

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 36)**

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY
- 31 DECEMBER 2025 AND INDEPENDENT AUDITOR'S REPORT**



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of İskenderun Demir ve Çelik Anonim Şirketi;

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of İskenderun Demir ve Çelik Anonim Şirketi (the Company) which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors (including International Independence Standards)* (Code of Ethics) issued by the POA, as applicable to audits of financial statements of public interest entities, and other ethical requirements included in CMB legislation, together with the ethical requirements that are relevant to the audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Matters	How Key Audit Matters are Addressed in the Audit
<p>Revenue Recognition</p> <p>The Company management, when performing its assessment related to revenue recognition, considers the detailed requirements set out in TFRS 15 regarding the satisfaction of performance obligations and the recognition of the transaction prices allocated to those obligations as revenue. In this context, particular attention is given to whether control of the goods or services has been transferred to the customer. A significant portion of the Company's revenue arises from performance obligations that are satisfied at a point in time.</p> <p>The Company recognized revenue amounting to TRY 120.955.399 thousand in its statement of profit or loss for the year ended 31 December 2025, which was generated primarily from the production and sale of iron and steel products.</p> <p>Revenue recognition is determined based on an analysis of the transfer of significant risks and rewards to the buyer, taking into account the nature of shipment arrangements for both domestic and export sales.</p> <p>Revenue is a key financial indicator in assessing the Company's performance, as it reflects the outcomes of implemented strategies and serves as a critical metric for performance monitoring. Furthermore, as it represents the most significant line item in the statement of profit or loss for the year ended 31 December 2025, it has been identified as a key audit matter for our audit.</p> <p>The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.7.1 and Note 23.</p>	<p>During our audit, the following audit procedures were performed regarding the recognition of revenue:</p> <ul style="list-style-type: none">- The Company's sales, collection, and credit risk management processes were understood and evaluated.- The design and implementation of key controls related to the revenue process were evaluated. The Company's sales and delivery procedures were analyzed.- The compliance of the accounting policies applied by the Company's management for revenue recognition with TFRS was assessed.- Analytical procedures were performed to assess whether the revenue recorded in the financial statements was at expected levels. In addition, by performing substantive tests and use of data analytics tools, the procedures related to analysis and correlation of the accounts were performed.- Sample-based tests were conducted to verify the accuracy of sales invoices, and in particular, within the scope of cut-off testing, it was evaluated whether control over the goods selected through sampling had been transferred to the customer. The shipment documents selected on a sample basis were reconciled with accounting records and the related invoices to assess whether revenue was recognized in the correct period.- Confirmation letters were obtained from customers for a sample of trade receivable balances, and the responses were reconciled with accounting records. <p>In addition to the above procedures, the adequacy of the disclosures in Note 23 was evaluated in accordance with TFRS.</p>



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Key Audit Matters	How Key Audit Matters are Addressed in the Audit
<p><i>Accounting for Property, Plant, Equipment, and Construction in Progress</i></p> <p>As disclosed in Notes 12 and 13, as of 31 December 2025, the carrying amount of the Company's property, plant, and equipment (PP&E) and advances given for investments classified under prepaid expenses amounts to TRY 130.932.529 thousand, representing 55% of total assets. Additionally, as of the same date, the Company has capital expenditures under construction amounting of TRY 32.056.758 thousand recorded under PP&E.</p> <p>The Company has construction in progress investments mainly consist of expenditures related to production lines within mining and metallurgy operations. Determining the depreciation methods to be applied to the property, plant and equipment, and calculating and accounting for depreciation charge based on the selected methods, require significant judgment.</p> <p>Considering the substantial additions made during the period, advances given, capitalizations during the year, and the determination of useful lives related to these capitalized investments, "Accounting for property, plant, equipment, and construction in progress" has been identified as a key audit matter for our audit.</p> <p>Disclosures related to PP&E, construction in progress, and prepaid expenses are provided in Notes 2.7.3, 12, and 13.</p>	<p>During our audit, the following procedures were applied concerning the recognition of PPE and construction in progress:</p> <ul style="list-style-type: none">- The expenditures incurred during the current period for investments in progress, together with the capitalized borrowing costs, were tested for compliance with TFRS, as well as for completeness and periodicity, and their recognition in the financial statements was assessed.- The date of capitalization for the investments which are ready for use during the current period were verified. Furthermore, the significant investments, including those that were capitalized during the year, were physically inspected during our sample-based site visits.- The accuracy of the depreciation charge recorded for the current period was verified by recalculating them based on the useful lives determined in accordance with the accounting policies under the straight-line method, as well as the total capacity and the production volumes for the period for items subject to the units of production depreciation method.- Confirmation letters were obtained from suppliers selected through sampling for the balances of advances given for fixed asset investments and the verification of the confirmation balances of the responses with the accounting records was performed. <p>In addition to the above procedures, the adequacy of the disclosures in the notes to the financial statements was evaluated in accordance with TFRS.</p>



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4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 17 February 2026.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2025 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

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



Mehmet Başol Çengel, SMMM
Partner

17 February 2026
İstanbul, Türkiye

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(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025

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

		(Audited) Current Period 31 December 2025 USD'000	(Audited) Current Period 31 December 2025 TRY'000	(Audited) Previous Period 31 December 2024 USD'000	(Audited) Previous Period 31 December 2024 TRY'000
ASSETS	Note				
Current Assets		2.383.179	102.108.960	1.959.667	69.137.658
Cash and Cash Equivalents	4	1.184.181	50.737.047	532.238	18.777.531
Financial Investments	5	-	-	5.428	191.503
Trade Receivables		182.129	7.803.468	209.932	7.406.470
<i>Due From Related Parties</i>	32	<i>127.894</i>	<i>5.479.725</i>	<i>120.693</i>	<i>4.258.096</i>
<i>Other Trade Receivables</i>	9	<i>54.235</i>	<i>2.323.743</i>	<i>89.239</i>	<i>3.148.374</i>
Other Receivables	10	5.122	219.463	4.340	153.109
Financial Derivative Instruments	7	41	1.745	816	28.785
Inventories	11	912.959	39.116.364	989.092	34.895.478
Prepaid Expenses	12	13.065	559.786	33.352	1.176.677
Other Current Assets	20	85.682	3.671.087	184.469	6.508.105
Non Current Assets		3.153.992	135.134.996	3.063.739	108.089.603
Financial Investments	5	1.699	72.798	1.979	69.831
Other Receivables	10	109	4.659	139	4.903
Investments Accounted For Using Equity Method	6	34.337	1.471.206	36.283	1.280.062
Property, Plant and Equipment	13	2.972.440	127.356.257	2.835.917	100.051.989
Right of Use Assets	15	21.385	916.253	13.105	462.360
Intangible Assets	14	40.543	1.737.102	41.118	1.450.662
Prepaid Expenses		83.479	3.576.721	135.198	4.769.796
<i>Due From Related Parties</i>	32	<i>1.306</i>	<i>55.958</i>	<i>1.357</i>	<i>47.892</i>
<i>Other Prepaid Expenses</i>	12	<i>82.173</i>	<i>3.520.763</i>	<i>133.841</i>	<i>4.721.904</i>
TOTAL ASSETS		5.537.171	237.243.956	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 financial statements.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025

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

	Note	(Audited)	(Audited)	(Audited)	(Audited)
		Current Period 31 December 2025 USD'000	Current Period 31 December 2025 TRY'000	Previous Period 31 December 2024 USD'000	Previous Period 31 December 2024 TRY'000
LIABILITIES					
Current Liabilities		1.058.751	45.445.629	847.874	29.967.974
Short Term Borrowings	8	122.404	5.253.933	278.156	9.831.094
Short Term Portion of Long Term Borrowings	8	90.684	3.892.436	91.650	3.239.261
Trade Payables		791.449	33.972.174	348.798	12.328.734
<i>Due to Related Parties</i>	32	<i>146.368</i>	<i>6.282.560</i>	<i>62.503</i>	<i>2.209.079</i>
<i>Other Trade Payables</i>	9	<i>645.081</i>	<i>27.689.614</i>	<i>286.295</i>	<i>10.119.655</i>
Payables for Employee Benefits	17	21.286	913.673	81.822	2.891.890
Other Payables	10	4.721	202.656	20.954	740.577
Derivative Financial Instruments	7	37	1.605	-	-
Deferred Revenue	21	9.645	414.012	10.908	385.542
Current Tax Liabilities	30	6.866	294.727	5.809	205.298
Short Term Provisions	18	9.063	388.998	5.111	180.654
Other Current Liabilities	20	2.596	111.415	4.666	164.924
Non Current Liabilities		1.030.255	44.221.501	867.556	30.662.714
Long Term Borrowings	8	712.898	30.599.656	564.899	19.965.671
Long Term Provisions		62.607	2.687.257	75.137	2.655.639
<i>Long Term Provisions for Employee Benefits</i>	17	<i>62.607</i>	<i>2.687.257</i>	<i>75.137</i>	<i>2.655.639</i>
Deferred Tax Liabilities	30	254.750	10.934.588	227.520	8.041.404
EQUITY		3.448.165	147.576.826	3.307.976	116.596.573
Share Capital	22	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)		(69.296)	75.212.219	(73.707)	61.397.172
<i>Actuarial (Loss)/ Gain Funds</i>		<i>(69.296)</i>	<i>(998.177)</i>	<i>(73.707)</i>	<i>(1.196.793)</i>
<i>Foreign Currency Translation Reserves</i>		-	<i>76.210.396</i>	-	<i>62.593.965</i>
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		1	24	119	4.217
<i>Cash Flow Hedging Gain (Loss)</i>		<i>1</i>	<i>24</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	60.114.965	986.353	34.861.452
Net Profit for the Period		155.021	6.111.894	434.836	14.254.008
TOTAL LIABILITIES AND EQUITY		5.537.171	237.243.956	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 financial statements.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2025

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

		(Audited)	(Audited)	(Audited)	(Audited)
		Current Period	Current Period	Previous Period	Previous Period
		1 January -	1 January -	1 January -	1 January -
		31 December 2025	31 December 2025	31 December 2024	31 December 2024
	Note	USD'000	TRY'000	USD'000	TRY'000
Revenue	23	3.067.886	120.955.399	3.369.001	110.436.515
Cost of Sales	23	(2.793.947)	(110.155.012)	(3.078.687)	(100.919.980)
GROSS PROFIT		273.939	10.800.387	290.314	9.516.535
Marketing, Sales and Distribution Expenses	25	(34.245)	(1.350.170)	(31.720)	(1.039.783)
General Administrative Expenses	25	(56.161)	(2.214.207)	(55.390)	(1.815.705)
Research and Development Expenses		(88)	(3.481)	(76)	(2.487)
Other Operating Income	26	25.459	1.003.772	282.261	9.252.559
Other Operating Expenses	26	(16.503)	(650.630)	(10.113)	(331.462)
OPERATING PROFIT		192.401	7.585.671	475.276	15.579.657
Income from Investing Activities	27	13.708	540.469	7.738	253.663
Expenses from Investing Activities	27	(6.380)	(251.535)	(5.058)	(165.829)
Share of Investments' Profit Accounted by Using The Equity Method	6	2.714	107.017	6.244	204.668
OPERATING PROFIT BEFORE FINANCE INCOME/ (EXPENSE)		202.443	7.981.622	484.200	15.872.159
Finance Income	28	71.268	2.809.835	74.551	2.443.808
Finance Expense	29	(86.025)	(3.391.679)	(97.507)	(3.196.307)
PROFIT BEFORE TAX		187.686	7.399.778	461.244	15.119.660
Tax (Expense)/ Income	30	(32.665)	(1.287.884)	(26.408)	(865.652)
Current Corporate Tax (Expense)/ Income		(6.866)	(270.718)	(5.809)	(190.407)
Deferred Tax (Expense)/ Income		(25.799)	(1.017.166)	(20.599)	(675.245)
NET PROFIT FOR THE PERIOD		155.021	6.111.894	434.836	14.254.008
Earnings per share	31		2,1075		4,9152
(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 financial statements.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

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

	(Audited) Current Period 1 January - 31 December 2025 Note	(Audited) Current Period 1 January - 31 December 2025 TRY'000	(Audited) Previous Period 1 January - 31 December 2024 USD'000	(Audited) Previous Period 1 January - 31 December 2024 TRY'000
PROFIT FOR THE PERIOD		155.021	434.836	14.254.008
OTHER COMPREHENSIVE INCOME				
Not to be reclassified subsequently to profit or loss				
Foreign Currency Translation Gain (Loss)		-	-	18.003.209
Actuarial Gain/(Loss) of Defined Benefit Plans	17	5.881	(9.731)	(324.803)
Tax Effect of Actuarial Gain/(Loss) of Defined Benefit Plans	30	(1.470)	2.433	81.201
To be reclassified subsequently to profit or loss				
Gain (Loss) in Cash Flow Hedging Reserves		(157)	1.335	40.320
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	30	39	(334)	(10.080)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		4.293	(6.297)	17.789.847
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		159.314	428.539	32.043.855

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

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(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as 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	Retained Earnings		Total Shareholders' Equity	
				Foreign Currency Translation Reserves	Actuarial (Loss)/ Gain Funds	Cash Flow Hedging Gain (Loss)	Restricted Reserves Assorted from Profit	Retained Earnings		Net Profit for the Period
(Audited)										
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		-	-	-	-	-	-	-	6.111.894	6.111.894
Other comprehensive income/(loss)		-	-	25.398.936	198.616	(4.193)	-	-	-	25.593.359
Total comprehensive income/(loss)		-	-	25.398.936	198.616	(4.193)	-	-	6.111.894	31.705.253
Increase (decrease) due to other changes (**)	2.1	-	-	(11.782.505)	-	-	-	11.782.505	-	-
Dividends (*)		-	-	-	-	-	-	(725.000)	-	(725.000)
Transfers		-	-	-	-	-	58.000	14.196.008	(14.254.008)	-
31 December 2025		2.900.000	164	76.210.396	(998.177)	24	3.237.560	60.114.965	6.111.894	147.576.826
(Audited)										
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		-	-	-	-	-	-	-	14.254.008	14.254.008
Other comprehensive income/(loss)		-	-	18.003.209	(243.602)	30.240	-	-	-	17.789.847
Total comprehensive income/(loss)		-	-	18.003.209	(243.602)	30.240	-	-	14.254.008	32.043.855
Increase (decrease) due to other changes (**)	2.1	-	-	(6.173.686)	-	-	-	6.173.686	-	-
Dividends (*)		-	-	-	-	-	-	(1.450.000)	-	(1.450.000)
Transfers		-	-	-	-	-	130.500	4.471.047	(4.601.547)	-
31 December 2024		2.900.000	164	62.593.965	(1.196.793)	4.217	3.179.560	34.861.452	14.254.008	116.596.573

(*) 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. Dividend distribution started on 2 July 2025.

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

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

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

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

		(Audited) Current Period 1 January - 31 December 2025 USD'000	(Audited) Current Period 1 January - 31 December 2025 TRY'000	(Audited) Previous Period 1 January - 31 December 2024 USD'000	(Audited) Previous Period 1 January - 31 December 2024 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES		895.961	36.998.559	516.388	16.560.275
Profit (Loss) for The Period	Note	155.021	6.111.894	434.836	14.254.008
Adjustments to Reconcile Profit (Loss)		150.469	6.007.985	(101.902)	(3.330.984)
Adjustments for Depreciation and Amortisation Expenses	23/25	130.355	5.201.423	121.630	3.999.561
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(24.270)	(956.894)	(5.578)	(182.833)
Adjustments for Provision (Reversal of Provision) for Receivables	9	-	-	(3)	(96)
Adjustments for Provision (Reversal of Provision) for Inventories	11	(10.562)	(416.425)	965	31.632
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	13	(13.708)	(540.469)	(6.540)	(214.369)
Adjustments for Provisions		25.761	1.015.690	18.648	611.231
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	17	20.270	799.192	17.635	578.032
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	18	5.491	216.498	1.013	33.199
Adjustments for Interest (Income) and Expenses		(16.920)	(667.085)	11.383	373.162
Adjustments for Interest Income	28	(71.268)	(2.809.835)	(70.960)	(2.326.059)
Adjustments for Interest Expense	29	57.252	2.257.229	85.919	2.816.443
Unearned Financial Income from Credit Sales		(2.904)	(114.479)	(3.576)	(117.222)
Adjustments for Unrealised Foreign Exchange Differences		(3.381)	(156.615)	(6.356)	(220.699)
Adjustments for Fair Value (Gains) Losses		3.565	140.542	(470)	(15.398)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		3.565	140.542	(470)	(15.398)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	6	(2.714)	(107.017)	(6.244)	(204.668)
Adjustments for Tax (Income) Expenses	30	32.665	1.287.884	26.408	865.652
Other Adjustments for Non-Cash Items	26	-	-	(260.000)	(8.522.852)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		6.343	250.057	(1.043)	(34.140)
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		6.343	250.057	(1.043)	(34.140)
Other adjustments for Losses (Gains) Reconciliation		(935)	-	(280)	-
Changes in Working Capital		545.352	23.365.988	(31.183)	(1.100.146)
Adjustments for Decrease (Increase) in Trade Receivables		31.427	1.346.512	(29.541)	(1.042.215)
Decrease (Increase) in Trade Receivables from Related Parties		(7.201)	(308.532)	9.190	324.226
Decrease (Increase) in Trade Receivables from Third Parties		38.628	1.655.044	(38.731)	(1.366.441)
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(752)	(32.220)	(1.008)	(35.563)
Decrease (Increase) in Other Receivables from Operations from Third Parties		(752)	(32.220)	(1.008)	(35.563)
Decrease (Increase) in Derivative Financial Instruments		775	33.205	(816)	(28.789)
Adjustments for Decrease (Increase) in Inventories		91.762	3.931.607	89.514	3.158.081
Decrease (Increase) in Prepaid Expenses		28.728	1.230.871	(18.220)	(642.807)
Adjustments for Increase (Decrease) in Trade Payables		442.651	18.965.692	(59.367)	(2.094.486)
Increase (Decrease) in Trade Payable to Related Parties		83.865	3.593.255	(21.056)	(742.862)
Increase (Decrease) in Trade Payable to Third Parties		358.786	15.372.437	(38.311)	(1.351.624)
Adjustments for Increase (Decrease) in Other Payables Related from Operations		(76.808)	(3.290.892)	32.696	1.153.525
Increase (Decrease) in Other Payables to Third Parties Related from Operations		(76.808)	(3.290.892)	32.696	1.153.525
Increase (Decrease) in Derivative Liabilities		(3.685)	(157.886)	624	22.015
Adjustments for Other Increase (Decrease) in Working Capital		31.254	1.339.099	(45.065)	(1.589.907)
Decrease (Increase) in Other Assets Related from Operations		34.587	1.481.904	(42.325)	(1.493.239)
Increase (Decrease) in Other Payables Related from Operations		(3.333)	(142.805)	(2.740)	(96.668)
Cash Flows Provided by Operating Activities		850.842	35.485.867	301.751	9.822.878
Payments Related to Provisions for Employee Termination Benefits	17	(13.304)	(524.525)	(9.541)	(312.760)
Payments Related to Other Provisions	18	(570)	(22.480)	(316)	(10.360)
Income Taxes Refund (Paid)	30	(5.207)	(205.298)	194	(36.329)
Other Cash Inflow (Outflow)		64.200	2.264.995	224.300	7.096.846
CASH FLOWS FROM INVESTING ACTIVITIES		(181.998)	(7.191.858)	(521.101)	(17.018.326)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		(427)	(16.817)	3.629	118.921
Cash Inflow from Sales of Property, Plant and Equipment		(427)	(16.817)	3.629	118.921
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets	12/13/14	(135.812)	(5.354.544)	(462.908)	(14.956.147)
Cash Outflow from Purchase of Property, Plant and Equipment		(135.188)	(5.329.959)	(462.532)	(14.943.827)
Cash Outflow from Purchase of Intangible Assets		(624)	(24.585)	(376)	(12.320)
Cash Advances and Debts Given		(55.605)	(2.192.298)	(56.394)	(1.989.597)
Other Cash Advances and Debts Given		(55.605)	(2.192.298)	(56.394)	(1.989.597)
Dividends Received	6	4.418	180.298	-	-
Other Cash Inflows (Outflows)		5.428	191.503	(5.428)	(191.503)
CASH FLOWS FROM FINANCING ACTIVITIES		(50.364)	(1.817.856)	168.292	5.145.832
Cash Inflow from Borrowings		299.744	11.817.783	726.939	23.829.219
Cash Inflow from Loans	8	299.744	11.817.783	726.939	23.829.219
Cash Outflow from Repayments of Borrowings		(321.101)	(12.477.007)	(611.464)	(20.071.823)
Cash Outflow from Loan Repayments	8	(321.101)	(12.477.007)	(611.464)	(20.071.823)
Increase (Decrease) in Other Payables to Related Parties		-	-	110.822	3.262.404
Cash Outflow from Debt Payments for Leasing Contracts		(3.909)	(154.099)	(1.383)	(45.343)
Dividends Paid		(18.189)	(724.834)	(45.127)	(1.449.719)
Interest Paid		(76.247)	(3.006.130)	(82.610)	(2.707.985)
Interest Received		69.338	2.726.431	71.115	2.329.079
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		663.599	27.988.845	163.579	4.687.781
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(12.870)	3.915.511	(24.406)	2.516.229
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		650.729	31.904.356	139.173	7.204.010
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		1.182.555	50.667.362	531.826	18.763.006

- As of 31 December 2025, the Company's total amount of time deposit interest accrual is TRY 69.685 thousand (USD 1.626 thousand) (31 December 2024: TRY 14.525 thousand (USD 412 thousand)).
- Due to the earthquake that occurred on 6 February 2023, insurance income accrual of TRY 2.264.995 thousand (USD 64.200 thousand) related to damage compensation to be collected under insurance coverage was collected in cash as of the reporting period and reported under "Other Cash Inflows (Outflows)" in the cash flow statement. All amounts related to receivables agreed upon under earthquake-related insurance coverage have been collected as of the reporting period.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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. (“the Company”) 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 and joint ventures of the Company and the share percentages of İsdemir for these companies are as follows:

Shares in Subsidiaries and Joint Ventures	Country of Operation	Operation	31 December 2025 Share (%)	31 December 2024 Share (%)
Teknopark Hatay A.Ş.	Türkiye	R&D Centre	5%	5%
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sale	50%	50%

The number of the personnel employed by the Company as of reporting period are as follows:

	31 December 2025 Personnel	31 December 2024 Personnel
Paid Hourly Personnel	3.560	3.711
Paid Monthly Personnel	1.369	1.437
	<u>4.929</u>	<u>5.148</u>

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

The accompanying 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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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)

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 3 July 2024 and in the Financial Statement Samples and User Guide published by the CMB.

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

Functional and reporting currency

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

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

Functional currency of the joint venture

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

Inflation accounting

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

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

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.

- a) The assets on financial position as of 31 December 2025 are translated from US Dollars into TRY using the Central Bank of the Republic of Türkiye's buying rate of exchange which is TRY 42,8457 =US \$ 1 and the liabilities selling rate of exchange which is TRY 42,9229 =US \$ 1 on the balance sheet date (31 December 2024 foreign exchange buying rate: 35,2803 TRY = 1 US \$, foreign exchange selling rate: 35,3438 TRY = 1 US \$).

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 (cont’d)

- b) Profit or loss statements for the year ended 31 December 2025 profit or loss statements have been translated into TRY using the annual average 39,4263 TRY = 1 US \$ rates of 2025 January-December period (31 December 2024: 32,7802 TRY = 1 US \$).
- c) Retained earnings; In the financial statements, in accordance with TAS 21, they are converted to US Dollars at historical rates and followed in US Dollars. Retained earnings in the statement of financial position dated 31 December 2025 are presented by converting them into TRY using the foreign exchange selling rate effective as of 31 December 2025 announced by the Central Bank of the Republic of Türkiye, TRY 42,9229 = US \$ 1 (31 December 2024: TRY 35,3438 = US \$ 1)
- 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 financial statements

The figures in USD amounts presented in the accompanying financial statements comprising the statements of financial position as of 31 December 2025 and 31 December 2024, statement of income and other comprehensive income, and statement of cash flows for the year ended 31 December 2025 representing the financial statements 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.

Shares in subsidiaries and joint ventures

Shares in Subsidiaries and Joint Ventures	Business Area	Valid Currency	Share of Capital and right to vote of Company (%)	
			31 December 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	USD	50%	50%

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate or a joint venture.

When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or a joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

Going concern

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

Approval of the financial statements

The financial statements have been approved on 17 February 2026 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

2.2 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.

2.3 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.

2.4 Significant Judgements and Estimates of the Company on Application of Accounting Policies

The Company, according to TAS makes estimates and assumptions prospectively while preparing its financial statements. These accounting estimates are rarely identical to the actual results. The estimates and assumptions that may cause significant adjustments to the carrying values of assets and liabilities in the following reporting periods are listed below:

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.4 Significant Judgements and Estimates of the Company on Application of Accounting Policies (cont’d)

2.4.1 Useful lives of property, plant and equipment and intangible assets

The Company calculates depreciation for the fixed assets by taking into account their production amounts and useful lives that are stated in Note 2.7.3 and 2.7.4 (Note 13, Note 14).

2.4.2 Deferred tax

The Company recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between financial statements prepared in accordance with statutory and TFRS. The Company has deferred tax assets, which could reduce taxable income in the future periods.

All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. The main factors which are considered include future earnings potential; cumulative fiscal losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset (Note 30).

2.4.3 Fair values of derivative financial instruments

The Company values its derivative financial instruments by using the foreign exchange and interest rate estimations and based on the valuation estimates of the market values as of the balance sheet date (Note 7).

2.4.4 Provision for expected loan loss

Allowance for expected loan loss provisions reflect the future loss that the Company anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economic conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. As of the reporting date, the provision for doubtful receivables is presented in Note 9.

2.4.5 Provision for inventories

During the assessment of the provision for inventory the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed and related data by sales prices of realized sales after balance sheet date, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the provision for inventories with the net realizable values below the costs and the slow moving inventories are presented in Note 11.

2.4.6 Provisions for employee benefits

Actuarial assumptions about discount rates, inflation rates, future salary increases and employee turnover rates are made to calculate the Company’s provision for employee benefits. The details related with the defined benefit plans are stated in Note 17.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.4 Significant Judgments and Estimates of the Company on Application of Accounting Policies (cont’d)

2.4.7 Provision for lawsuits

Provision for lawsuits is evaluated by the Company Management based on opinions of Company’s Legal Council and legal consultants. The Company Management determines the amount of provisions based on best estimates. As of the balance sheet date, the provision for lawsuits is stated in Note 18.

2.4.8 Impairments on Assets

The Company performs impairment tests for assets that are subject to depreciation and amortization in case of being not possible to prevent recovery of the assets at each reporting period. Assets are carried at the lowest levels which there are separately identifiable cash flows for evaluation of impairment (cash generating units). As a result of the impairment works performs by the Company management, as of the reporting date any impairment except calculated provision on non-financial assets has not been estimated.

2.4.9 Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.4.10 Loss provision calculation

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

2.5 Offsetting

Financial assets and liabilities are offset and the net amounts are reported with their net values in the balance sheet where either there is a legally enforceable right to offset the recognized amounts or there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.6 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements as at 31 December 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.

The Company Management has evaluated that these changes and comments, effective from 2025, do not have a significant impact on the Company's financial statements.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.6 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 2027.

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

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

2.6 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.
- 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’.

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

2.6 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 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 changes will take effect for annual reporting periods beginning on or after 1 January 2026, and early implementation is possible for all changes.

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

The amendments to IAS 21 mentioned below have been published by the IASB but have not yet been incorporated into TFRS by the POA. Therefore, these amendments do not constitute part of TFRS. The company will make the necessary updates to its financial statements and footnotes following the entry into force of the relevant regulations under TFRS.

IAS 21 Amendments – Translation to High-Inflation Presentation Currency

These amendments, published by the IASB effective November 2025, mandate the use of the closing exchange rate when translating from a non high inflation functional currency to a high-inflation presentation currency. Accordingly, an entity whose functional currency is the currency of a non high inflation economy but whose presentation currency is the currency of a high-inflation economy shall use the closing exchange rate at the end of the current period for all relevant amounts (i.e., assets, liabilities, equity items, income and expenses), including comparative amounts, when translating its operating results and financial position. However, an entity whose functional currency and presentation currency are the currency of a high inflation economy shall express comparative amounts of a foreign entity whose functional currency is the currency of a non high inflation economy in its current unit of measurement by applying the general price index in accordance with IAS 29. These amendments also introduce certain additional disclosure obligations.

2.7 Valuation Principles Applied / Significant Accounting Policies

Accounting policies implemented during preparation of financial statements as follows:

2.7.1 Revenue recognition

Company recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.1 Revenue recognition (cont’d)

The company constitutes the largest share in the revenues of coils in the flat product group and billets and wire rod in the long product group.

Company recognizes revenue based on the following main principles:

- a) Identification of customer contracts
- b) Identification of performance obligations
- c) Determination of transaction price in the contract
- d) Allocation of price to performance obligations
- e) Recognition of revenue when the performance obligations are fulfilled

Company recognized revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Company can identify each party’s rights regarding the goods or services to be transferred,
- c) Company can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance,
- e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows to be obtained from the relevant financial asset to the book value of the asset in question. Interest income from the Company's time deposit investments are recognized under finance income, while maturities sales interest income from trade receivables are recognized in revenue.

2.7.2 Inventories

Inventories are valued at the lower of cost or net realizable value. The costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority valued by using the monthly weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.7.3 Property, plant and equipment

Property, plant and equipment stated through the value of determined by using the historical cost approach that reflects the cost of the assets in purchase date adjusted for impairment and accumulated depreciation. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.3 Property, plant and equipment (cont’d)

In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method and produce amount. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The rates that are used to depreciate the fixed assets are as follows:

	Rates
Buildings	2-16%
Land improvements	2-33% and units of production level
Machinery and equipment	3-50% and units of production level
Vehicles	5-25% and units of production level
Furniture and fixtures	5-33%
Other tangible fixed assets	5-25%

Expenses after the capitalization are added to the cost of related asset and reflected in financial statements as a separate asset if they shall mostly provide an economic benefit and their cost is measured in a trustable manner. Tangible assets are reviewed for impairment if there are conditions showing that the securities are more than amount recoverable. Assets are grouped at the lowest level which is cash-generating unit in order to determine impairment. Carrying amount of a tangible asset and recoverable value is the one which is higher than the net sales price following the deduction of commensurable value for the sale of the asset. Useful life of assets are reviewed as of date of balance sheet and adjusted, if required.

Maintenance and repair expenses are recorded as expense to the income statement of the related period. The Company omits the carrying values of the changed pieces occurred with respect to renovations from the balance sheet without considering whether they are subject to depreciation in an independent manner from other sections. Main renovations are subject to depreciation based on the shortest of residual life of the related tangible asset or useful life of the renovation itself. Advances paid related to purchasing of tangible assets are monitored in prepaid expenses under fixed assets until the related asset is capitalized or recognized under on-going investments.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.4 Intangible assets

Intangible assets purchased are recognized at acquisition cost less any amortization and impairment loss. Intangible assets are amortized principally on a straight-line basis over their estimated useful lives and production amounts. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, and any changes in the estimate are accounted for on a prospective basis.

The amortization rates of the intangible assets are stated below:

	Rates
Rights	2-33%

2.7.5 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.5 Leases (cont’d)

The Company as lessee (cont’d)

The lease liability is presented as under borrowings in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company announced the changes made during the periods presented in the financial statements with its details in Note 15.

The right of use assets include the initial measurement of the corresponding lease obligation, lease payments made before or before the lease actually starts, and other direct initial costs. These assets are subsequently measured at cost by deducting accumulated depreciation and impairment losses.

The Company applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. These costs are included in the relevant use right asset, unless they are incurred for stock production.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. (Note 15).

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.5 Leases (cont’d)

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

If the Company is in the position of sub-lease, the main lease and sub-lease are recognized as two separate contracts. Sub-lease is classified as financial lease or operating lease regarding the right to use arising from the main lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company’s net investment in the leases.

2.7.6 Impairment of assets

Assets subject to depreciation and amortization are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. Recoverable amounts are estimated for individual assets (for the cash-generating unit). Non-financial assets that are impaired are evaluated for reversal of impairment amount at each reporting date.

2.7.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Investment revenues arising from the temporary utilization of the unused portion of facility loans are netted off from the costs eligible for capitalization. All other borrowing costs are recognized directly in the income statement of the period in which they are incurred.

2.7.8 Financial Instruments

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Company classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset; the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Financial assets (cont’d)

Classification of financial assets (cont’d)

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item (Note 28).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other gains and losses’ line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the ‘other gains and losses’ line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Financial assets (cont’d)

Foreign exchange gains and losses (cont’d)

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other gains and losses’ line item (and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

- a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Company continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company does not reclassify any financial liability.

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Financial liabilities (cont’d)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 7.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.8 Financial Instruments (cont’d)

Hedge accounting (cont’d)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

The Company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 7 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements of the hedge fund accounted under equity are detailed in Note 7.

2.7.9 The effects of foreign exchange rate changes

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. The Company’ financial conditions and performance results stated as Turkish Lira in presentation currency in financial statements

The Company records foreign currency (currencies other than the functional currency of the related company) transactions using exchange rates of the date the transaction is completed. Foreign currency monetary items are evaluated with exchange rates as of reporting date and arising foreign exchange income/expenses are recorded in statement of income. All monetary assets and liabilities are evaluated with exchange rates of the reporting date and related foreign currency translation differences are transferred to statement of income. Non-monetary foreign currency items that are recognized at cost are evaluated with historic exchange rates. Non-monetary foreign currency items that are recognized at fair value are evaluated with exchange rates of the dates their fair values are determined.

2.7.10 Subsequent events

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Company adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date. Post period end events that are not adjusting events are disclosed in the notes when material.

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

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation as a result of a past legal or subtle event, where it is probable that the Company will be required to settle that obligation and when a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine the probability of outflow of the economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for the cases where a reliable estimate cannot be made.

When the Company’s contingent liabilities’ availability is possible but the amount of resources containing the economic benefits cannot be measured reliably, then the Company discloses this fact in the notes.

2.7.12 Related parties

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.12 Related parties(cont’d)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.7.13 Taxation and deferred income taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.13 Taxation and deferred income taxes(cont’d)

Deferred tax (cont’d)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the income statement, except when they relate to the items credited or debited directly to the equity (in this case the deferred tax related to these items is also recognized directly in the equity), or where they arise from the initial accounting of a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

2.7.14 Employee benefits

According to the Turkish law and union agreements, employee termination payments are made to employees in the case of retiring or involuntarily leaving. Such payments are considered as a part of defined retirement benefit plan in accordance with TAS19 (revised) *Employee Benefits* (“TAS 19”).

The termination indemnities accounted in the balance sheet and seniority incentive premium in accordance with the union agreements in force represent the present value of the residual obligation. Actuarial gains and losses, on the other hand, are recognized in the statement of other comprehensive income.

The Company makes certain assumptions about discount rates, inflation rates, future salary increases and employee turnover rates in calculation of provisions for employee benefits. The present value of employee benefits is calculated by an independent actuary and some changes are done in accounting assumptions used in calculations. The impact of the changes in assumptions is recognized in the statement of income. The details related with the defined benefit plans are stated in Note 17.

Liabilities due to unused vacations classified as provisions due to employee benefits are accrued and discounted if the discount effect is material.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

2.7 Valuation Principles Applied / Significant Accounting Policies (cont’d)

2.7.14 Employee benefits(cont’d)

The Company is required to pay social insurance premiums to the Social Security Agency. As long as it pays these insurance premiums, the Company does not have any further obligation. These premiums are reflected in the payroll expenses incurred in the period.

2.7.15 Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Company has met all conditions required. Government grants and incentives related to costs are recognized as revenue during the periods they are matched with the costs they will cover.

2.7.16 Statement of cash flows

Cash flows during the period are classified and reported as operating, investing and financing activities in the statement of cash flows.

Cash flows arising from operating activities represent the cash flows that are used in or provided by the Company’s steel products sales activities.

Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities (direct investments and financial investments) of the Company.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Cash and cash equivalents comprises of the cash on hand, the demand deposits and highly liquid other short-term investments which their maturities are three months or less from the date of acquisition, are readily convertible to cash and are not subject to a significant risk of changes in value.

The translation difference that occurs due to translation from functional currency to presentation currency is shown as translation difference on cash flow statement.

2.7.17 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period which they are approved and declared.

2.7.18 Earnings per share

Earnings per share, disclosed in the statement of profit or loss, are determined by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Türkiye, companies can increase their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the weighted-average number of shares are computed by taking into consideration of the retrospective effects of the share distributions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 3 – SEGMENT REPORTING

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

NOTE 4 – CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of reporting period is as follows:

	31 December 2025	31 December 2024
Banks – demand deposits	94.560	125.669
Banks – time deposits	50.642.487	18.651.862
	50.737.047	18.777.531
Time deposit interest accruals (-)	(69.685)	(14.525)
	50.667.362	18.763.006

The breakdown of demand deposits is presented below:

	31 December 2025	31 December 2024
US Dollars	3.573	995
TRY	86.923	124.433
EURO	1.806	11
GB Pound	2.018	67
Other	240	163
	94.560	125.669

The breakdown of time deposits is presented below:

	31 December 2025	31 December 2024
US Dollars	47.753.244	9.832.771
TRY	2.831.160	8.501.790
EURO	58.083	317.301
	50.642.487	18.651.862

Bank deposits consist of amounts with maturities ranging from 1 day to 3 months depending on the cash needs of the Company, and interest is calculated for these deposits depending on the short-term interest rates in the market.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 5 – FINANCIAL INVESTMENTS

The details of the Company's short-term investments of the reporting period are as follows:

	31 December 2025	31 December 2024
Marketable Securities	-	191.503
	-	191.503

The Company has invested in fixed income securities issued by the private sector in Turkey for the purpose of generating returns. The relevant fixed income security is held by the Company within the scope of a business model whose purpose is to collect contractual cash flows including principal and interest payments arising from the principal outstanding and these financial assets are measured at amortized cost.

The details of the Company's long-term investments at fair value through profit or loss as of the reporting period are as follows:

	31 December 2025	31 December 2024
Financial investment without an active market	1.161	956
Venture capital investment fund	71.637	68.875
	72.798	69.831

As of reporting period, ratios and amounts of subsidiaries of the Company are as followings:

	Ratio %	31 December 2025	Ratio %	31 December 2024
Company				
<i>Financial investments without an active market</i>				
Teknopark Hatay A.Ş.	5	1.161	5	956
		1.161		956

NOTE 6 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

<i>Joint Venture</i>	Right to Vote ratio%	31 December 2025	Right to Vote ratio%	31 December 2024	Business segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.471.206	50	1.280.062	Industrial Gas Production and Sale

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 6 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont’d)

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	1.280.062	884.293
Net profit(loss) for the period	107.017	204.668
Dividend	(180.298)	-
Currency translation difference	264.425	191.101
Closing balance	<u>1.471.206</u>	<u>1.280.062</u>

The share of the Company's net assets in its investments accounted using the equity method is as follows:

	31 December 2025	31 December 2024
Total assets	3.116.147	2.869.854
Total liabilities	173.736	309.731
Net assets	<u>2.942.411</u>	<u>2.560.123</u>
Company's share on net assets	<u>1.471.206</u>	<u>1.280.062</u>

	31 December 2025	31 December 2024
Share capital	<u>140.000</u>	<u>140.000</u>

İsdemir Linde Gaz Ortaklığı A.Ş. has the right of to deduct TRY 24.485 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 (197.492) thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY (98.746) 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 – 31 December 2025	1 January – 31 December 2024
Revenue	881.418	791.089
Operating Profit	208.106	217.256
Net profit (loss) for the period	<u>214.033</u>	<u>409.336</u>
Company's share in net profit (loss)	<u>107.017</u>	<u>204.668</u>

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NOTE 7 – FINANCIAL DERIVATIVE INSTRUMENTS

The detail of financial derivative instruments as of reporting period is as follows:

	31 December 2025		31 December 2024	
	Asset	Liability	Asset	Liability
<u><i>Fair value hedging derivative financial assets</i></u>				
Forward contracts for fair value hedges of currency risk of sales	1.745	1.513	23.141	-
	<u>1.745</u>	<u>1.513</u>	<u>23.141</u>	<u>-</u>
<u><i>Cash flow hedging derivative financial assets</i></u>				
Forward contracts for cash flow hedges of currency risk of sales	-	92	5.644	-
	<u>-</u>	<u>92</u>	<u>5.644</u>	<u>-</u>
	<u>1.745</u>	<u>1.605</u>	<u>28.785</u>	<u>-</u>

Derivative instruments for fair value hedge

As of 31 December 2025, the details of swap transactions for fair value hedge are as follows:

	Assets		Liabilities		
	Nominal value	Fair value	Nominal value	Fair value	
31 December 2025					
<u>Forward contracts for sales</u>					
Buy USD/Sell EUR	Less than 3 months	404.498	1.745	119.324	1.513
		<u>404.498</u>	<u>1.745</u>	<u>119.324</u>	<u>1.513</u>
<u>Assets</u>					
		Nominal value	Fair value	Nominal value	Fair value
31 December 2024					
<u>Forward contracts for sales</u>					
Buy USD/Sell EUR	Less than 3 months	281.365	23.141	-	-
		<u>281.365</u>	<u>23.141</u>	<u>-</u>	<u>-</u>

Cash flow hedging derivative financial assets

The Company's US Dollar purchase - EURO sales forward contracts, whose fair values are recognized in the other comprehensive income statement, are associated with the parity risk that will occur regarding the sales made in EURO. The sales contracts of these sales transactions have been finalized and their maturities vary between January 2026 and February 2026. Based on these transactions with a nominal value of TRY 5.706 thousand, for the purpose of hedging the cash flow risk, TRY (5.736) thousand, excluding the deferred tax effect, has been accounted for in the statement of other comprehensive income (31 December 2024: TRY 40.279 thousand).

In the current period, TRY 136.372 thousand arising from forward contracts regarding sales has been recognized in the revenue account of the profit or loss statement (31 December 2024: TRY 7.340 thousand).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 8 – BORROWINGS

As of the balance sheet date, the details of the Company’s borrowings are as follows:

	31 December 2025	31 December 2024
Short term bank borrowings	5.253.933	9.831.094
Short term portion of long term bank borrowings	3.740.255	3.164.273
Long term bank borrowings	30.089.997	19.732.100
Total bank borrowings	39.084.185	32.727.467
Current portion of long term lease payables	163.305	80.101
Cost of current portion of long term lease payables (-)	(11.124)	(5.113)
Long term lease payables	2.697.021	999.412
Cost of long term lease payables (-)	(2.187.362)	(765.841)
Total leases borrowings	661.840	308.559
Total borrowings	39.746.025	33.036.026

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

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 December 2025
Fixed	US Dollars	7,49	6.627.106	21.639.711	28.266.817
Floating	US Dollars	TERM SOFR+2,81	647.843	7.048.276	7.696.119
Floating	EURO	Euribor+0,5	350.501	1.402.010	1.752.511
Fixed	TRY	42,00	1.368.738	-	1.368.738
			8.994.188	30.089.997	39.084.185

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 8 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	31 December 2025			31 December 2024		
	Bank Loans	Lease liabilities	Total liabilities	Bank Loans	Lease liabilities	Total liabilities
Within 1 year	8.994.188	152.181	9.146.369	12.995.367	74.988	13.070.355
Between 1-2 years	18.643.239	15.136	18.658.375	2.126.113	12.463	2.138.576
Between 2-3 years	7.987.819	9.493	7.997.312	14.139.559	7.817	14.147.376
Between 3-4 years	1.443.441	8.111	1.451.552	1.365.114	6.679	1.371.793
Between 4-5 years	211.690	7.250	218.940	497.359	5.970	503.329
Five years or more	1.803.808	469.669	2.273.477	1.603.955	200.642	1.804.597
	<u>39.084.185</u>	<u>661.840</u>	<u>39.746.025</u>	<u>32.727.467</u>	<u>308.559</u>	<u>33.036.026</u>

Reconciliation of net financial borrowings as of reporting period is as follows:

	31 December 2025	31 December 2024
Opening balance	32.727.467	23.865.288
Interest expenses	2.150.975	2.777.651
Interest paid	(3.006.130)	(2.707.985)
Unrealised foreign exchange differences	(153.847)	(217.316)
Cash inflow from loans	11.817.783	23.829.219
Borrowing costs capitalized	1.060.763	217.122
Cash outflow from loan repayment	(12.477.007)	(20.071.823)
Translation reserves	6.964.181	5.035.311
	<u>39.084.185</u>	<u>32.727.467</u>

Net financial debt reconciliation of debts from leasing transactions is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	308.559	123.945
The effect of the increase/(decrease) in the lease contract liability	404.467	192.749
Cash outflow effect	(154.099)	(45.343)
Interest expense	106.254	38.792
Exchange rate effect	(3.341)	(1.584)
Closing balance	<u>661.840</u>	<u>308.559</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

As of the balance sheet date, the details of the Company’s trade receivables are as follows:

	31 December 2025	31 December 2024
<u>Short term trade receivables</u>		
Trade receivables	2.326.227	3.150.547
Due from related parties (Note 32)	5.479.725	4.258.096
Provision for doubtful trade receivables (-)	(2.484)	(2.173)
	<u>7.803.468</u>	<u>7.406.470</u>

The movements in the short-term expected credit loss provision are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	2.173	2.030
Doubtful receivables collected (-)	-	(96)
Translation difference	311	239
Closing balance	<u>2.484</u>	<u>2.173</u>

Trade receivables consist of receivables from the customer for products sold in normal work flow. The term of trade receivables is 25 to 30 days on average, and is classified as short-term trade receivables. The Company holds its trade receivables in order to collect the cash flows arising from the contract and therefore, measures the amortized cost by using the effective interest method.

According to the market conditions and product types, a certain interest charge is applied for deferred trade receivables and overdue interest is applied for overdue trade receivables. As the Company provides services and products to a large number of customers, collection risk is widely distributed amongst these customers and there is no significant credit risk exposure. Therefore, the Company does not provide for any further provision beyond the doubtful receivables provisions that the Company has already provided for in the financial statements.

The detail of overdue receivables included in trade receivables as of the reporting date is disclosed in the management of credit risk management Note 33. As of the balance sheet date, there are no significant receivables in trade receivables past due. The Company provides provision according to the balances of all unsecured receivables under legal follow up. In accordance with the “IFRS 9 Financial Instruments” standard, expected credit losses related to trade receivables were measured, but expected credit loss provisions did not have a significant impact on the financial statements.

As of the reporting date the details of the Company’s trade payables are as follows:

	31 December 2025	31 December 2024
<u>Short term trade payables</u>		
Trade payables	27.689.614	10.119.655
Due to related parties (Note 32)	6.282.560	2.209.079
	<u>33.972.174</u>	<u>12.328.734</u>

Trade payables consist of payables to sellers for products or services purchased in the normal workflow. The average repayment period of commercial debts is approximately 70-80 days (31 December 2024: 35-40 days).

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES

As of the balance sheet date, the details of the Company’s short-term other receivables are as follows:

	31 December 2025	31 December 2024
<u>Short term other receivables</u>		
Receivables from water system construction	1.312	1.364
Receivables from Privatization Authority	215.447	150.118
Deposits and guarantees given	2.704	1.627
	<u>219.463</u>	<u>153.109</u>

As of the balance sheet date, the details of the Company’s long term other receivables are as follows:

	31 December 2025	31 December 2024
<u>Long term other receivables</u>		
Receivables from water system construction	4.659	4.903
	<u>4.659</u>	<u>4.903</u>

As of the balance sheet date, the details of the Company’s short-term other payables are as follows:

	31 December 2025	31 December 2024
<u>Short term other payables</u>		
Taxes payable	164.812	695.626
Deposits and guarantees received	27.610	34.882
Dividend payables to shareholders (*)	10.234	10.069
	<u>202.656</u>	<u>740.577</u>

(*) Dividend payable represents the uncollected balances by shareholders.

NOTE 11 – INVENTORIES

As of the balance sheet date, the details of the Company’s inventories are as follows:

	31 December 2025	31 December 2024
Raw materials	10.745.538	10.636.629
Work in progress	7.986.759	6.265.485
Finished goods	3.318.024	3.898.281
Spare parts	6.757.410	5.390.597
Goods in transit	6.889.567	6.268.327
Other inventories	4.318.297	3.549.244
Allowance for impairment on inventories (-)	(899.231)	(1.113.085)
	<u>39.116.364</u>	<u>34.895.478</u>

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NOTE 11 – INVENTORIES (cont’d)

The movement of the allowance for impairment on inventories:

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	1.113.085	900.361
Provision for the period	-	117.469
Provision released (-)	(416.425)	(85.837)
Translation difference	202.571	181.092
Closing balance	899.231	1.113.085

The Company has provided an allowance for the impairment on the inventories of finished goods, work in progress when their net realizable values are lower than their costs. The provision released has been recognized under cost of sales (Note 23).

NOTE 12 – PREPAID EXPENSES

As of the balance sheet date, the details of the Company’s short term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Insurance expenses	458.975	963.904
Order advances given for inventories	35.092	163.681
Prepaid utility allowance to employees	48.902	34.878
Other prepaid expenses	16.817	14.214
	559.786	1.176.677

As of the balance sheet date, the details of the Company’s long term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Fixed asset advances given to related parties (Note 32)	55.958	47.892
Fixed asset advances given to other parties	3.520.314	4.425.370
Insurance expenses	449	296.534
	3.576.721	4.769.796

The cash outflows of TRY 3.900.405 thousand related to the purchase of tangible and intangible fixed assets made by the Company in the current period have been offset against the advances given for fixed assets.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

The details of the Company's tangible assets as of the reporting period are as follows:

	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
Cost									
Opening balance as of 1 January 2025	1.078.738	25.468.817	27.175.673	101.590.281	8.929.373	4.056.467	315.054	42.005.430	210.619.833
Translation difference	231.321	5.935.191	6.406.470	23.031.475	1.923.031	900.340	82.058	7.515.283	46.025.169
Additions (*)	-	500	-	488.651	85.842	54.293	2.484	9.659.357	10.291.127
Transfers from CIP (**)	-	5.467.591	6.675.984	14.345.749	9.213	301.465	-	(26.865.084)	(65.082)
Disposals	-	(5.836)	-	(458.985)	-	(4.276)	(1.058)	-	(470.155)
Closing balance as of 31 December 2025	1.310.059	36.866.263	40.258.127	138.997.171	10.947.459	5.308.289	398.538	32.314.986	266.400.892
Accumulated Depreciation /Impairment									
Opening balance as of 1 January 2025	-	(18.984.462)	(20.151.028)	(62.730.492)	(5.829.210)	(2.383.934)	(276.086)	(212.632)	(110.567.844)
Translation difference	-	(4.108.347)	(4.393.120)	(13.674.053)	(1.276.631)	(530.987)	(74.767)	(45.596)	(24.103.501)
Charge for the period	-	(673.889)	(868.663)	(3.040.957)	(319.345)	(232.923)	(14.897)	-	(5.150.674)
Impairment(loss)/reversal (***)	-	238.432	37.381	249.740	13.593	1.323	-	-	540.469
Disposals	-	4.496	-	227.881	-	3.495	1.043	-	236.915
Closing balance as of 31 December 2025	-	(23.523.770)	(25.375.430)	(78.967.881)	(7.411.593)	(3.143.026)	(364.707)	(258.228)	(139.044.635)
Net book value as of 31 December 2024	1.078.738	6.484.355	7.024.645	38.859.789	3.100.163	1.672.533	38.968	41.792.798	100.051.989
Net book value as of 31 December 2025	1.310.059	13.342.493	14.882.697	60.029.290	3.535.866	2.165.263	33.831	32.056.758	127.356.257

(*) The amount of capitalized borrowing cost is TRY 1.060.763 thousand for the current period, average borrowing ratio 6,9%

(**) TRY 65.082 thousand is transferred to intangible assets (Note 14).

(***) The Company had recorded fixed asset impairment loss provisions in the previous period financial statements for tangible fixed assets that will be out of use. As of the reporting date, the TRY 540.469 thousand worth of value reductions that are no longer required to be out of use have been recorded in the “Income from Investment Activities” account of the profit or loss statement.

As of 31 December 2025, the Company has no collaterals or pledges on tangible assets.

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (cont’d)

	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
Cost									
Opening balance as of 1 January 2024	902.292	20.781.079	22.505.312	82.592.629	7.411.517	3.437.171	239.174	22.490.793	160.359.967
Translation difference	178.878	4.164.012	4.480.712	16.575.493	1.474.170	677.665	58.259	5.490.751	33.099.940
Additions (*)	-	635	-	314.605	35.783	67.468	17.705	17.802.324	18.238.520
Transfers from CIP (**)	-	533.494	863.935	2.283.163	11.289	43.406	984	(3.778.438)	(42.167)
Disposals	(2.432)	(10.403)	(674.286)	(175.609)	(3.386)	(169.243)	(1.068)	-	(1.036.427)
Closing balance as of 31 December 2024	1.078.738	25.468.817	27.175.673	101.590.281	8.929.373	4.056.467	315.054	42.005.430	210.619.833
Accumulated Depreciation /Impairment									
Opening balance as of 1 January 2024	-	(15.495.286)	(16.933.787)	(50.204.732)	(4.640.769)	(1.985.058)	(213.042)	(283.289)	(89.755.963)
Translation difference	-	(3.104.430)	(3.350.316)	(10.144.870)	(940.028)	(394.291)	(52.392)	(8.025)	(17.994.352)
Charge for the period	-	(418.697)	(550.695)	(2.574.987)	(253.560)	(173.890)	(11.715)	-	(3.983.544)
Impairment(loss)/reversal (***)	-	23.548	86.613	23.443	1.761	322	-	78.682	214.369
Disposals	-	10.403	597.157	170.654	3.386	168.983	1.063	-	951.646
Closing balance as of 31 December 2024	-	(18.984.462)	(20.151.028)	(62.730.492)	(5.829.210)	(2.383.934)	(276.086)	(212.632)	(110.567.844)
Net book value as of 31 December 2023	902.292	5.285.793	5.571.525	32.387.897	2.770.748	1.452.113	26.132	22.207.504	70.604.004
Net book value as of 31 December 2024	1.078.738	6.484.355	7.024.645	38.859.789	3.100.163	1.672.533	38.968	41.792.798	100.051.989

(*) The amount of capitalized borrowing cost is TRY 217.122 thousand for the prior period, average borrowing ratio 7,1%

(**) TRY 42.167 thousand is transferred to intangible assets (Note 14).

(***) The Company had recorded fixed asset impairment loss provisions in the previous period financial statements for tangible fixed assets that will be out of use. As of the reporting date, the TRY 214.369 thousand worth of value reductions that are no longer required to be out of use have been recorded in the “Income from Investment Activities” account of the profit or loss statement.

As of 31 December 2024, the Company has no collaterals or pledges on tangible assets.

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (cont’d)

The breakdown of depreciation expenses related to property, plant and equipment is as follows:

	31 December 2025	31 December 2024
Associated with cost of production	4.978.840	3.828.200
General administrative expenses	46.671	31.477
Marketing, sales and distribution expenses	125.163	123.867
	<u>5.150.674</u>	<u>3.983.544</u>

NOTE 14 – INTANGIBLE ASSETS

As of the balance sheet date, the details of the Company’s intangible assets are as follows:

	<u>Rights</u>
<u>Cost</u>	
Opening balance as of 1 January 2025	3.136.368
Translation difference	680.331
Additions	24.585
Transfers from CIP	65.082
Closing balance as of 31 December 2025	<u>3.906.366</u>
<u>Accumulated amortization</u>	
Opening balance as of 1 January 2025	(1.685.706)
Translation difference	(371.222)
Charge for the period	(112.336)
Closing balance as of 31 December 2025	<u>(2.169.264)</u>
Net book value as of 31 December 2024	<u>1.450.662</u>
Net book value as of 31 December 2025	<u>1.737.102</u>

As of 31 December 2025, the Company has no collaterals or pledges on intangible assets.

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NOTE 14 – INTANGIBLE ASSETS (cont’d)

	<u>Rights</u>
<u>Cost</u>	
Opening balance as of 1 January 2024	2.568.081
Translation difference	513.800
Additions	12.320
Transfers from CIP	42.167
Closing balance as of 31 December 2024	<u>3.136.368</u>
<u>Accumulated amortization</u>	
Opening balance as of 1 January 2024	(1.328.170)
Translation difference	(270.238)
Charge for the period	(87.298)
Closing balance as of 31 December 2024	<u>(1.685.706)</u>
Net book value as of 31 December 2023	<u>1.239.911</u>
Net book value as of 31 December 2024	<u>1.450.662</u>

As of 31 December 2024, the Company has no collaterals or pledges on intangible assets.

The breakdown of amortization expenses related to intangible assets is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Associated with cost of production	<u>112.336</u>	<u>87.298</u>
	<u>112.336</u>	<u>87.298</u>

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

NOTE 15 – RIGHT OF USE ASSETS

As of the reporting date the movement of right of use assets is as follows:

	<u>Right to Use Land</u>	<u>Vehicle Leases</u>	<u>Total</u>
<u>Cost</u>			
Opening balance as of 1 January 2025	430.759	105.847	536.606
Additions to assets of operating lease	367.562	36.905	404.467
Disposals	-	(17.213)	(17.213)
Translation difference	124.248	24.406	148.654
Closing balance as of 31 December 2025	<u>922.569</u>	<u>149.945</u>	<u>1.072.514</u>
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January 2025	(52.985)	(21.261)	(74.246)
Charge for the period	(28.063)	(48.122)	(76.185)
Disposals	-	15.365	15.365
Translation difference	(13.796)	(7.399)	(21.195)
Closing balance as of 31 December 2025	<u>(94.844)</u>	<u>(61.417)</u>	<u>(156.261)</u>
Net book value as of 31 December 2025	<u>827.725</u>	<u>88.528</u>	<u>916.253</u>

	<u>Right to Use Land</u>	<u>Vehicle Leases</u>	<u>Total</u>
<u>Cost</u>			
Opening balance as of 1 January 2024	249.924	57.348	307.272
Additions to assets of operating lease	121.937	70.804	192.741
Disposals	-	(36.316)	(36.316)
Translation difference	58.898	14.011	72.909
Closing balance as of 31 December 2024	<u>430.759</u>	<u>105.847</u>	<u>536.606</u>
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January 2024	(33.122)	(28.557)	(61.679)
Charge for the period	(12.348)	(23.141)	(35.489)
Disposals	-	35.185	35.185
Translation difference	(7.515)	(4.748)	(12.263)
Closing balance as of 31 December 2024	<u>(52.985)</u>	<u>(21.261)</u>	<u>(74.246)</u>
Net book value as of 31 December 2024	<u>377.774</u>	<u>84.586</u>	<u>462.360</u>

As of the reporting date the items right of use assets recognized in profit or loss is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Amortization of assets to operating lease (Note 23, 25, 26)	76.185	35.489
Interest expense from lease transactions (Note 29)	106.254	38.792

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NOTE 15 – RIGHT OF USE ASSETS (cont’d)

The net book value of the right-of-use assets acquired through the lease is as follows:

	31 December 2025	31 December 2024
Right to use land	827.725	377.774
Car leases	88.528	84.586
	<u>916.253</u>	<u>462.360</u>

The area where the Company's campus and port facilities are located; Within the scope of Law No. 4737, İskenderun Demir ve Çelik A.Ş. Hatay Special Industrial Zone "İsdemir SIZ" has been declared. In 2022, according to the 34th article of the Industrial Zones Regulation and the 12th article of the Regulation on the Administration of Treasury Immovables, the usage permits for ports and filling areas within the borders of İsdemir SIZ, which are under the jurisdiction and disposal of the state, have been revised in terms of duration and cost. The unit price of the usage permit contracts within the boundaries of the SIZ was calculated as 1 per thousand of the real estate market value, and the contract duration was extended until 2071, 49 years from the date of the contract revision.

In line with the explanations above; the usage permits of the Company for the port areas belonging to the General Directorate of National Estate outside the borders of İsdemir SIZ will expire in 2048 and 2071. The values of the real estates are measured at their present value by reducing the borrowing rate of 11-31% in the first calculation. The use permit agreement for the forest land belonging to the General Directorate of Forestry the forest land use permit period will expire in 2068 and 2074. The value of the property is measured at its present value by reducing the borrowing rate of 10-31% in the first calculation. Moreover, Vehicle rental contracts with usage permits between 2025 and 2028 and measured at present value by reducing the borrowing rate of 8%-45% in the first calculation are also accounted for in line with the explanations stated. Right of use in the statement of financial position of lease agreements assets and borrowings (Note 8) are accounted for in the notes.

The distribution of amortization expenses related to right of use assets is as follows:

	31 December 2025	31 December 2024
Associated with cost of production	62.033	12.503
General administrative expenses	14.152	14.924
Other operating expenses	-	8.062
	<u>76.185</u>	<u>35.489</u>

NOTE 16 – GOVERNMENT GRANTS AND INCENTIVES

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences:

- Incentives under the jurisdiction of the research and development law,
- Cash incentives from Tübitak – Teydeb for cost of research and development,
- Inward processing permission certificates and Social Security Institution incentives,
- Social Security Institution incentives
- Insurance premium employer share incentive.

Research and development incentive premiums received or certain to be received amounts to TRY 38.416 thousand (31 December 2024: TRY 16.985 thousand) which are considered as a deduction subject in the calculation of corporate tax as of the reporting date.

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NOTE 17 – EMPLOYEE BENEFITS

The Company’s short term payables for employee benefits are as follows:

	31 December 2025	31 December 2024
Due to personnel	531.565	575.663
Social security premiums payable	382.108	2.316.227
	<u>913.673</u>	<u>2.891.890</u>

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

	31 December 2025	31 December 2024
Provisions for employee termination benefits	2.102.435	2.254.266
Provisions for seniority incentive premium	255.165	125.065
Provision for unused vacations	329.657	276.308
	<u>2.687.257</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 died.

As of 31 December 2025, the amount payable consists of one month’s salary limited to a maximum of TRY 53.919,68 (31 December 2024: TRY 41.828,42) As of the reporting date, the severance pay ceiling, which has been taken into account in the calculation of severance pay provision and will be applied as of 1 January 2026, has been increased to TRY 64.948,77 per month.

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

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Company’s obligation under defined benefit plans. The obligation as of 31 December 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:

	31 December 2025	31 December 2024
Interest rate	%27,12	%25,88
Inflation rate	%22,06	%21,81

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NOTE 17 – EMPLOYEE BENEFITS (cont’d)

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 December 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 31 December 2025 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.

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

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	2.254.266	1.773.470
Service cost	103.314	102.010
Interest cost	419.352	329.398
Actuarial loss/(gain)	(264.821)	324.803
Termination benefits paid	(433.097)	(262.667)
Translation difference	23.421	(12.748)
Closing balance	<u>2.102.435</u>	<u>2.254.266</u>

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. All other variables were held constant, the sensitivity analysis of the assumptions which was used for the calculation of provision for employment termination benefits as of 31 December 2025 as follows:

	Interest rate	
Change in Rate	1% increase	1% decrease
Change in employee benefits liability	(91.076)	106.402
	Inflation rate	
Change in Rate	1% increase	1% decrease
Change in employee benefits liability	110.140	(95.219)

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NOTE 17 – EMPLOYEE BENEFITS (cont’d)

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

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

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	125.065	123.634
Service cost	31.352	21.652
Interest cost	41.229	31.825
Actuarial loss/(gain)	108.024	(29.125)
Termination benefits paid	(48.690)	(21.926)
Translation difference	(1.815)	(995)
Closing balance	<u>255.165</u>	<u>125.065</u>

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

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	276.308	189.135
Provision for the period	285.868	232.125
Vacation paid during the period (-)	(42.738)	(28.167)
Provisions released (-)	(189.947)	(109.853)
Translation difference	166	(6.932)
Closing balance	<u>329.657</u>	<u>276.308</u>

NOTE 18– PROVISIONS

The Company’s short term provisions are as follows:

	31 December 2025	31 December 2024
Provision for lawsuits	367.208	170.725
Penalty provision for employment shortage of disabled personnel	16.600	5.960
Provision for land occupation	5.190	3.969
	<u>388.998</u>	<u>180.654</u>

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

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NOTE 18 – PROVISIONS (cont’d)

The movement of the short term provisions is as follows:

	1 January 2025	Change for the period	Payments	Provision released	Translation Difference	31 December 2025
Provision for lawsuits	170.725	277.791	(22.480)	(72.925)	14.097	367.208
Penalty provision for employment shortage of disabled personnel	5.960	10.451	-	-	189	16.600
Provision for land occupation	3.969	1.500	-	(319)	40	5.190
	<u>180.654</u>	<u>289.742</u>	<u>(22.480)</u>	<u>(73.244)</u>	<u>14.326</u>	<u>388.998</u>

	1 January 2024	Change for the period	Payments	Provision released	Translation Difference	31 December 2024
Provision for lawsuits	142.840	65.385	(10.360)	(32.429)	5.289	170.725
Penalty provision for employment shortage of disabled personnel	6.624	790	-	(1.499)	45	5.960
Provision for land occupation	2.988	1.229	-	(277)	29	3.969
	<u>152.452</u>	<u>67.404</u>	<u>(10.360)</u>	<u>(34.205)</u>	<u>5.363</u>	<u>180.654</u>

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

NOTE 18 – PROVISIONS (cont’d)

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

	31 December 2025	31 December 2024
Lawsuits filed by the Company	257.458	112.491

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

	31 December 2025	31 December 2024
Lawsuits filed against the Company	265.316	149.062
Provision for lawsuits filed against the Company	367.208	170.725

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.

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

NOTE 19 – CONTINGENT ASSETS AND LIABILITIES

The guarantees received by the Company are as follows:

	31 December 2025	31 December 2024
Letters of guarantees received	7.720.861	7.324.019
	<u>7.720.861</u>	<u>7.324.019</u>

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

	31 December 2025	31 December 2024
A. Total CPM given for the Company's own legal entity	8.916.700	9.694.733
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>8.916.700</u>	<u>9.694.733</u>

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

The breakdown of the Company’s collaterals given regarding service purchases according to their TRY equivalents of foreign currency is as follows:

	31 December 2025	31 December 2024
US Dollars	2.450.898	4.249.477
TRY	6.365.049	5.371.784
EURO	100.753	73.472
	<u>8.916.700</u>	<u>9.694.733</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 20 – OTHER ASSETS AND LIABILITIES

As of the balance sheet date, the details of the Company’s other assets and liabilities are as follows:

Other current assets

	31 December 2025	31 December 2024
Insurance income accruals	-	2.264.995
Other VAT receivable	2.334.801	1.818.957
Deferred VAT	766.805	2.123.492
Prepaid taxes and funds	418.295	159.900
Other current assets	151.186	140.761
	<u>3.671.087</u>	<u>6.508.105</u>

Insurance income accruals consist of the amount of receivables for which the Company has an insurance agreement due to the earthquake that occurred on 6 February 2023.

Other current liabilities

	31 December 2025	31 December 2024
VAT payable	91.571	145.013
Other current liabilities	19.844	19.911
	<u>111.415</u>	<u>164.924</u>

NOTE 21 – DEFERRED REVENUE

As of the balance sheet date, the details of the Company’s short term deferred revenue are as follows:

	31 December 2025	31 December 2024
Advances received	383.371	322.975
Deferred income	30.641	62.567
	<u>414.012</u>	<u>385.542</u>

NOTE 22 – EQUITY

As of the balance sheet date, the capital structure is as follows:

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

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

NOTE 22 – EQUITY (cont’d)

The Company’s principal capital is TRY 2.900.000.000,00 and the said capital has been fully paid free from collusion. This capital is divided into 290.000.000.000 registered shares, each worth 1 Kuruş. This capital is divided into A and B Group shares. This, 2.000 registered shares belonging to ERDEMİR corresponding to the capital of TRY 20 are Group A, and 289.999.998.000 shares corresponding to the capital of TRY 2.899.999.980,00 are Group B.

As of the balance sheet date, the other equity items are as follows:

<u>Other equity items</u>	31 December 2025	31 December 2024
Cash Flow Hedging Reserves (Loss)/Gain	24	4.217
Foreign Currency Translation Reserves	76.210.396	62.593.965
Actuarial (Loss)/ Gain Fund	(998.177)	(1.196.793)
Restricted Reserves Assorted from Profit	3.237.560	3.179.560
<i>-Legal Reserves</i>	<i>3.237.560</i>	<i>3.179.560</i>
Retained Earnings	60.114.965	34.861.452
	<u>138.564.768</u>	<u>99.442.401</u>

Public companies distribute dividends in accordance with the CMB’s II-19.1 Profit Share Communiqué, which entered into force on 1 February 2014. Partnerships distribute their profits in accordance with the profit distribution policies to be determined by their general assemblies and in accordance with the relevant legislation by a decision of the general assembly. Within the scope of the said communiqué, no minimum distribution rate has been determined for publicly held partnerships listed on the stock exchange. Companies pay dividends as determined in their articles of association or profit distribution policies. In addition, dividends may be paid in equal or different installments and cash dividend advances may be distributed based on the profit included in the interim financial statements.

According to the Turkish Commercial Code (TCC), legal reserves split up as the first legal reserves and the second legal reserves. According to the Turkish Commercial Code 5% of the profit shall be allocated as the first legal reserves, up to 20% of the paid/ issued capital. After deducting dividends amounting to 5% of the paid/issued capital from the part decided to be allocated; 10% percent of the remaining balance shall be appropriated to second legal reserves. According to the Turkish Commercial Code (TCC), as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way.

As of the reporting period, the Company's legal records of the resource that can be subject to profit distribution are TRY 30.912.345 thousand.

The amendment in TAS-19 “Employee Benefits” does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by “Actuarial (Loss)/Gain Funds” under the equity. The funds for actuarial gains/ (losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

As it stated in Note 2.1, foreign currency translation reserve arises from expressing the assets and liabilities of the Company's foreign operations in reporting currency TRY by using exchange rates prevailing on the balance sheet date. Profit or loss statement items are translated using annual average exchange rates. Exchange differences arising, if any, are recognized under translation reserve in equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 23 – 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 383.371 thousand. (Note 21) The Company planning to recognize related revenue amount as a revenue in a year.

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

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Sales Revenue</u>		
Domestic sales	90.807.371	84.588.753
Export sales	25.618.985	21.584.599
Other revenues (*)	4.094.452	3.896.210
Interest income from sales with maturities	463.481	376.612
Sales returns (-)	(28.890)	(9.659)
	<u>120.955.399</u>	<u>110.436.515</u>
<u>Cost of sales (-)</u>	<u>(110.155.012)</u>	<u>(100.919.980)</u>
Gross profit	<u>10.800.387</u>	<u>9.516.535</u>

(*) The total amount of by product exports in other revenues is TRY 1.359.387 thousand (31 December 2024: TRY 1.798.936 thousand).

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

	1 January - 31 December 2025	1 January - 31 December 2024
Raw material usage	(80.904.329)	(78.787.935)
Personnel costs	(8.018.065)	(5.486.340)
Energy costs	(5.089.034)	(3.851.213)
Depreciation and amortization expenses	(4.953.404)	(3.808.728)
Factory overheads	(5.969.009)	(3.612.175)
Other cost of goods sold	(3.369.982)	(3.580.890)
Non-operating costs	(90.784)	(173.560)
Freight costs for sales delivered to customers	(1.344.410)	(825.317)
Allowance for impairment on inventories for the period (Note 11)	-	(117.469)
Reversal of inventory write-downs (Note 11)	416.425	85.837
Amortisation expenses of right of use	(62.033)	(12.503)
Other	(770.387)	(749.687)
	<u>(110.155.012)</u>	<u>(100.919.980)</u>

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.

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

NOTE 24 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

The breakdown of operational expenses according to their nature for the reporting periods is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Marketing, sales and distribution expenses (-)	(1.350.170)	(1.039.783)
General administrative expenses (-)	(2.214.207)	(1.815.705)
Research and development expenses (-)	(3.481)	(2.487)
	<u>(3.567.858)</u>	<u>(2.857.975)</u>

NOTE 25 – OPERATING EXPENSES ACCORDING TO THEIR NATURE

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

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(281.508)	(177.621)
Depreciation and amortization (-)	(125.163)	(123.867)
Tax, duty and charges (-)	(1.082)	(786)
Benefits and services from third parties (-)	(942.417)	(737.509)
	<u>(1.350.170)</u>	<u>(1.039.783)</u>

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

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(564.751)	(401.427)
Depreciation and amortization expenses(-)	(46.671)	(31.477)
Amortization expense of right of use (-)	(14.152)	(14.924)
Provision for doubtful receivables (-) net	-	96
Tax, duty and charges (-)	(38.349)	(28.022)
Benefits and services from third parties (-)	(1.550.284)	(1.339.951)
	<u>(2.214.207)</u>	<u>(1.815.705)</u>

Fees for services received from an independent audit firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the "POA" Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Auditing fee for the reporting period	(4.500)	(2.190)
Other assurance services fee	(858)	(545)
	<u>(5.358)</u>	<u>(2.735)</u>

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

NOTE 26 – OTHER OPERATING INCOME/EXPENSES

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

<u>Other operating income</u>	1 January - 31 December 2025	1 January - 31 December 2024
Foreign exchange gains from trade receivables and payables	532.714	304.795
Discount income	610	404
Provisions released	72.925	33.928
Service income	91.837	69.727
Maintenance repair and rent income	21.575	27.148
Lawsuit income	4.385	2.610
Indemnity and penalty detention income	30.125	37.438
Previous period insurance indemnity income	30.145	76.809
Warehouse income	12.922	27.593
Overdue interest income	308	1.449
Insurance indemnity income due to earthquake	-	8.522.852
Other income and gains	206.226	147.806
	<u>1.003.772</u>	<u>9.252.559</u>

Due to the earthquake that occurred on 6 February 2023, an agreement was reached to collect an advance payment of TRY 8.522.852 thousand regarding the damage compensation to be collected under the Company's insurance coverage. In this regard, the said amount was accounted for as an accrual of income in the prior period financial statements.

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

<u>Other operating expenses (-)</u>	1 January - 31 December 2025	1 January - 31 December 2024
Provision expenses	(288.242)	(66.175)
Donation expenses	(26.040)	(24.616)
Amortisation expenses of right of use	-	(8.062)
Penalty expenses	(11.814)	(6.096)
Service expenses	(86.819)	(64.422)
Lawsuit compensation expenses	(54.367)	(13.252)
Other expenses and losses	(183.348)	(148.839)
	<u>(650.630)</u>	<u>(331.462)</u>

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NOTE 27 – INVESTING ACTIVITIES INCOME/EXPENSES

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

<u>Income from Investing Activities</u>	1 January - 31 December 2025	1 January - 31 December 2024
Fixed asset impairment provision no longer required (Note 13)	540.469	214.369
Gain on sales of tangible assets	-	39.164
Net gain/(loss) from investing activities at fair value through profit or loss	-	130
	<u>540.469</u>	<u>253.663</u>

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

<u>Expenses from Investing Activities (-)</u>	1 January - 31 December 2025	1 January - 31 December 2024
Loss on disposal of tangible assets	(250.057)	(165.829)
Net gain/(loss) from investment funds at fair value through profit or loss	(1.478)	-
	<u>(251.535)</u>	<u>(165.829)</u>

NOTE 28 – FINANCE INCOME

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

<u>Finance income</u>	1 January - 31 December 2025	1 January - 31 December 2024
Interest income on bank deposits	2.793.711	1.715.478
Interest income from financial investments	-	41.780
Foreign exchange gains	-	60.571
Interest income from related party receivables	16.124	610.581
Fair value differences of derivative financial instruments (net)	-	15.398
	<u>2.809.835</u>	<u>2.443.808</u>

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NOTE 29 – FINANCE EXPENSES

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

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Finance expenses (-)</u>		
Interest expenses on borrowings	(2.150.975)	(2.777.651)
Foreign exchange loss (net)	(443.226)	-
Interest cost of employee benefits	(460.581)	(361.223)
Interest expenses on leases	(106.254)	(38.792)
Other financial expenses	(90.101)	(18.641)
Fair value differences of derivative financial instruments (net)	(140.542)	-
	<u>(3.391.679)</u>	<u>(3.196.307)</u>

During the period, the interest expenses of TRY 1.060.763 thousand have been capitalized as part of the Company’s property, plant and equipment (31 December 2024: TRY 217.122 thousand).

NOTE 30 – TAX ASSETS AND LIABILITIES

The breakdown of profit for the period tax liability for the reporting period is as follows:

	31 December 2025	31 December 2024
<u>Corporate tax payable:</u>		
Current corporate tax provision	294.727	205.298
	<u>294.727</u>	<u>205.298</u>
	1 January - 31 December 2025	1 January - 31 December 2024
<u>Taxation:</u>		
Current corporate tax expense	270.718	190.407
Deferred tax expense/(income)	1.017.166	675.245
	<u>1.287.884</u>	<u>865.652</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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 30 – TAX ASSETS AND LIABILITIES (cont’d)

Corporate tax(cont’d)

The total amount of corporate tax payments made by the company for the 2025 fiscal year is TRY 205.298 thousand.

A legal amendment, published in the Official Gazette dated 25 December 2025, and numbered 33118, added to the Tax Procedure Law No. 213, stipulates that for the accounting periods of 2025 (including provisional tax periods), legal financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment under Article 298 of the Tax Procedure Law are met, for the accounting periods of 2026 and 2027. Accordingly, financial statements prepared in accordance with the Tax Procedure Law as of 31 December 2025, have not been subjected 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 statutory in different reporting periods in the financial statements prepared according to TFRS.

Although the General Communiqué No. 582 of the Tax Procedure Law stipulates that inflation adjustment will not be made in the first, second, third, and fourth provisional tax periods of the 2025 fiscal year; since inflation adjustment is required in the financial statements to be prepared in accordance with the Tax Procedure Law at the end of the 2025 fiscal year according to the tax legislation valid in the relevant interim periods, current and deferred tax calculations in the interim financial statements dated 31 March 2025, 30 June 2025, and 30 September 2025, have been made reflecting the effects of inflation in accordance with the Tax Procedure Law.

However, according to the temporary article added to the Tax Procedure Law No. 213, published in the Official Gazette dated 25 December 2025, and numbered 33118, it has been stipulated that the statutory financial statements shall not be subject to inflation adjustment in the 2025 accounting period and provisional tax periods, as well as the 2026 and 2027 accounting periods, regardless of whether the conditions for inflation adjustment under Article 298 of the Tax Procedure Law are met.

In this context, the financial statements as of 31 December 2025, prepared in accordance with the Tax Procedure Law, have not been subject to inflation adjustment, and these statements have been used as the basis for calculating current and deferred tax effects. The company revalued depreciable assets in accordance with Article 298/Ç of the Tax Procedure Law for the relevant period; the increase in value was recorded in the fund account in the legal records. This practice is solely for tax purposes and has no effect on the book values of the IFRS financial statements.

Article 32, paragraph seven of the Corporate Tax Law No. 5520 stipulates that the corporate tax rate shall be applied with a 5 point reduction to the profits derived exclusively from export activities of exporting companies; and paragraph eight of the same article stipulates that the corporate tax rate shall be applied with a 1 point reduction to the profits derived exclusively from production activities of companies holding an industrial registration certificate and actually engaged in production activities.

In this context, the effective corporate tax rate that the Company will use for deferred tax accounting as of the reporting date has been determined taking into account the above regulations.

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NOTE 30 – TAX ASSETS AND LIABILITIES (cont’d)

Deferred tax(cont’d)

The tax rate used in the calculation of deferred tax assets and liabilities (excluding land and land) is based on 24% (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%).

The breakdown of deferred tax assets and liabilities for the reporting period is as follows:

	31 December 2025	31 December 2024
<u>Deferred tax assets:</u>		
Provisions for employee benefits	639.567	663.910
Leasing payables	157.518	77.140
Provision for lawsuits	88.631	43.674
Adjustment of receivable rediscount	4.542	4.930
Inventories	-	135.038
Other	294.756	185.064
	<u>1.185.014</u>	<u>1.109.756</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets (net)	(11.694.035)	(9.014.431)
Right of use assets	(218.461)	(115.798)
Amortized cost adjustment on loans	(2.168)	(13.722)
Fair values of the derivative financial instruments	(34)	(7.209)
Inventories	(204.904)	-
	<u>(12.119.602)</u>	<u>(9.151.160)</u>
<u>Deferred tax assets/(liabilities) net:</u>	<u>(10.934.588)</u>	<u>(8.041.404)</u>

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

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	(8.041.404)	(6.164.262)
Deferred tax (expense)/income	(1.017.166)	(675.245)
The amount in comprehensive income/(expense)	(64.807)	71.121
Translation difference	(1.811.211)	(1.273.018)
Closing balance	<u>(10.934.588)</u>	<u>(8.041.404)</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 31 – EARNINGS PER SHARE

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Number of shares outstanding</u>	290.000.000.000	290.000.000.000
Net profit attributable to equity holders - TRY thousand	6.111.894	14.254.008
Profit per share with 1 TRY nominal value TRY %	2,1075 / %210,75	4,9152 / %491,52

NOTE 32 – RELATED PARTY DISCLOSURES

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).

Trade receivables and payables from related parties operated as current account. Debt collection and debt payment days are between 0 and 30.

The details of receivables of the Company from related parties are disclosed below:

	31 December 2025	31 December 2024
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	5.435.982	4.226.819
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. ⁽³⁾	2.924	1.047
Erdemir Asia Pacific PTE LTD ⁽²⁾	-	23
Erdemir Romania SRL ⁽²⁾	28.772	-
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	12.047	30.207
	<u>5.479.725</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 other receivables between the Company and other related parties are disclosed below:

	31 December 2025	31 December 2024
<u>Prepaid expenses (long term)</u>		
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	55.958	47.892
	<u>55.958</u>	<u>47.892</u>

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

(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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 32 – RELATED PARTY DISCLOSURES (cont’d)

The details of payables of the Company to the related parties are disclosed below:

<u>Due to related parties (short term)</u>	31 December 2025	31 December 2024
Amsterdam Scrap Terminal B.V. ⁽³⁾	3.403.140	-
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	456.711	1.174.850
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	426.216	110.738
Erdemir Asia Pacific PTE LTD ⁽²⁾	433.859	-
Omsan Lojistik A.Ş. ⁽³⁾	528.727	183.494
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	97.272	25.697
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	180.568	47.146
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	16.385	27.753
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	53.584	42.081
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	206.408	173.615
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	54.233	78.084
Other	425.457	345.621
	<u>6.282.560</u>	<u>2.209.079</u>

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

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

<u>Major sales to related parties</u>	1 January - 31 December 2025	1 January - 31 December 2024
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	72.399.593	67.385.883
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	6.426	11.010
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	459.024	413.139
Erdemir Romania S.R.L. ⁽²⁾	181.169	-
Omsan Lojistik A.Ş. ⁽³⁾	289	333
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	23.303	77.438
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	142.668	151.855
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	49	101
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	1.339	1.251
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	41	27
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	179	447
Other	4.109	2.026
	<u>73.218.189</u>	<u>68.043.510</u>

The major sales to related parties are generally due to the sales transactions of iron, steel, energy, service 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 32 – RELATED PARTY DISCLOSURES (cont’d)

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

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Major purchases from related parties</u>		
Doco Petrol ve Danışmanlık A.Ş. ⁽³⁾	115.122	90.837
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	150.817	124.857
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	9.345.873	8.975.671
Erdemir Asia Pacific PTE LTD ⁽²⁾	412.643	1.618.029
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	715.341	941.718
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	1.447.066	959.318
Amsterdam Scrap Terminal B.V. ⁽³⁾	5.860.430	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	386.570	587.797
Omsan Lojistik A.Ş. ⁽³⁾	1.678.578	1.402.260
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	206.942	135.214
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	571.012	416.591
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	795.234	695.145
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	673.425	534.596
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	556.521	568.097
OYAK Yenilenebilir Enerji A.Ş. ⁽³⁾	106.016	1.344.437
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	255.474	410.566
Other	889.417	332.723
	<u>24.166.481</u>	<u>19.137.856</u>

The major purchases from related parties are generally due to the purchased raw material, material, energy 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 32 – RELATED PARTY DISCLOSURES (cont’d)

The Company earned TRY 420.047 thousand (31 December 2024: TRY 928.727 thousand) of revenue from related party transactions of the twelve month period of 2025, amounting to TRY 16.124 thousand of interest income and TRY 403.923 thousand of interest accrued on term.

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

The period end balances are secured and their collections will be done in cash. Other receivables from related parties balances are non-secured, interest-bearing and their collections will be done in cash. As of 31 December 2025, the Company provides no provision for the doubtful receivables from related parties (31 December 2024: None).

Salary, premium and similar benefits provided to executive managers:

The company's key management team consists of the Board of Directors, General Manager and Assistant General Managers. For the year ended 31 December 2025, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Company is TRY 42.997 thousand (31 December 2024: TRY 27.264 thousand).

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional information about financial instruments

(a) Capital risk management

The Company manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Company, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Company consists of debt which includes the financial liabilities disclosed in Note 8, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings as disclosed in Note 22.

The Company’s Board of Directors analyzes the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Company, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(a) Capital risk management (cont’d)

As of reporting period the net debt/equity ratio is as follows:

	Note	31 December 2025	31 December 2024
Total financial liabilities	8	39.746.025	33.036.026
Less: Cash and cash equivalents	4	50.737.047	18.777.531
Net (credit) debt		(10.991.022)	14.258.495
Total adjusted equity (*)		148.574.979	117.789.149
Total resources		137.583.957	132.047.644
Net (credit) debt / Total adjusted equity ratio		-7%	12%
Distribution net (credit) debt / Total adjusted equity		-8/108	11/89

(*) Total adjusted equity is calculated by subtracting cash flow hedging reserves and actuarial (loss)/gain fund.

(b) Significant accounting policies

The Company’s accounting policies related to the financial instruments are disclosed in Note 2 “Summary of Significant Accounting Policies, 2.7.8 Financial Instruments”.

(c) Market risk

The Company is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Company follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Company prefers floating interest rates for long term borrowings. To hedge against the interest risk the Company uses interest swap agreements for some of its borrowings.

In the current period, there is no significant change in the Company’s exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(d) Credit risk management

Trade receivables include a large number of customers from various industries and regions. There is no risk concentration on a specific customer or a Company of customers. The majority trade receivables are assured by bank letters of guarantee and/or credit limits. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Company does not have a significant credit risk arising from any customer.

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative financial instruments
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
31 December 2025						
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	5.479.725	2.323.743		224.122	50.737.047	1.745
-Secured part of the maximum credit risk exposure via collateral etc.	5.435.982	1.861.073	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	5.479.725	2.323.743	-	224.122	50.737.047	1.745
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-	-
-secured part via collateral etc.	-	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-
-Overdue (gross carrying amount)	-	2.484	-	-	-	-
-Impairment (-)	-	(2.484)	-	-	-	-
-Secured part via collateral etc.	-	-	-	-	-	-
-Not overdue (gross carrying amount)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Secured part via collateral etc.	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

(Convenience Translation into English of Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(d) Credit risk management (cont’d)

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative financial instruments
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
31 December 2024						
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	4.258.096	3.148.374	-	158.012	18.777.531	220.288
-Secured part of the maximum credit risk exposure via collateral etc.	4.226.819	2.846.012	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	4.258.096	3.148.374	-	158.012	18.777.531	220.288
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-	-
-secured part via collateral etc.	-	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-
-Overdue (gross carrying amount)	-	2.173	-	-	-	-
-Impairment (-)	-	(2.173)	-	-	-	-
-Secured part via collateral etc.	-	-	-	-	-	-
-Not overdue (gross carrying amount)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Secured part via collateral etc.	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 –NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(d) Credit risk management (cont’d)

Explanation on the credit risk the company is exposed to:

In order to minimize credit risk, the Company has adopted the policy of obtaining collateral when it deems necessary to work with high-credibility parties and to reduce the risk of financial losses in default. The company monitors the credibility of the parties to which it is traded and takes into account the credit rating of the relevant instruments in its financial investments while making the investment choice. Credit ratings are obtained from independent rating agencies, if available. In case the credit ratings are not available or not, the Company makes its own evaluations about the credibility of its important customers by using the information obtained from the market and commercial records. The company updates these evaluations regularly and manages the credit risk by also considering the total transaction costs with the related parties. When accepting a new customer, the credibility of the customer is evaluated by the relevant departments and appropriate credit limits are defined by taking guarantee when necessary.

Credit risk is the Company's risk of financial loss as a result of the other party's failure to fulfill its contractual obligations. In order to minimize credit risk, the Company has made credit ratings considering the default risks of counterparties and categorized the relevant parties.

The current credit risk rating methodology of the Company includes the following categories:

Category	Explanation	Expected credit loss calculation method
Secured receivables	It consists of collateral-related receivables.	Expected credit loss is not created.
Collectable and overdue receivables	The default risk of the other party is low and it is covered.	Expected credit loss is not created.
Doubtful and overdue receivables	There is evidence to show that the related asset has been impaired by credit.	100% provision is reserved over the unsecured part of the receivable.
Deleted from records	There is evidence that the borrower is in serious financial trouble and the Company does not have an expectation to collect the relevant amounts.	It is completely removed from the records.

İSKENDERUN DEMİR VE ÇELİK A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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

NOTE 33 –NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**Additional information about financial instruments (cont’d)****(e) Foreign currency risk management**

As of 31 December 2025, stated in Note 2.7.8 the foreign currency position of the Company in terms of original currency is calculated as it as follows:

	31 December 2025			
	TRY (Presentation currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	806.865	168.912	12.687	-
2a. Monetary financial assets	6.868.422	6.808.527	1.191	21
2b. Non- monetary financial assets	140.220	134.247	119	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	7.815.507	7.111.686	13.997	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	77.457	77.457	-	-
6b. Non- monetary financial assets	2.318.453	170	46.102	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	2.395.910	77.627	46.102	-
9. Total assets (4+8)	10.211.417	7.189.313	60.099	21
10. Trade payables	6.950.734	4.504.828	48.009	99.582
11. Financial liabilities	1.871.421	1.520.920	6.958	-
12a. Other monetary financial liabilities	1.839.860	1.822.822	338	-
12b. Other non-monetary financial liabilities	40.598	-	806	-
13. Current liabilities (10+11+12)	10.702.613	7.848.570	56.111	99.582
14. Trade payables	-	-	-	-
15. Financial liabilities	1.911.672	509.659	27.831	-
16a. Other monetary financial liabilities	2.687.257	2.687.257	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	4.598.929	3.196.916	27.831	-
18. Total liabilities (13+17)	15.301.542	11.045.486	83.942	99.582
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(524.119)	-	(10.404)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	524.119	-	10.404	-
20. Net foreign currency asset/liability position (9-18+19)	(5.614.244)	(3.856.173)	(34.247)	(99.561)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(7.508.200)	(3.990.590)	(69.258)	(99.561)
22. Fair value of derivative financial instruments used in foreign currency hedge	233	-	5	-
23. Hedged foreign currency assets	524.119	-	10.404	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	26.978.372	-	-	-
26. Imports	54.202.635	-	-	-

İSKENDERUN DEMİR VE ÇELİK A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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

NOTE 33 –NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**Additional information about financial instruments (cont’d)****(e) Foreign currency risk management (cont’d)**

As of 31 December 2024, the foreign currency position of the Company in terms of original currency is as follows:

	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			

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(e) Foreign currency risk management (cont’d)

The following table shows the Company’s sensitivity to a 10% (+/-) change in the TRY, EURO and Japanese Yen. 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.

As of 31 December 2025 asset balances are translated by using the following exchange rates: TRY 42,8457= US \$ 1, TRY 50,2859 = EUR 1, TRY 0,2729 = JPY 1, for liabilities balances are translated by using the following exchange rates: TRY 42,9229 = US \$ 1, TRY 50,3765 = EUR 1, TRY 0,2747 = JPY 1 (For assets 31 December 2024: TRY 35,2803= US\$ 1, TRY 36,7362 = EUR 1, TRY 0,2249 = JPY 1, For liabilities; TRY 35,3438 = US\$ 1, TRY 36,8024 = EUR 1, TRY 0,2264 = JPY 1).

	Profit/(loss) before tax after capitalization on tangible assets	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2025		
1- TRY net asset/liability	(399.059)	399.059
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(399.059)	399.059
5- Euro net asset/liability	(349.026)	349.026
6- Hedged portion from Euro risk (-)	(52.412)	52.412
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(401.438)	401.438
9- Jap. Yen net asset/liability	(2.735)	2.735
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	(2.735)	2.735
TOTAL (4+8+12)	(803.232)	803.232

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(e) 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

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company’s short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Company manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

The following table details the Company’s remaining contractual maturity for its derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(f) Liquidity risk management (cont’d)

Liquidity risk tables (cont’d)

31 December 2025

<u>Contractual maturity analysis</u>	Book value	Total cash outflow per agreement (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than five years (IV)
Non derivative financial liabilities						
Borrowings from banks	39.084.185	43.714.468	4.139.100	5.411.406	32.649.010	1.514.952
Lease borrowings	661.840	2.860.326	40.826	122.479	211.617	2.485.404
Trade payables	33.972.174	33.972.174	22.725.536	11.246.638	-	-
Other financial liabilities (*)	952.780	952.780	952.780	-	-	-
Total liabilities	74.670.979	81.499.748	27.858.242	16.780.523	32.860.627	4.000.356
Derivative financial liabilities						
Derivative cash inflows	1.745	529.525	529.525	-	-	-
Derivative cash outflows	(1.605)	(529.525)	(529.525)	-	-	-
	140	-	-	-	-	-

(*) Only the financial liabilities under other payables and liabilities are included.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(f) Liquidity risk management (cont’d)

Liquidity risk tables (cont’d)

31 December 2024

<u>Contractual maturity analysis</u>	Book value	Total cash outflow per agreement (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than five years (IV)
Non derivative financial liabilities						
Borrowings from banks	32.727.467	37.298.805	8.221.122	5.353.400	21.899.062	1.825.221
Lease borrowings	308.559	1.079.513	20.025	60.076	140.895	858.517
Trade payables	12.328.734	12.328.734	12.328.734	-	-	-
Other financial liabilities (*)	943.589	943.589	943.589	-	-	-
Total liabilities	46.308.349	51.650.641	21.513.470	5.413.476	22.039.957	2.683.738
Derivative financial liabilities						
Derivative cash inflows	28.785	1.247.363	785.269	462.094	-	-
Derivative cash outflows	-	(1.247.363)	(785.269)	(462.094)	-	-
	28.785	-	-	-	-	-

(*) Only the financial liabilities under other payables and liabilities are included.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

(g) Interest rate risk management

The company obtains a portion of its debt at a variable interest rate, and although not always applied, depending on market conditions, it fixes interest rates for a portion of these debts using interest rate swap contracts to hedge against interest rate risks.

In addition, through the use of deposits in which the Company has a right to claim the accrued interest when withdrawn before the predetermined maturity, the Company minimizes the interest rate risk by increasing the share of floating rate denominated assets in its the balance sheet.

Furthermore, for borrowings denominated in foreign currencies, except for US Dollars, the Company minimizes its interest rate risk by leveraging in foreign currencies that bear lower interest rate. In addition, a higher interest rate is applied to the trade receivables with a maturity when compared to the interest rate exposed for trade payables.

Interest rate sensitivity

The following sensitivity analysis is based on forecasted interest rate changes for the liabilities denominated in variable interest rates. The information details the Company’s sensitivity to an increase/decrease of 0,50% for US Dollars and EURO, 1,00% TRY denominated interest rates.

Since the principal payments of the loans with floating interest rates are not affected from changes in interest rates, the risk exposure of the Company loans is measured using a sensitivity analysis instead of a Value at Risk calculation.

	31 December 2025	31 December 2024
Floating Interest Rate Financial Instruments		
Financial liabilities	9.448.630	8.782.051

For the year round, if the US Dollars and EURO denominated interest rates increase/decrease by 100 base points in TRY, 50 base points in US Dollars and EURO points in respectively ceteris paribus, the profit before taxation and non-controlling interest after considering the effect of capitalization and hedging would be lower/higher TRY 46.683 thousand (31 December 2024: TRY 42.611 thousand).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

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
31 December 2025				
Financial Assets				
Cash and cash equivalents	50.737.047	-	-	50.737.047
Trade receivables	7.803.468	-	-	7.803.468
Financial investments	-	-	72.798	72.798
Other receivables	224.122	-	-	224.122
Derivative financial instruments	-	-	1.745	1.745
Financial Liabilities				
Financial liabilities	39.746.025	-	-	39.746.025
Trade payables	33.972.174	-	-	33.972.174
Other liabilities	952.780	-	-	952.780
Derivative financial instruments	-	92	1.513	1.605
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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Company by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont’d)

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values (cont’d)

31 December 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	71.637	-	71.637	-
Derivative financial assets	1.745	-	1.745	-
Derivative financial liabilities	(1.513)	-	(1.513)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial liabilities	(92)	-	(92)	-
Total	71.777	-	71.777	-

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 Financial Statements Originally Issued in Turkish – See Note 36)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

NOTE 35 – SUBSEQUENT EVENTS

None.

NOTE 36 – OTHER ISSUES AFFECTING THE FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Convenience translation to English:

As at 31 December 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.