related party transactions of the first nine month period of 2025, amounting to TRY 15.751 thousand of interest income and TRY 294.684 thousand of interest income from sales with maturities (30 September 2024: TRY 819.894 thousand total finance income from related party receivables, TRY 600.207 thousand of interest income and TRY 219.687 thousand of interest income from sales with maturities).

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

As of 30 September 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 nine months period ended 30 September 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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 nine months period ended 30 September 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 39.343 thousand (30 September 2024: TRY 22.076 thousand).

NOTE 4 – INVENTORIES

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

	30 September 2025	31 December 2024
Raw materials	8.211.555	10.636.629
Work in progress	7.593.377	6.265.485
Finished goods	3.400.521	3.898.281
Spare parts	6.535.081	5.390.597
Goods in transit	6.734.160	6.268.327
Other inventories	4.238.601	3.549.244
Allowance for impairment on inventories (-)	(1.160.531)	(1.113.085)
	<u>35.552.764</u>	<u>34.895.478</u>

The movement of the allowance for impairment on inventories:

	1 January – 30 September 2025	1 January – 30 September 2024
Opening balance	1.113.085	900.361
Provision released (-)	(138.253)	(251)
Translation difference	185.699	143.208
Closing balance	<u>1.160.531</u>	<u>1.043.318</u>

The Company has provided an allowance for the impairment on the inventories of finished goods and work in progress 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).

NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

	Right to vote ratio %	30 September 2025	Right to vote ratio %	31 December 2024	Business segment
<i>Joint Venture</i>					
İsdemir Linde Gaz Ortaklığı A.Ş	50	1.398.891	50	1.280.062	Industrial Gas Production and Sale

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

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NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont’d)

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

	1 January - 30 September 2025	1 January - 30 September 2024
Opening balance	1.280.062	884.293
Net profit(loss) for the period	80.098	159.686
Dividend	(180.298)	-
Currency translation difference	219.029	150.121
Closing balance	1.398.891	1.194.100

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

	30 September 2025	31 December 2024
Total assets	2.998.957	2.869.854
Total liabilities	201.176	309.731
Net assets	2.797.781	2.560.123
Company's share on net assets	1.398.891	1.280.062

	30 September 2025	31 December 2024
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş. has the right of to deduct TRY 80.101 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 (141.876) thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY (70.938) thousand) is included in the financial statements prepared as of reporting date.

At the Ordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. held on 15 May 2025, the decision to distribute cash dividend TRY 360.596 thousand (the impact on the Company's cash flow statement is TRY 180.298 thousand) from the 2024 net profit was unanimously approved. The dividend payment was completed on 19 August 2025.

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

	1 January – 30 September 2025	1 January – 30 September 2024
Revenue	650.736	611.374
Operating Profit	159.178	182.149
Net profit (loss) for the period	160.195	319.372
Company's share in net profit (loss)	80.098	159.686

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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:

	30 September 2025	30 September 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 at the beginning of the period	100.051.989	70.604.004
Additions (*)	7.193.622	12.131.248
Disposals (-)	(15.582)	(2.175)
<i>Cost disposals</i>	(40.051)	(333.742)
<i>Accumulated depreciation disposals</i>	24.469	331.567
Transfers to intangible assets	(23.068)	(31.454)
Currency translation difference	17.930.185	11.774.562
<i>Cost currency translation difference</i>	37.696.338	26.179.596
<i>Accumulated depreciation currency translation difference</i>	(19.766.153)	(14.405.034)
Current period depreciation (-)	(3.650.922)	(2.922.043)
Net book value at the end of the period	121.486.224	91.554.142
<u>Closing balance end of period</u>		
Cost	255.446.674	198.305.615
Accumulated depreciation	(133.960.450)	(106.751.473)
Net book value	121.486.224	91.554.142

(*) The amount of capitalized borrowing cost is TRY 489.644 thousand for the current period (30 September 2024: TRY 207.883 thousand).

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (30 September 2024: None).

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

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(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:

	30 September 2025	30 September 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 beginning of the period	1.450.662	1.239.911
Additions	162	11.940
Transfers from tangible assets	23.068	31.454
Currency translation difference	251.426	196.052
<i>Cost currency translation difference</i>	<i>555.333</i>	<i>411.081</i>
<i>Accumulated depreciation currency translation difference</i>	<i>(303.907)</i>	<i>(215.029)</i>
Current period amortisation (-)	(82.342)	(63.396)
Net book value at the end of the period	1.642.976	1.415.961
<u>Closing balance end of period</u>		
Cost	3.714.931	3.022.556
Accumulated amortisation	(2.071.955)	(1.606.595)
Net book value	1.642.976	1.415.961

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (30 September 2024: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use assets amounting to TRY 55.112 thousand (30 September 2024: TRY 28.040 thousand) assets are as follows:

	30 September 2025	30 September 2024
Associated with cost of production	3.662.113	2.870.085
General administrative expenses	36.668	35.599
Marketing, sales and distribution expenses	89.595	91.769
Other operating expenses	-	16.026
	3.788.376	3.013.479

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

NOTE 7 – BORROWINGS

Breakdown of borrowings is as follows:

	30 September 2025	31 December 2024
Short term bank borrowings	4.947.068	9.831.094
Short term portion of long term bank borrowings	3.616.145	3.164.273
Long term bank borrowings	29.092.931	19.732.100
Total bank borrowings	37.656.144	32.727.467
Short portion of long term lease payables	160.318	80.101
Cost of current portion of long term lease payables (-)	(15.536)	(5.113)
Long term lease payables	2.654.838	999.412
Cost of long term lease payables (-)	(2.168.470)	(765.841)
Total leases borrowings	631.150	308.559
Total borrowings	38.287.294	33.036.026

As of 30 September 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	30 September 2025
Fixed	US Dollars	7,49	6.328.146	20.856.003	27.184.149
Floating	US Dollars	TERM SOFR+2,81	655.628	6.823.850	7.479.478
Floating	EURO	Euribor+0,5	332.446	1.413.078	1.745.524
Fixed	TRY	42,00	1.246.993	-	1.246.993
			8.563.213	29.092.931	37.656.144

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

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

NOTE 7 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	30 September 2025			31 December 2024		
	Bank Loans	Lease liabilities	Total liabilities	Bank Loans	Lease liabilities	Total liabilities
Within 1 year	8.563.213	144.782	8.707.995	12.995.367	74.988	13.070.355
Between 1-2 years	16.861.980	14.663	16.876.643	2.126.113	12.463	2.138.576
Between 2-3 years	8.896.278	9.196	8.905.474	14.139.559	7.817	14.147.376
Between 3-4 years	1.383.708	7.858	1.391.566	1.365.114	6.679	1.371.793
Between 4-5 years	204.905	7.024	211.929	497.359	5.970	503.329
Five years or more	1.746.060	447.627	2.193.687	1.603.955	200.642	1.804.597
	37.656.144	631.150	38.287.294	32.727.467	308.559	33.036.026

NOTE 8 – PROVISIONS

The Company’s short term provisions are as follows:

	30 September 2025	31 December 2024
Provision for lawsuits	294.586	170.725
Penalty provision for employment shortage of disabled personnel	13.308	5.960
Provision for land occupation	4.813	3.969
	312.707	180.654

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

	30 September 2025	31 December 2024
Lawsuits filed by the Company	256.282	112.491

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

	30 September 2025	31 December 2024
Lawsuits filed against the Company	225.057	149.062
Provision for lawsuits filed against the Company	294.586	170.725

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

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	30 September 2025
Provision for lawsuits	170.725	188.750	(4.879)	(69.848)	9.838	294.586
Penalty provision for employment shortage of disabled personnel	5.960	7.218	-	-	130	13.308
Provision for land occupation	3.969	1.122	-	(311)	33	4.813
	<u>180.654</u>	<u>197.090</u>	<u>(4.879)</u>	<u>(70.159)</u>	<u>10.001</u>	<u>312.707</u>
	1 January 2024	Change for the period	Payments	Provision released	Translation Difference	30 September 2024
Provision for lawsuits	142.840	32.458	(1.965)	(2.886)	5.142	175.589
Penalty provision for employment shortage of disabled personnel	6.624	79	-	(1.462)	(27)	5.214
Provision for land occupation	2.988	921	-	(273)	24	3.660
	<u>152.452</u>	<u>33.458</u>	<u>(1.965)</u>	<u>(4.621)</u>	<u>5.139</u>	<u>184.463</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

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:

	30 September 2025	31 December 2024
Due to personnel	625.513	575.663
Social security premiums payable	186.851	2.316.227
	<u>812.364</u>	<u>2.891.890</u>

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

NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	30 September 2025	31 December 2024
Provisions for employee termination benefits	2.395.884	2.254.266
Provisions for seniority incentive premium	209.543	125.065
Provision for unused vacations	367.702	276.308
	<u>2.973.129</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 30 September 2025, the employee termination benefit has been updated to a maximum of TRY 53.919,68 (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 30 September 2025 has been calculated by an independent actuary and projected unit credit method is used in the calculation. The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows.

	30 September 2025	31 December 2024
Discount rate	31,14%	25,88%
Inflation rate	27,32%	21,81%

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 30 September 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 – 30 September 2025	1 January – 30 September 2024
Opening balance	2.254.266	1.773.470
Service cost	69.999	74.828
Interest cost	302.157	240.266
Actuarial loss/(gain)	162.055	245.916
Termination benefits paid	(405.717)	(74.385)
Translation difference	13.124	1.756
Closing balance	2.395.884	2.261.851

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 – 30 September 2025	1 January – 30 September 2024
Opening balance	125.065	123.634
Service cost	22.077	15.546
Interest cost	27.936	22.942
Actuarial loss/(gain)	33.603	7.352
Translation difference	862	348
Closing balance	209.543	169.822

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

	1 January – 30 September 2025	1 January – 30 September 2024
Opening balance	276.308	189.135
Provision for the period	264.135	212.377
Vacation paid during the period (-)	(39.612)	(10.014)
Provisions released (-)	(138.279)	(62.880)
Translation difference	5.150	(1.331)
Closing balance	367.702	327.287

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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NOTE 10 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

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

	30 September 2025	31 December 2024
Letters of guarantees received	7.541.253	7.324.019
	7.541.253	7.324.019

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

	30 September 2025	31 December 2024
A. Total CPM given for the Company's own legal entity	10.995.143	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	-	-
	10.995.143	9.694.733

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:

	30 September 2025	31 December 2024
US Dollars	2.374.309	4.249.477
Turkish Lira	8.523.156	5.371.784
EURO	97.678	73.472
	10.995.143	9.694.733

NOTE 11 – TAX ASSETS AND LIABILITIES

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

	30 September 2025	31 December 2024
<u>Corporate tax payable:</u>		
Current corporate tax provision	216.490	205.298
	216.490	205.298

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

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

<u>Taxation:</u>	1 January - 30 September 2025	1 January - 30 September 2024
Current corporate tax expense	200.515	2.366.349
Deferred tax expense/(income)	(599.506)	(1.994.144)
	<u>(398.991)</u>	<u>372.205</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 30 September 2025 prepared in accordance with the Tax Procedure Law have not been subject to inflation adjustment.

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

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

Deferred tax (cont’d)

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:

	30 September 2025	31 December 2024
<u>Deferred tax assets:</u>		
Provisions for employee benefits	743.282	663.910
Leasing payables	157.787	77.140
Provision for lawsuits	74.850	43.674
Adjustment of receivable rediscount	4.859	4.930
Inventories	108.914	135.038
Fair values of the derivative financial instruments	10.546	-
Unused tax losses	341.583	-
Other	625.529	185.064
	<u>2.067.350</u>	<u>1.109.756</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets (net)	(10.606.545)	(9.014.431)
Right of use assets	(223.681)	(115.798)
Amortized cost adjustment on loans	(5.846)	(13.722)
Fair values of the derivative financial instruments	-	(7.209)
	<u>(10.836.072)</u>	<u>(9.151.160)</u>
<u>Deferred tax assets/(liabilities) net:</u>	<u>(8.768.722)</u>	<u>(8.041.404)</u>

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

	1 January - 30 September 2025	1 January - 30 September 2024
Opening balance	(8.041.404)	(6.164.262)
Deferred tax (expense)/income	599.506	1.994.144
The amount in comprehensive income/(expense)	42.515	59.425
Translation difference	(1.369.339)	(857.493)
Closing balance	<u>(8.768.722)</u>	<u>(4.968.186)</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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

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

Deferred tax (cont’d)

Reconciliation of tax provision is as follows:

	1 January - 30 September 2025	1 January - 30 September 2024
<u>Reconciliation of tax provision</u>		
Profit before tax	4.231.390	8.512.960
Statutory tax rate	25%	25%
Calculated tax acc. to effective tax rate	(1.057.848)	(2.128.240)
<u>Reconciliation between the tax provision and calculated tax:</u>		
- Non-deductible expenses	(8.395)	(4.711)
- Investment discount	1.948.407	-
- Non-taxable income	45.087	20
- The impact of investments accounted for using the equity method	20.025	39.922
- Effect of currency translation (*)	(548.285)	1.720.805
Tax (expense)/income in the profit or loss statement	398.991	(372.205)

(*) 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 1.948.407 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.

NOTE 12 – EQUITY

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

		30 September 2025		31 December 2024
<u>Shareholders</u>	<u>(%)</u>		<u>(%)</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

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

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

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 439.220 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 - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
<u>Sales Revenue</u>				
Domestic sales	64.856.139	25.567.078	60.421.973	18.456.790
Export sales	20.684.222	6.110.404	17.099.847	6.937.881
Other revenues (*)	3.293.029	1.711.449	2.153.204	676.268
Interest income from sales with maturities	341.269	123.762	256.388	79.276
Sales returns (-)	(23.287)	(13.926)	(9.492)	(3.652)
	<u>89.151.372</u>	<u>33.498.767</u>	<u>79.921.920</u>	<u>26.146.563</u>
<u>Cost of sales (-)</u>	<u>(82.039.919)</u>	<u>(30.984.722)</u>	<u>(72.862.097)</u>	<u>(24.463.730)</u>
Gross profit	<u>7.111.453</u>	<u>2.514.045</u>	<u>7.059.823</u>	<u>1.682.833</u>

(*) The total amount of by product exports in other revenues is TRY 1.058.621 thousand (30 September 2024: TRY 1.202.548 thousand).

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

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

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 - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
Raw material usage	(59.965.180)	(21.707.325)	(58.092.194)	(18.903.965)
Personnel costs	(5.894.571)	(2.265.587)	(3.799.256)	(1.447.291)
Energy costs	(3.732.500)	(1.451.053)	(2.685.599)	(1.024.660)
Depreciation and amortization expenses	(3.569.348)	(1.414.130)	(2.713.181)	(955.541)
Manufacturing overheads	(4.418.162)	(1.952.138)	(2.217.475)	(1.025.972)
Other cost of goods sold	(2.917.515)	(1.645.219)	(1.981.174)	(576.422)
Non-operating costs (*)	(88.682)	(2.499)	(170.560)	(128.243)
Freight costs for sales delivered to customers	(963.651)	(354.545)	(649.103)	(238.235)
Reversal of inventory write-downs (Note 4)	138.253	3.897	251	251
Amortisation expenses of right of use	(44.582)	(17.591)	-	-
Other	(583.981)	(178.532)	(553.806)	(163.652)
	<u>(82.039.919)</u>	<u>(30.984.722)</u>	<u>(72.862.097)</u>	<u>(24.463.730)</u>

(*) TRY (88.682) thousand non-operating part expense, due to planned and/or unexpected stoppages at the Company's production facilities, is not associated with the product cost and is directly included in the cost of sales. (30 September 2024: TRY (170.560) thousand).

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

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

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 - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
Personnel expenses (-)	(213.025)	(75.341)	(130.753)	(46.694)
Depreciation and amortization(-)	(89.595)	(31.848)	(91.769)	(30.902)
Tax, duty and charges (-)	(792)	(277)	(583)	(202)
Benefits and services from third parties (-)	(699.889)	(251.167)	(520.113)	(192.396)
	<u>(1.003.301)</u>	<u>(358.633)</u>	<u>(743.218)</u>	<u>(270.194)</u>

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

	1 January - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
Personnel expenses (-)	(378.240)	(147.798)	(283.490)	(115.948)
Depreciation and amortization expenses(-)	(26.138)	(9.812)	(23.585)	(8.219)
Amortization expense of right of use (-)	(10.530)	(3.689)	(12.014)	(1.282)
Provision for doubtful receivables (-) net	-	-	87	78
Tax, duty and charges (-)	(29.936)	(5.089)	(22.771)	(7.813)
Benefits and services from third parties (-)	(1.098.965)	(377.589)	(935.098)	(337.905)
	<u>(1.543.809)</u>	<u>(543.977)</u>	<u>(1.276.871)</u>	<u>(471.089)</u>

(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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

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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:

	1 January - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
<u>Other operating income</u>				
Foreign exchange gains from trade receivables and payables	459.695	124.409	249.725	92.941
Discount income	280	89	280	89
Provisions released	69.848	18.647	4.348	2.359
Service income	66.548	23.700	50.967	12.742
Maintenance repair and rent income	16.585	5.168	23.142	7.523
Lawsuit income	3.872	270	2.412	494
Indemnity and penalty detention income	22.716	6.139	27.176	10.610
Previous period insurance indemnity income	29.447	830	74.480	3.389
Warehouse income	9.537	1.933	20.347	2.914
Overdue interest income	164	128	1.363	251
Insurance indemnity income due to earthquake	-	-	3.382.428	65.184
Other income and gains	175.302	85.540	88.009	17.474
	<u>853.994</u>	<u>266.853</u>	<u>3.924.677</u>	<u>215.970</u>

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

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

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

	1 January - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
<u>Other operating expenses (-)</u>				
Provision expenses	(195.968)	(60.769)	(32.537)	(7.781)
Donation expenses	(17.625)	(5.210)	(15.194)	(6.033)
Amortisation expenses of right of use	-	-	(16.026)	(10.474)
Penalty expenses	(6.477)	(527)	(5.551)	(846)
Service expenses	(60.675)	(24.827)	(45.936)	(16.939)
Lawsuit compensation expenses	(15.471)	(5.688)	(5.536)	(2.162)
Other expenses and losses	(137.488)	(48.328)	(83.871)	(30.303)
	<u>(433.704)</u>	<u>(145.349)</u>	<u>(204.651)</u>	<u>(74.538)</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 - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
<u>Finance income</u>				
Interest income on bank deposits	2.220.307	480.815	1.243.163	464.288
Interest income from financial investments	-	-	20.216	20.216
Foreign exchange gains	-	-	126.848	(90.299)
Interest income from related party receivables	15.751	112	600.207	17.912
Fair value differences of derivative financial instruments (net)	-	-	-	(1.507)
	<u>2.236.058</u>	<u>480.927</u>	<u>1.990.434</u>	<u>410.610</u>

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

	1 January - 30 September 2025	1 July - 30 September 2025	1 January - 30 September 2024	1 July - 30 September 2024
<u>Finance expenses (-)</u>				
Interest expenses on borrowings	(1.923.958)	(672.125)	(2.108.724)	(659.747)
Foreign exchange loss (net)	(502.823)	(32.311)	-	-
Interest cost of employee benefits	(330.093)	(129.706)	(263.208)	(97.724)
Interest expenses on leases	(73.108)	(31.174)	(24.907)	(9.526)
Other financial expenses	(59.271)	(26.667)	(14.192)	(5.234)
Fair value differences of derivative financial instruments (net)	(159.836)	67.227	(13.425)	(13.425)
	<u>(3.049.089)</u>	<u>(824.756)</u>	<u>(2.424.456)</u>	<u>(785.656)</u>

During the reporting period, the interest expenses of TRY 489.644 thousand have been capitalized as part of the Company’s property, plant and equipment (30 September 2024: TRY 207.883 thousand).

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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

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:

	30 September 2025			
	TRY (Presentation currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	1.959.866	356.897	32.881	-
2a. Monetary financial assets	6.339.676	5.540.704	16.389	21
2b. Non- monetary financial assets	257.084	253.164	80	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	8.556.626	6.150.765	49.350	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	75.526	75.526	-	-
6b. Non- monetary financial assets	2.401.328	42.040	48.394	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	2.476.854	117.566	48.394	-
9. Total assets (4+8)	11.033.480	6.268.331	97.744	21
10. Trade payables	6.464.440	5.997.728	9.556	-
11. Financial liabilities	1.724.222	1.391.774	6.807	-
12a. Other monetary financial liabilities	1.513.783	1.505.715	165	-
12b. Other non-monetary financial liabilities	28.993	-	594	-
13. Current liabilities (10+11+12)	9.731.438	8.895.217	17.122	-
14. Trade payables	-	-	-	-
15. Financial liabilities	1.899.449	486.371	28.933	-
16a. Other monetary financial liabilities	2.973.129	2.973.129	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	4.872.578	3.459.500	28.933	-
18. Total liabilities (13+17)	14.604.016	12.354.717	46.055	-
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(2.206.563)	-	(45.180)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	2.206.563	-	45.180	-
20. Net foreign currency asset/liability position (9-18+19)	(5.777.099)	(6.086.386)	6.509	21
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(6.199.955)	(6.381.590)	3.809	21
22. Fair value of derivative financial instruments used in foreign currency hedge	(39.809)	-	(815)	-
23. Hedged foreign currency assets	2.206.563	-	45.180	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	21.742.843			
26. Imports	38.866.521			

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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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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 30 September 2025: 41,5068 TRY = US \$ 1, 48,7512 TRY = Euro 1; 0,2798 TRY = JPY 1 for liabilities: 41,5816 TRY = US \$ 1, 48,8390 TRY = Euro 1, 0,2816 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
30 September 2025		
1- TRY net asset/liability	(638.159)	638.159
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(638.159)	638.159
5- Euro net asset/liability	18.163	(18.163)
6- Hedged portion from Euro risk (-)	(220.655)	220.655
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(202.492)	202.492
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)	(840.651)	840.651

(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

(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)

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Fair value through other comprehensive income	Fair value through profit/loss	Carrying value
30 September 2025				
Financial Assets				
Cash and cash equivalents	43.670.570	-	-	43.670.570
Trade receivables	8.502.698	-	-	8.502.698
Financial investments	-	-	70.623	70.623
Other receivables	219.731	-	-	219.731
Financial Liabilities				
Financial liabilities	38.287.294	-	-	38.287.294
Trade payables	29.879.819	-	-	29.879.819
Other liabilities	1.097.079	-	-	1.097.079
Derivative financial instruments	-	2.379	39.809	42.188
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.

(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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 (con’t)

30 September 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	69.498	-	69.498	-
Derivative financial liabilities	(39.809)	-	(39.809)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial liabilities	(2.379)	-	(2.379)	-
Total	27.310	-	27.310	-

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.

(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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 30 September 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.