
ERDEMİR
INTEGRATED ANNUAL REPORT 2025
Beyond
Today

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Beyond Today

The world is changing—balances are shifting, horizons are expanding. Endeavoring to shape the world of tomorrow, we move ahead with a mindset that goes beyond managing today's needs. We are forging a more advanced future in every link of our value chain, combining a production strength that brings steel to life with our sustainability approach, people-centric culture, and technological transformation vision. Positioning ourselves in the flow of the future, we turn our perspective forward.

Fortified with a fully integrated structure from ore to steel, we take responsibility at every stage of production, realizing our investments to strengthen efficiency, resilience, and sustainable growth.

Together with our employees, business partners, and young talents, we bring people, technology, and sustainability together under a shared vision. We do more than produce—we carry value creation into all our tomorrows.

Sharing the Future

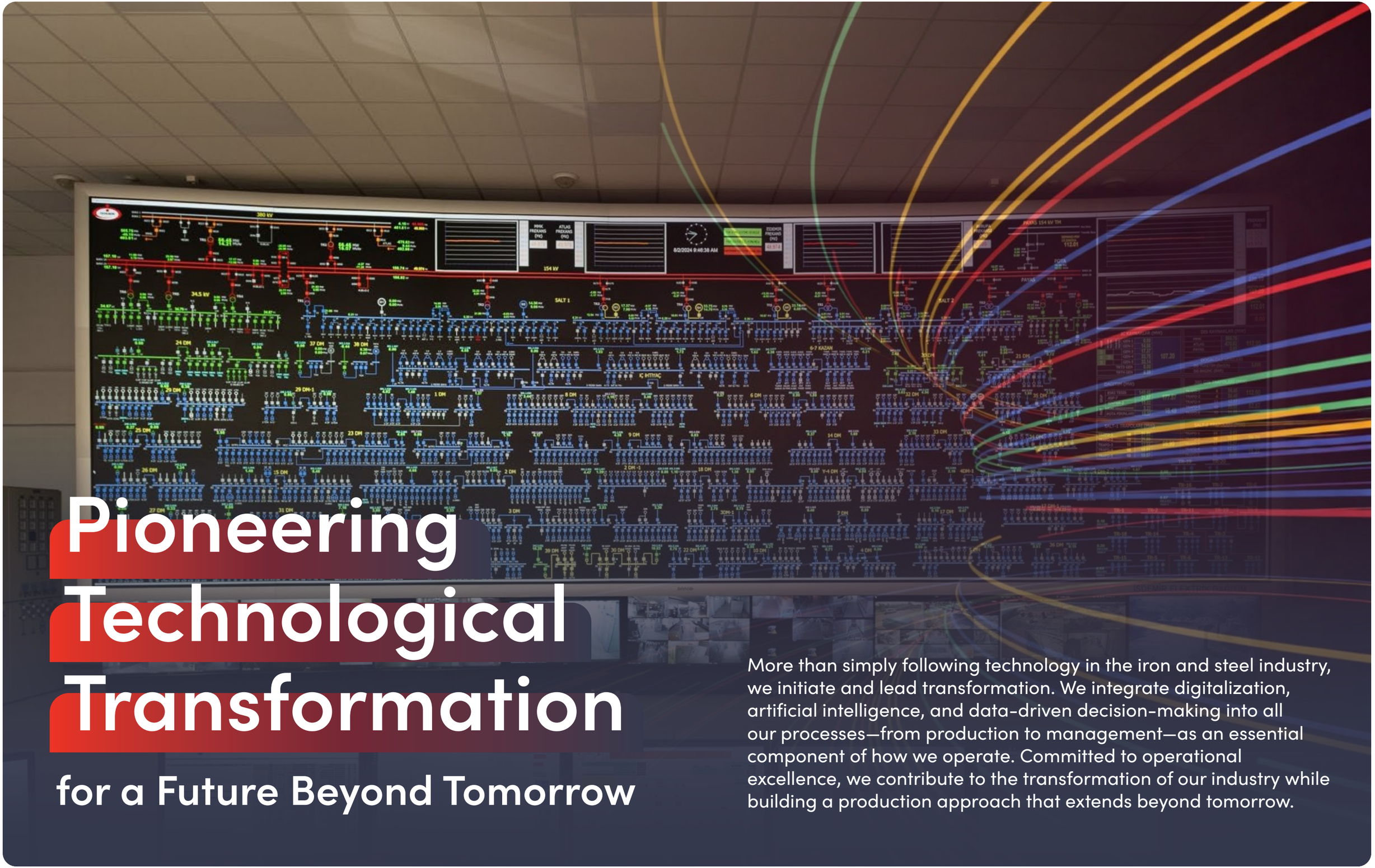
for Success Beyond Today

We look beyond merely producing steel for today; by accurately interpreting a changing world, we build a better tomorrow together with our stakeholders. We define success not only by today's results, but by the value we leave for the next generations. We consistently place transparency, sustainable value creation, and collective wisdom at the heart of how we work, making progress possible together.

A Steel Ecosystem

Beyond Boundaries

Operating a fully integrated production structure extending from mining to the final product, we form the backbone of Türkiye's steel ecosystem. Centering on domestic resources, we manage every link of the value chain within a strong, holistic system, leveraging our production power to contribute to the development of national industry. While bolstering supply security, we carry value creation beyond borders through the steel ecosystem we have built.



Pioneering Technological Transformation

for a Future Beyond Tomorrow

More than simply following technology in the iron and steel industry, we initiate and lead transformation. We integrate digitalization, artificial intelligence, and data-driven decision-making into all our processes—from production to management—as an essential component of how we operate. Committed to operational excellence, we contribute to the transformation of our industry while building a production approach that extends beyond tomorrow.

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About the Integrated Annual Report

An integrated powerhouse growing with mining and metallurgy

Scope and Standards Used
This report, the seventh integrated annual report of the OYAK Mining Metallurgy Companies, comprehensively presents the companies' management approaches and performance indicators across economic, social, and environmental dimensions. This report, which takes a holistic approach to financial and non-financial information, includes assessments of how the Mining Metallurgy Companies manage their business strategy aimed at long-term value creation, corporate culture, stakeholder relations, and risks and opportunities.

The report reflects the OYAK Mining Metallurgy Companies' management approach to material topics identified through broad stakeholder engagement in line with sectoral and global developments, as well as their future targets and planned investments.

The report primarily presents data on the Mining Metallurgy Companies, with particular focus on the main production facilities, Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and İskenderun Demir ve Çelik A.Ş. (İsdemir). The companies covered by the data presented are clearly specified in the relevant sections. The Integrated Annual Report 2025 has been prepared with reference to the International Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC) and the GRI Standards published by GRI. The scope of the report was established in accordance with the content determination methods described in the framework, based on the relevant principles, most notably the materiality principle. Performance statements are primarily presented within the framework of the "GRI Standards" disclosures.

Reporting Period
Unless otherwise stated, the numerical data in this report cover the operating period from January 1, 2025, to December 31, 2025.

The data in this report serve as a benchmark for the integrated annual reports that the Mining Metallurgy Companies will publish in future periods.

Reporting Cycle
The OYAK Mining Metallurgy Companies, which publish their integrated annual report on an annual basis, plan to continue reporting their activities annually in the coming years.

Audit
The financial indicators in this report are sourced from the independently audited consolidated financial statements of the Mining Metallurgy Companies. Content other than financial data has not been subject to any external audit or verification process.

Feedback
You can access the report on our official website at www.erdemir.com.tr and send any comments or suggestions to iletisim@erdemir.com.tr.



Our Mining Metallurgy Companies in 2025

Successful Operational Results

According to the results of the "Top 500 Industrial Enterprises of Türkiye" survey prepared by the Istanbul Chamber of Industry based on 2024 data, Erdemir ranked 9th, İsdemir 8th, Ersem 97th, Ermaden 223rd, and Kümaş 427th.

Erdemir ranked 15th among Türkiye's largest companies on the Fortune 500 Türkiye list, which covers all sectors except financial institutions and holding companies.

In the "Top 500 Companies in Türkiye" survey conducted by Capital magazine, Erdemir ranked 17th and İsdemir ranked 35th. In the sectoral ranking, Erdemir is 1st and İsdemir is 2nd.

In Türkiye's "Global 100" Companies survey conducted by Platin magazine in collaboration with Ipsos, Erdemir ranked 7th overall and 1st in its sector, while İsdemir ranked 22nd overall and 2nd in its sector.

According to the Corporate Governance Principles Compliance Rating Report published by the Capital Markets Board of Türkiye (CMB), Erdemir continued its steady rise, increasing its corporate governance rating from 8.83 in 2015 to 9.72 (97.2%) in 2025; İsdemir raised its score from 9.45 in 2020 to 9.72 (97.2%).

6,855 thousand tons Flat Finished Product Production	**USD 501 million** EBITDA
928 thousand tons Long Finished Product Production	**9.4%** EBITDA Margin
2,653 thousand tons Magnesite and Ore Production	**USD 775 million** Investment Expenditure
1,555 thousand tons Exports	**TL 150 million 966 thousand** R&D Expenditure
USD 5.3 billion Sales Revenue	**USD 13 million** Net Profit

Our Mining Metallurgy Companies in 2025



Award-winning projects creating future value

AWARDS

Ersem received the Digitalization Award as part of the TİSK Common Tomorrows Award Program.

Ersem received an award in the OHS Ambassadors category at the Stars of Occupational Safety Competition, organized by the Turkish Employers' Association of Metal Industries (MESS), for its "Safe Production Line" Project.

Erdemir received the SAP Digital Transformation Award of the Year in the iron and steel sector.

İsdemir received an award in the Green Transformation category at the TİSK Common Tomorrows Project Competition for its BLT Top Recovery System project.

Corporate Profile

Full integration across every link of the value chain

As the OYAK Mining Metallurgy companies, we operate across a broad value chain encompassing flat and long steel production, mining, steel service center operations, engineering, energy, and industrial gas production.

12,824

Number of employees

As the OYAK Mining Metallurgy Companies, we have been guiding the development of Türkiye's industry for over 60 years; we create long-term value for our country with our strong production capabilities, comprehensive value chain, and sustainability-focused approach. With our integrated structure, we carry the responsibility of being the industry's leading player and occupy a central position within the steel ecosystem.

With products and services developed on the foundations of quality, efficiency, and innovation, we anticipate our customers' evolving needs and deliver solutions that provide a global competitive advantage. While strengthening our position as a pioneer of technological transformation in the industry through our digitalization and technology investments, we make a strategic contribution to Türkiye's economy with our role in production, exports, and employment.

Our group of 11 companies, comprising Erdemir, İsdemir, and our affiliates, spans a broad value chain encompassing flat and long steel production, mining, steel service center operations, engineering, energy, and industrial gas production. According to World Steel Association data, our crude steel production places us among the leading producers in Europe, and we consistently maintain our position in the global market.

With the Erdemir R&D Center, the first ministry-approved R&D Center in Türkiye's steel industry, we conduct projects on advanced steel technologies, product development, resource efficiency, and alternative raw materials, continuously strengthening our innovation capacity. With our high-capacity ports in Karadeniz Ereğli and İskenderun, we enhance supply chain efficiency and contribute to the regional economy.

Our 12,824 employees are at the center of our sustainable value creation model. We continue to develop inclusive and talent-oriented practices for the development, well-being, and safety of our employees, and to build a strong OHS culture based on the principle that "every accident is preventable."

Considering the impacts of climate change and our environmental responsibilities, we invest in energy efficiency, low-carbon technologies, and circular economy practices. Thus, we take responsibility not only for today but also for a long-term sustainable future, shaping that future together with our industry and stakeholders.



Hot Rolling Mill

Corporate Profile

OYAK Mining Metallurgy Companies



Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir)

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir), which has played a critical role in the development of Türkiye's industry, commenced production on May 15, 1965, at its facilities in Karadeniz Ereğli to meet the country's flat steel demand. A cornerstone of Türkiye's industrialization drive since its establishment, Erdemir continues its operations today under the umbrella of the OYAK Mining Metallurgy Companies as Türkiye's largest integrated flat steel producer.

Drawing on technical expertise and production experience gained over its deep-rooted history of more than 60 years, Erdemir continues to produce hot and cold rolled flat steel, plate, tin-coated, chrome-coated, and galvanized sheet products in accordance with international quality standards. With a capacity of approximately 4 million tons of crude steel and 5 million tons of finished products, it ranks among the world's leading steel producers.

Erdemir's product portfolio provides basic inputs to a wide range of sectors, including automotive, white goods, pipe and profile, rolling mill, general manufacturing, electrical and electronics, machinery, energy, heating equipment, shipbuilding, defense, packaging, and renewable energy, thus directly contributing to the country's industrial competitiveness. This wide range of applications makes Erdemir an indispensable component of Türkiye's production ecosystem.

As the sole plate producer in Türkiye, Erdemir also operates one of the largest ports in the Black Sea Region, enhancing its logistics capabilities while adding strategic value to the regional economy. This port capacity, which increases supply chain efficiency, is an important element of Erdemir's integrated production structure.

Today, through its investments in sustainable production, high value-added product development, digitalization, and operational excellence, Erdemir leads Türkiye's steel ecosystem, strengthening the industry's present and shaping its future together with its stakeholders.



İskenderun Demir ve Çelik A.Ş. (İsdemir)

İsdemir, whose foundations were laid in İskenderun on 3 October 1970, is an integrated iron and steel plant which had third-highest steel production capacity and highest liquid steel capacity in Türkiye as of its establishment date. İsdemir was transferred to Erdemir in 2002 on the condition that it would produce flat products.

The Company is one of the most important steel producers in the world, with finished product production capacities of 5.8 million tons of liquid steel, 3.5 million tons of flat products, 0.6 million tons of coil and 2.5 million tons of billet per year.

As Türkiye's only integrated steel plant capable of producing both long and flat products simultaneously, İsdemir has continued its investments in line with the needs of the country's industry since its establishment, thanks to its broad product portfolio and production capacity.



Erdemir Madencilik San. ve Tic. A.Ş. (Erdemir Maden)

Erdemir Maden initiated ore extraction operations in 1938 in the Divriği district of Sivas, subsequently continuing as Iron Mines Enterprise from 1940. Incorporated into the Erdemir group in 2004, Erdemir Maden distinguishes itself as the proprietor of the sole pellet facility addressing the requirements of Türkiye's iron and steel industry.

The Company furnishes the Turkish steel sector with indigenous raw materials through its production capacity of 1.5 million tons of pellets alongside 750 thousand tons of hematite lump and powder ore.

In addition to its concentration and pellet facility situated in Sivas Divriği, Erdemir Maden controls a portfolio of 16 mining sites, comprising 12 iron fields, one coal and quartz sand field, one manganese field, and two clay deposits.

It accounts for 44% of Türkiye's viable iron ore reserves. Operating independently, Erdemir Maden covers 33% of the national iron ore production and satisfies 14% of the country's ferrous raw material demand.



Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (Ersem)

Ersem was founded in Gebze in October 2001 and entered operation in 2002 with a cold slitting line capacity of 150,000 tons/year of and cold size cutting line capacity of 100,000 tons/year. In addition to the automotive and white goods industries, the Company provides high-quality services to companies operating in various branches of industry such as general machinery and manufacturing, the heat industry and electric electronics at its steel service providing centers.

Serving Türkiye's key industrial regions, Ersem quickly meets customers' immediate demands with a total production capacity of 2.09 million tons. Türkiye's largest steel service center, Ersem operates four production facilities located in Gebze, Karadeniz Ereğli, İskenderun, and Manisa.

Ersem's competencies allow it to quickly meet the immediate demands of its customers, with the Company able to ship products at the desired quality and size, on time and to the requested place, while managing stocks and responding to various requirements such as production to narrow tolerances and deliveries in small batches.



Erdemir Romania S.R.L. (Erdemir-Ro)

Erdemir Romania was founded in Targovishte, Romania, and became one of our Mining Metallurgy Companies in 2002. The Company produces siliceous flat steel, a principal input for the engine, transformer and generator industries.

Erdemir Romania, which has commanded a key position in this field in Europe, directs 20% of its production to the Romanian domestic market while exporting 80% of its production to various countries, especially in Europe.

With an annual production capacity of 120 thousand tons, Erdemir Romania supplies fully processed NGO (non-grain oriented) grades to the market and offers products and services for all electronic-technical applications, electric motor, power transformer and generator manufacturing industries, drawing upon over 50 years of technical expertise.

The Company, strategically positioned near Europe's main transportation routes in Romania, operates within OYAK Mining Metallurgy, Türkiye's largest steel producer. Through group synergy, the Company enhances our technical and financial strength with an operational model compliant with ISO 9001, ISO 14001, ISO 45001 and ISO 50001 standards. Furthermore, in 2023, we reaffirmed our sectoral excellence by obtaining the IATF 16949:2016 Quality Management System Certificate, which attests to the superior quality of our products and the conformity of our processes with automotive industry standards.

Corporate Profile



Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş.

Erdemir Engineering was founded in 2001 and joined the OYAK Group Companies in 2006.

Erdemir Engineering develops value-creating projects for its clients by providing engineering solutions for the iron and steel sector, producing integrated solutions to international standards with sustainability at their core.

Encompassing all major engineering disciplines, Erdemir Engineering delivers comprehensive engineering and project management services, from feasibility studies to implementation, including project management, design, procurement, contract management and supervision. Whilst creating distinction in the sector through innovative and high-caliber future-oriented projects, the Company leads the sustainable transformation process in alignment with the net-zero carbon target by 2050.

Erdemir Engineering prioritizes efficiency, energy conservation and minimal environmental impact in the installation of facilities that are subject to investment projects.



Kümaş Manyezit Sanayi A.Ş.

Kümaş is Türkiye's leading and largest vertically integrated refractory producer. All operations, from mineral supply to the sales process, are carried out by the Company.

Established in Kütahya in 1972, Kümaş Manyezit San. A.Ş. started to produce sinter magnesite from natural magnesite ore in 1976. The Company has rich magnesite and dolomite resources and reserves. The Company, the market leader of the Turkish refractor industry in terms of its reserves and size, owns mining sites in Kütahya, Eskişehir, and Konya. Kümaş Manyezit primarily serves iron and steel, as well as concrete and glass industries.

Kümaş Manyezit, the world's largest mining operator in the quality magnesite ore sector and market leader in Türkiye's refractory sector, was acquired by Erdemir on 3 February 2021. With this acquisition, we aim for cost control and productivity increases through vertical integration.

Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., a subsidiary of Kümaş Manyezit, was transferred to Yenilikçi Yapı Malzemeleri Yatırım Üretim San. ve Tic. A.Ş. on 10 May 2022 with all its assets and liabilities, resulting in the merger of the two companies.



Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş.

Yenilikçi Yapı Malzemeleri was established in 2013 as a 100% subsidiary of Kümaş Manyezit Sanayi A.Ş. to contribute to the national economy, prevent environmental pollution, and ensure sustainability.

The Company merged with Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., another subsidiary of Kümaş Manyezit, effective from 10 May 2022, forming Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş.

Yenilikçi Yapı Malzemeleri, operating in the recycling sector for approximately twenty years, joined the affiliated companies following Erdemir's acquisition of Kümaş Manyezit in 2021.



Erdemir Enerji Üretim A.Ş.

The Company was established with Erdemir providing 100% of the capital for the purpose of producing renewable energy. The "Kızılcapınar Hydroelectric Power Plant," which was realized within the body of Erdemir Energy, is located in the Kızılcapınar Village of the Karadeniz Ereğli district of Zonguldak.

Kızılcapınar HEPP became operational on 18 June 2021 as a renewable hydroelectric power plant within the framework of the Ministry Acceptance Certificate issued by the Ministry of Energy and Natural Resources.

Kızılcapınar HEPP features two units, one 4.28 MWm/4.13 MWe and one 1.26 MWm/1.22 MWe, with a total installed capacity of 5.54 MWm/5.35 MWe. Subject to hydrological conditions, the plant's average annual production capacity is 18 million 700 thousand kWh.



İsdemir Linde Gaz Ortaklığı A.Ş.

İsdemir Linde Gaz Ortaklığı A.Ş. was established in a 50-50 partnership with Linde Gas Türkiye in order to meet Isdemir's additional needs for industrial gas and reduce the costs of the existing industrial gas system. The Company began its operations in December 2016.



Erdemir Asia Pacific PTE. LTD.

Founded in Singapore in 2014 as a 100% subsidiary of Erdemir, the Company has conducted Erdemir's commercial activities in the Far East since its establishment.

Region of Operation

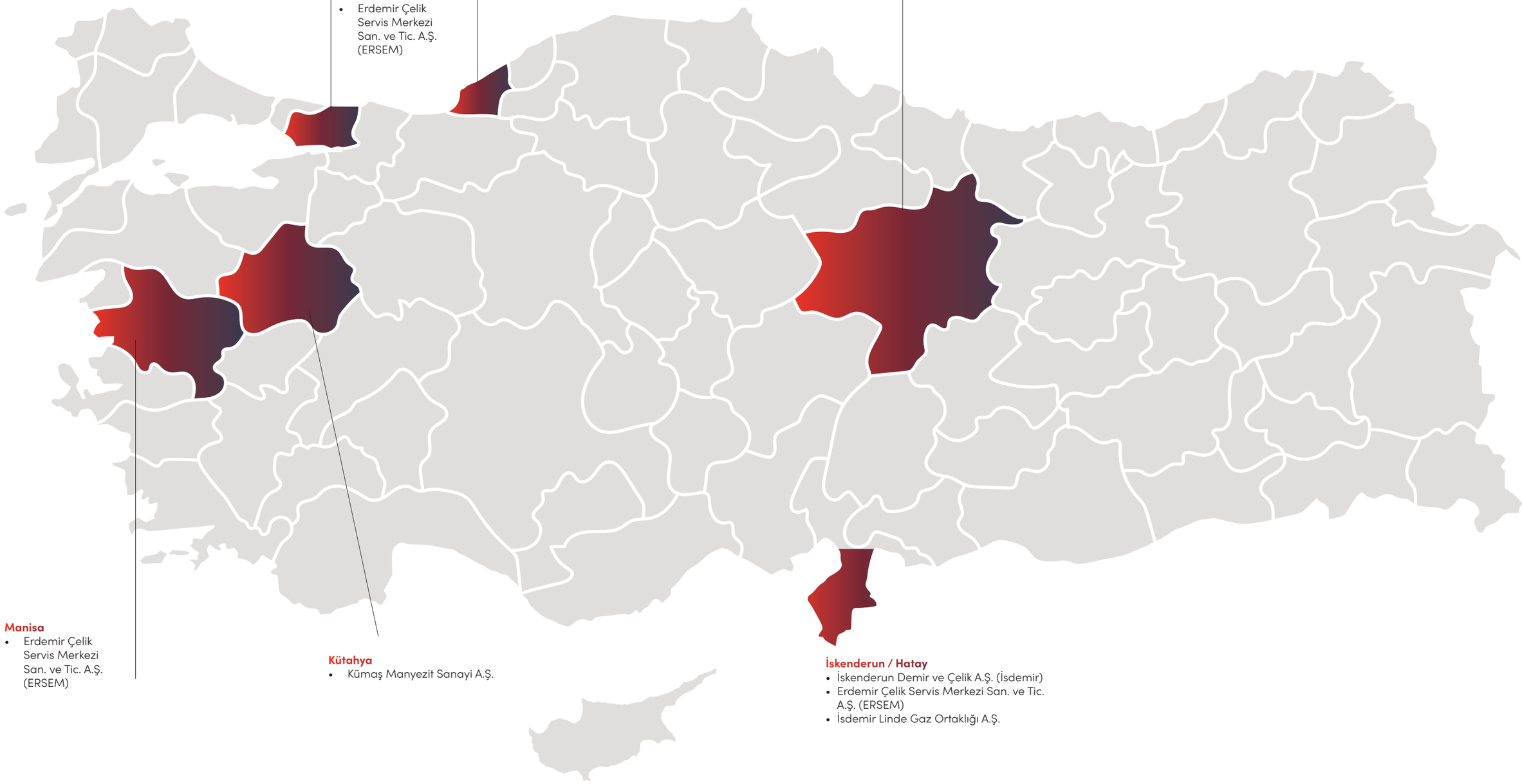
Karadeniz Ereğli / Zonguldak
- Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (ERDEMİR)
- Erdemir Enerji Üretim A.Ş
- Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (ERSEM)

Gebze / Kocaeli
- Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (ERSEM)

Divriği / Sivas
- Erdemir Madencilik San. ve Tic. A.Ş. (ERDEMİR MADEN)

Târgoviște-Romania
- Erdemir Romania S.R.L.

Singapore
- Erdemir Asia Pacific PTE. LTD.



Manisa
- Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (ERSEM)

Kütahya
- Kümaş Manyezit Sanayi A.Ş.

İskenderun / Hatay
- İskenderun Demir ve Çelik A.Ş. (İsdemir)
- Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (ERSEM)
- İsdemir Linde Gaz Ortaklığı A.Ş.

Our Journey of Sustainable Success

Increasing production capacity with new-generation investments

1960

A special law was enacted for the establishment of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir), and Erdemir was founded.



Excavation, construction and assembly works of the facility started.

1961



İskenderun Demir ve Çelik A.Ş. (İsdemir) was founded.

1965

Erdemir started production on May 15 with an annual capacity of half a million tons of crude steel and 400 thousand tons of flat steel.

1970



With the completion of the Phase I Expansion Investments, Erdemir's annual crude steel capacity increased to 1.5 million tons.

1972

Crude steel capacity increased to 800 thousand tons with interim expansion investments.

1978

With the opening of the Istanbul Stock Exchange (BIST), Erdemir shares started to be traded on the stock exchange.

1983

Phase II Expansion Investments were completed. (Capacity: 1.7 million tons/year crude steel)

1986



Within the scope of the KAM I and KAM II investment projects, Erdemir's annual capacity increased to 3 million tons of crude steel.

1987

Following the completed investments, a crude steel capacity of 2 million tons was reached.

1996



Erdemir Port, the largest port on the Black Sea coast, was put into operation.

1997

The 2nd Cold Rolling Mill Facilities, which significantly expanded Erdemir's product portfolio, were commissioned.

1998



Flat steel production exceeded 3 million tons capacity.

1999

The Tin Chrome Plating Line with an annual capacity of 290 thousand tons was commissioned at Erdemir.

2000

İsdemir and Erdemir Romania incorporated Erdemir.

2001

Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. was established. Çelik Servis Merkezi San. ve Tic. A.Ş. (Ersem) began operations in Gebze with an annual capacity of 150 thousand tons.

2002

The tender process for the privatization of Erdemir began on May 30, 2005.

2004

Divriği-Hekimhan Madenleri San. ve Tic. A.Ş. (DİVHAN) was acquired and its title was changed to Erdemir Madencilik San. ve Tic. A.Ş.

Erdemir received the Competence in Excellence Award at the European Quality Award and the Achievement Award in the Large Scale Organizations category of the National Quality Award.

2005

The New Blast Furnace No. 1 Ayşe, which was entirely the work of Erdemir engineers and workers from the project to its construction and commissioning, was commissioned.

İsdemir produced the first flat finished product coil at the Hot Rolling Mill with a capacity of 3.5 million tons, which was established within the scope of Modernization and Transformation Investments.

2006

Erdemir was acquired by OYAK. İsdemir realized its first slab production. Erdemir won first place in the Management Category of the EU Environment Awards Türkiye Program.

The first slab was produced within the scope of modernization and transformation investments at İsdemir.

2008



Ersem commissioned its new steel service center at its Ereğli facilities. Erdemir's Environmental Management Process-Environmental Performance Index and Sustainability Activities were among the best practices that will represent our country in the competition for the Selection of the Best Practices in the Field of Sustainable Development and Green Economy in Türkiye.

2011

İsdemir's 4th Blast Furnace was commissioned.

Erdemir Maden's Ekinbaşı facility began operations.

2012



To carry out purchasing, marketing, and sales activities in the Asia-Pacific Region, Erdemir Asia Pacific Pte. Ltd. was established as a wholly-owned subsidiary of Erdemir.

2013

Erdemir's headquarters moved to Istanbul.

2014



Erdemir brought Türkiye's first steel R&D Center approved by the Republic of Türkiye Ministry of Science, Industry and Technology to the sector. Erdemir's has outlined its 2020 vision.

2015

Ersem Manisa Steel Service Center was opened.

Erdemir celebrated its 50th anniversary.

2016

İsdemir achieved a first in Türkiye and exceeded 5 million tons in liquid iron production.

In order to support İsdemir's industrial gas production, İsdemir Linde Gaz Ortaklığı A.Ş. was established through a 50%-50% partnership with the German Linde Group.

2018

The 8th Air Separation Plant was commissioned by İsdemir Linde Gaz Ortaklığı A.Ş.

2019



Erdemir Enerji A.Ş. was established.

Erdemir Maden started a coal field investment in Alacaağzı, Zonguldak.

2020

Erdemir celebrated the 55th anniversary of its commissioning and İsdemir celebrated its 50th anniversary.

Erdemir, İsdemir, Ersem and Erdemir Maden facilities received the zero waste certificate.

Erdemir Maden opened the Ore Production and Enrichment Plant to produce pellets by bringing the ore from Hasançelebi in Malatya to Divriği.

2021



Kümaş Manyezit, which is the world's largest mining operator in the quality magnesite ore sector in and the Turkish market leader in the refractory sector, was acquired by Erdemir.

2023-2024

Erdemir commissioned its new 2nd Blast Furnace Zübeyde on the 100th anniversary of the Republic of Türkiye.

Erdemir and İsdemir established the "Net Zero Roadmap" green transformation strategy. Toward the 2050 Net Zero emission target, decarbonization efforts were accelerated.

2025



Erdemir celebrated its 60th anniversary of operations.

Erdemir's 4th Coke Battery and By-Products Plant and İsdemir's new-generation No. 1 Blast Furnace, Türkiye's highest-capacity blast furnace, were commissioned.

From the Management

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Message from the Chairman

Strong steel production: the key to industrial development

The strategic importance of sectors that form the foundation of industry—such as the steel sector—continues to rise around the world.



Dear Stakeholders,

We are experiencing a time in which established practices, approaches, and expectations are losing relevance, giving way to a profound transformation across nearly every field. As traditional balances in the global economy are reshaped, uncertainties are increasing and regional fragmentation becoming more pronounced.

Escalating geopolitical tensions, rising tariffs, and higher levels of economic protectionism—particularly the trade and political frictions between the US and the rest of the world—are redefining the direction and rules of global trade. As countries and industries shift toward more closed economic models, global trade is evolving into a structure characterized by new alliances, alternative supply chains, and diverse forms of collaboration.

The strategic importance of steel and global transformation
Today, the old order is yielding to a new one. Long-standing assumptions are being dismantled, and alongside uncertainties, new and distinct areas of opportunity are emerging. Although this transformation process presents risks, it also offers potential; institutions that can move forward with a clearheaded assessment of these changes have the potential to create lasting competitive advantages in their respective fields.

In such an environment, the strategic importance of the steel sector, which forms the backbone of industry, is becoming increasingly evident worldwide. As a primary input for sectors ranging from infrastructure to defense and energy to automotive, steel production is widely recognized as an integral to economic independence, sustainable growth, and industrial strength.

The importance of established institutions is increasing
In an era of shifting global dynamics, the importance of—and the need for—industrial organizations that have strong, integrated, and responsible production capability is even more evident. In this context, long-established companies such as Erdemir and İsdemir, with over 60 years of history, stand out not only as production hubs but also as institutions representing their country's industrial memory, technical expertise, and strategic capacity.

In 2025, the global economy continued to grow despite ongoing uncertainties and geopolitical tensions. According to international organizations, global growth exceeded initial expectations at the beginning of the year, reaching approximately 3.3%, while the world economy shifted toward a more balanced trajectory compared to previous years.

On the inflation front, following markedly higher prices around the world in recent years, a normalization trend emerged in 2025. As global inflation declined, efforts to maintain price stability required many countries to pursue cautious monetary policies. This stance indicates that the search for stability in the global economy will remain a key agenda item in the period ahead.

Sustainability has become a competitive advantage
Amid these economic and geopolitical developments, the green transition and the fight against climate change continued to rank among the most strategic priorities on the global agenda.

Sustainability is no longer just an environmental responsibility, but a core determinant of countries' competitiveness, industrial policies, and long-term economic resilience. Circular economy practices, energy efficiency, and low-carbon production models play—and will continue to play—a decisive role in shaping both cost structures and the new dynamics of global trade. In a rapidly evolving world, this transformation becomes a strategic imperative, as well as a necessity, for industrial companies.

Türkiye maintained 22 consecutive quarters of growth
In 2025, the tangible results of policies centered on combating inflation became more evident in the Turkish economy. Inflation, at high levels at the beginning of the year, gradually declined due to tight monetary policy and coordinated policy actions, reaching 30.89% by year-end.

The Central Bank of the Republic of Türkiye (CBRT) reduced the policy rate from 47.5% to 38% as of December 2025, with reductions occurring gradually throughout the year and in line with the disinflation process. Meanwhile, the CBRT maintained a tight monetary stance and achieved a notable strengthening in reserves.

Supported by accelerating capital inflows, the CBRT's total gross reserves reached historical highs, contributing to a revision in the country risk premium (CDS) to around 205 basis points in December, marking the lowest level since 2018. In the fourth quarter of the year, the Turkish economy grew by 3.4% year-on-year, extending its growth streak to 22 consecutive quarters.

Türkiye ranked 7th in steel production
In 2025, global steel markets were also subject to uncertainties and regional divergences. While production declined in Europe and demand slowed in China, production rose in India, the United States, the Middle East, and Africa, driven by economic growth. Globally, steel production decreased by 2% year-on-year, falling to 1.8 billion tons. According to data from the World Steel Association, the global capacity utilization rate declined to 72%. This amplified the negative effects of oversupply, particularly in export-dependent countries, and increased price pressures.

In Türkiye, despite global volatility and rising import pressure, the steel market remained relatively resilient, supported by policies aimed at protecting domestic production. In contract to global decline, Türkiye increased its steel production by 3.3%, reaching 38.1 million tons in 2025; consequently, Türkiye became the seventh biggest steel producer in the world, rising from its previous ranking as the sixth largest producer.

In an environment where countries are instituting protectionist measures and global competition is intensifying, policy support remains critical in order for Türkiye to sustain its position as a self-sufficient and strong steel producer. In this context, regulatory changes to the Inward Processing Regime, along with the introduction of a requirement for at least 25% local sourcing in export products, positively impacted the support of domestic production.

Türkiye's largest blast furnace commissioned
In 2025, as OYAK Mining & Metallurgy Companies, we steadily continued to implement our investment programs in accordance with our long-term strategy. Within the scope of investments aimed at strengthening our production infrastructure, increasing efficiency, and supporting sustainable production, we commissioned the 4th Coke Oven Battery and By-Products Plant at Erdemir, as well as Türkiye's highest-capacity next-generation No. 1 blast furnace at İsdemir.

Message from the Chairman

Strong production performance sustained through operational resilience

As OYAK Mining Metallurgy Companies, we maintained our production strength and operational resilience while continuing our operations throughout 2025.

Replacing facilities that had served for many years, our new-generation infrastructure, equipped with advanced technology, high automation, and environmentally friendly applications, elevated both efficiency and quality in production to a higher level. In line with our 2030 strategy, we have established a strong foundation that prepares our companies for dynamic global conditions and the industrial needs of the future.

We completed a successful year
As OYAK Mining Metallurgy Companies, we upheld our production strength and operational resilience in 2025. Throughout the year, our total crude steel production reached 8.1 million tons, while our finished product output consisted of 6.8 million tons of flat products and 928 thousand tons of long products. On the export side, our total exports reached 1.5 million tons, with overseas sales accounting for approximately 20% of our total sales. We exported both flat and long products to various countries across different geographies.

Despite challenging global conditions and intense competition, our companies delivered a strong consolidated financial performance in 2025, achieving an EBITDA of USD 501 million and an EBITDA margin of 9.4%. These results stand as a clear reflection of our disciplined cost management, balanced production structure, and long-term strategic approach.

In addition to our financial achievements, this year we clarified our 2030 vision, both for the Group and particularly for our parent organization, OYAK. In line with our vision and strategies, we remain committed to reinforcing our industry leadership through innovative steps and creating sustainable, future-oriented value.

Renewable and alternative energy transformation
We consider sustainability as an integral part of all our operations and continue our transformation accordingly with our Net Zero Roadmap. In 2025, we strengthened our environmental performance through emission reduction projects, environmentally friendly production practices, and investments that enhance energy efficiency. Our focus areas included renewable energy sources, carbon capture and storage technologies, and production approaches based on the use of hydrogen and biochar, as well as alternative fuel projects—all of which are key components in transitioning our production processes toward a lower-carbon structure.

To institutionalize this approach, we established the Sustainability Working Group, adopting a holistic perspective across environmental, social, and governance (ESG) dimensions. On our journey toward net zero carbon, we aim to create lasting value for both today and future generations through our responsible production approach.

We reached another milestone in mining
The year 2025 also marked a strategic milestone for OYAK Mining Metallurgy Companies, not only in steel production but also in the mining sector. Through our subsidiary Ermaden, we took a significant step toward unlocking the country's underground resources with the discovery of 424 thousand ounces of gold at the Sivas-Alacahan site. In the coming period, we aim to further leverage this potential through additional drilling and reserve studies.

People at the core of transformation
As OYAK Mining Metallurgy Companies, we continue to create sustainable value for our country, with 12,824 employees and an estimated 300,000 indirect jobs supported, in keeping with our responsibility as one of Türkiye's largest direct employers. Across all the regions where we operate, we support regional development and contribute to the socioeconomic progress of local communities.

We believe that the steel industry of the future will be shaped by a workforce that is highly skilled, constantly evolving, and aligned with technology. Accordingly, we place people at the center of our transformation, boosting our collaborations with educational institutions and building an ecosystem where young individuals can experience production culture firsthand, learn by doing, and continuously develop themselves.

Consistently implementing best practices in the global steel industry, we move forward with strong and determined steps in an increasingly competitive global environment. Through our innovative approach and qualified human capital, we reinforce our sustainable success.

Managing tomorrow, today
These steps show that OYAK Mining Metallurgy is clearly oriented toward the future in the face of changing global dynamics and increasing uncertainties. As a company that forms the backbone of industry, we continue to grow our production strength in line with a responsible and sustainable approach, while addressing technology, human capital, and environmental responsibility in an integrated manner. As a pioneer of technological transformation in our sector, we manage today while building tomorrow, continuing to create long-term value for Türkiye's industry in line with our 2030 strategy.

The achievements we realize on this journey are made possible through the dedication of our teams, the trust of our customers, the contributions of our business partners and investors, and the guidance of OYAK, whose vision continues to illuminate our path. In this transformation journey—driven by collective wisdom, mutual trust, and determination—as OYAK Mining Metallurgy Companies, we will continue taking responsibility, building a shared future with our stakeholders, and contributing to our country with determination.

Sincerely,

Murat YALÇINTAŞ
Chairman of the Board of Directors

Board of Directors



Murat YALÇINTAŞ
Chairman of the Board of Directors
(Representative of OYTAŞ İç ve Dış Ticaret A.Ş.)



Mustafa Serdar BAŞOĞLU
Board Member and Executive Director
(Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)



İsmail DOĞAN
Board Member and Executive Director
(Representative of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş.)



Tolga SAYGUN
Board Member
(Representative of OMSAN Lojistik A.Ş.)



Ahmet TAŞKIN
Board Member
(Representative of OYAK Denizcilik ve Liman İşletmeleri A.Ş.)



Bekir Emre HAYKIR
Board Member
(Representative of the Republic of Türkiye Ministry of Treasury and Finance Privatization Administration)



Emre GÖLTEPE
Independent Board Member



Kadri ÖZGÜNEŞ
Independent Board Member



Sezai Afif ENSARİ
Independent Board Member

Senior Management



Atilla Adem AYDIN
Kümaş Manyezit Sanayi A.Ş.
General Manager

İbrahim ÖZBUNAR
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş.
General Manager

Halil YILDIRIM
Erdemir Madencilik Sanayi ve Ticaret A.Ş.
General Manager

Ayhan AKIN
İskenderun Demir ve Çelik A.Ş.
General Manager

Şaban YAZICI
Ereğli Demir ve Çelik Fabrikaları T.A.Ş
General Manager

Murat YALÇINTAŞ
Chairman of the Board of Directors (Representative of OYTAŞ İç ve Dış Ticaret A.Ş.)

Mustafa Serdar BAŞOĞLU
Board Member and Executive Director, Financial Management and Financial Affairs Group Vice President
(Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)

İsmail DOĞAN
Board Member and Executive Director
(Representative of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş.)

Tolga SAYGUN
Board Member
Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş.
General Manager
(Representative of OMSAN Lojistik A.Ş.)

Erdemir's Value Creation Process

38 Value Chain
40 Value Creation Model
42 Strategic Approach

Value Chain

Our Raw Materials

Coal



Iron Ore



Pellet

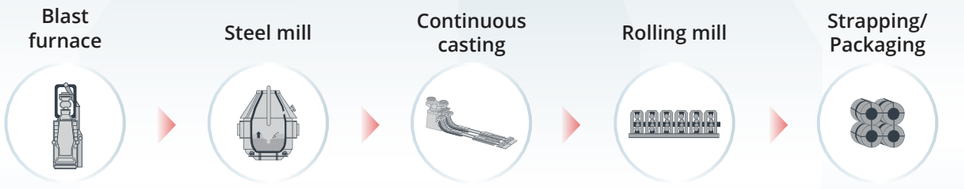


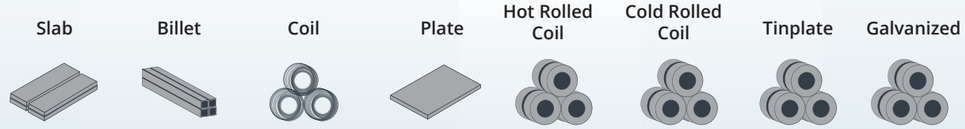
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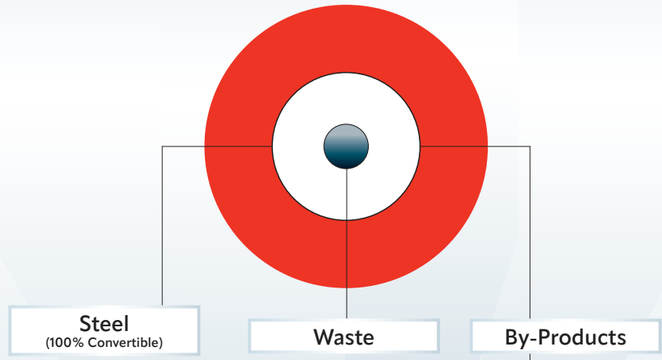


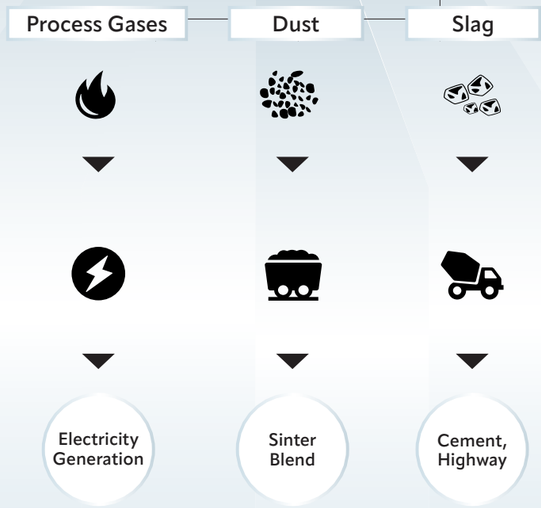
Integrated Production Process





Steel Production Outputs





Value Creation Model

Creating lasting value through end-to-end resource management

Erdemir transforms its wide range of inputs, from financial strength to natural resources, into high-quality economic outputs that generate societal benefits, through a productivity-focused business model.

Inputs

Financial Capital
- Net Sales Revenue: **USD 5.3 billion**
- Consolidated Net Assets: **USD 13 billion**

Produced Capital
- Liquid Steel Capacity: **9.7 million tons**
- **7 factories in 7 provinces**
- Investment Expenditures: **USD 775 million**

Human Capital
- Number of Employees: **12,824**
- Annual Average Training Hours per Employee: **42**

Intellectual Capital
- R&D Expenditures: **TL 150 million 966 thousand**
- Management Standards: **8**
- Number of Kaizen Initiated: **3,006**

Social Capital
- Membership of Institutions or Associations: **71**

Natural Capital
- Energy Purchased: **26 million 220 thousand 182 GJ**
- Energy Generated: **26 million 226 thousand 182 GJ**
- Surface Water: **69.2 million m³**
- Groundwater: **2.3 million m³**

Outputs

Financial Capital
- EBITDA: **USD 501 million**
- Taxes Paid: **USD million 16**
- Export Revenues: **USD 1.130 billion**

Produced Capital
- Liquid Steel Production: **8.2 million tons**
- Flat Product Production: **6,855 million tons**
- Long Product Production: **928 thousand tons**

Human Capital
- Indirect Employment: **~ 300 thousand**

Intellectual Capital
- New Product Gade: **14**
- Number of Registered Patents and Utility Models: **12**
- Number of Completed R&D Projects: **23**

Social Capital
- Social Project Contribution: **TL 69,047 thousand**

Natural Capital
- Energy Savings Achieved through Efficiency Projects: **1,346,609 GJ**
- Amount of Energy Gained from Waste Heat: **3,456,490 GJ**
- Reused Water: **1.06 billion m³**

Strategic Approach

Effective and strong governance in sustainability strategy

The Sustainability Working Group was positioned as a governance structure to support the effective implementation of the sustainability strategy.

OYAK Mining Metallurgy Companies redefined their vision for the 2026–2030 period at the Vision 2030 Workshop held on September 12–13, 2025.

As the OYAK Mining Metallurgy Companies, we are shaping a sustainable future through our people-centric approach and technology-driven transformation. While continuously improving our resource and capacity management, we are strengthening digital transformation and efficiency-focused practices in line with our goal of becoming a company that sets the standards of the future, and we are resolutely moving forward with the principle of creating long-term value for our stakeholders.

OYAK Mining Metallurgy Companies redefined their vision for the 2026–2030 period at the Vision 2030 Workshop held on September 12–13, 2025, setting a strong strategic direction centered on transformation, digitalization, and sustainability in business processes. Senior executives convened at the workshop to collectively shape the future roadmap of the OYAK Mining Metallurgy Companies, defining a holistic transformation approach that encompasses all business areas. In line with the defined vision and strategic priorities, all functions developed their own strategies; evaluation and strategic alignment meetings were held with senior management to ensure these strategies were aligned with corporate goals.

Following the Vision 2030 Workshop, the Sustainability Working Group was established in pursuit of one of our strategic priorities: embedding sustainability as a corporate culture across all OYAK Mining Metallurgy Companies. Integrating sustainability as a strategic element into all business processes and managing sustainability-related themes with a holistic, effective, and professional approach have become indispensable for corporate success and competitiveness. In line with this understanding, the Sustainability Working Group, which focuses on the principles of environmental responsibility, social impact, and strong governance, was launched at the end of 2025 with the priority of creating lasting value for all our stakeholders. The work carried out by the Sustainability Working Group will be reported to the Board of Directors.

The Sustainability Working Group was positioned as a governance structure to support the effective implementation of the sustainability strategy. To deepen sustainability efforts based on focus areas and increase their effectiveness, the following Sub-Working Groups were formed within the Working Group with the active participation of relevant functions:

- Sustainable Products and Customers
- Sustainable Production
- Occupational Health and Safety
- Sustainable Environment
- Sustainable Supply Chain
- Sustainable Energy
- Emission Reduction and Waste Valorization
- Finance
- Digital Transformation
- Human Resources
- Communication

This comprehensive governance structure in sustainability forms a fundamental part of our strategic integrity. To provide a solid foundation for the sustainable and resilient growth targets of our OYAK Mining Metallurgy Companies, our strategies have been structured under five main perspectives: Financial, Operational/Portfolio, Technology, Human Resources, and Communication.



Financial Perspective
Global excess capacity, increasing pressure on profitability, and the challenging financial conditions created by the general economic outlook make it a strategic necessity for companies to enhance resilience and maintain a robust financial structure. Accordingly, our OYAK Mining Metallurgy Companies, guided by a value- and results-oriented financial management approach, prioritize maintaining and enhancing our competitive market position, managing costs effectively, and planning investments in a manner that reduces resource dependency.

All processes, from raw material supply security to renewable energy investments and from product strategy to strong cash flow management, are holistically structured to position OYAK Mining Metallurgy Companies more competitively in the global arena.

Priorities
- Low cost
- Effective financial resource planning
- Investments to reduce resource dependency and lower costs

Focus Areas
- Cost optimization projects
- Capacity expansion investments

Operational/Portfolio Perspective
Responding to customer expectations with high standards, increasing resource efficiency on a corporate scale, reducing input dependency, and creating sustainable added value throughout the value chain are critically important for achieving a lasting competitive advantage in the industry. This operational excellence approach, which has long underpinned the activities of the OYAK Mining Metallurgy Companies and is intended to be further strengthened, remains one of the most important pillars of our companies' competitiveness at both national and global levels.

The "Transformation at Work" program, launched to advance this strong operational foundation, serves as a critical lever in the transformation journey of OYAK Mining Metallurgy Companies. The program, which aims to increase operational efficiency, enhance the employee experience, and create sustainable value through technology-driven elements such as AI-powered applications, digital decision-making mechanisms, process automation, and data analytics, contributes to establishing a more agile, flexible, and proactive business model across all functions by focusing on human-technology-business alignment.

Priorities
- Value-added products
- Effective positioning in the country's sphere of influence
- Production capability to meet market needs
- Reduction of production input dependency
- Effective sales and operations planning process

Focus Areas
- Raw material investments
- Electric arc furnace investment
- Renewable energy projects
- Small modular reactor technologies
- Energy efficiency projects
- Cost optimization projects
- Process efficiency projects

Strategic Approach

Leadership in sustainable production through technological transformation

Technological transformation aims to make our companies a benchmark in the industry for sustainable production.

> OYAK Mining Metallurgy Companies position the technology-driven production model not only as an innovative approach but also as the fundamental determinant of sustainable competitive advantage.

Technology Perspective
The information and automation infrastructure, matured through continuous improvement and development efforts, has created significant and lasting gains for OYAK Mining Metallurgy Companies in terms of effectiveness, efficiency, agility, control, and security in their business processes. Recognizing that technology is the primary accelerator of our companies' strategic transformation, the broader integration of advanced technologies into business processes is considered an indispensable element of being prepared for the industrial ecosystem of the future.

In this context, technology investments ranging from artificial intelligence to robotic process automation, and from advanced data analytics to open-source-based digital architecture, are designed with a holistic approach to make decision-making and production processes faster, more rational, predictable, controlled, adaptive, and secure.

Systematically raising the digital maturity level and extending technology across all workflows and processes during the 2026–2030 period will position OYAK Mining Metallurgy Companies more strongly and effectively in the future steel production ecosystem. OYAK Mining Metallurgy Companies position the technology-driven production model not only as an innovative approach but also as the fundamental determinant of sustainable competitive advantage.

Our R&D function, one of our core areas of expertise, ensures this transformation progresses in a manageable and measurable way by planning pilot and demonstration studies to provide technical data for scaling decisions, commercializing product and process innovations with a focus on market readiness, and expanding the use of digitalization and advanced analytics across our processes to support efficiency, quality, and emissions reduction targets. The R&D portfolio is managed along the "idea → laboratory → pilot → demonstration → investment/ standard production" pipeline using a Technology Readiness Level (TRL) approach, with risk, investment needs, gains, and sustainability impact defined for each stage. This approach ensures technology prioritization and resource allocation are aligned with strategic goals.

The development of low-carbon production processes and the strengthening of the R&D-focused product portfolio, along with targeted technology initiatives and R&D efforts, will further reinforce the cost-competitive and high-value-added structure of OYAK Mining Metallurgy Companies. Technological transformation aims to make our companies a benchmark in the industry for sustainable production.


Coil Rolling Mill

<u>Priorities</u>
- Low-carbon products
- Improving process and technology applications through operational excellence and R&D
- Digital alignment
- Green alignment

<u>Focus Areas</u>
- Corporate IT Governance Framework
- Small modular reactor technologies
- Renewable energy projects
- RPA applications
- Artificial Intelligence applications
- Data analytics and data governance projects
- Use of open-source infrastructure and software

Human Resources Perspective
Human capital is a critical element that determines the direction of strategic transformation and enhances the organization's capacity to adapt to the future. OYAK Mining Metallurgy Companies place investment in future competencies at the center of their strategic human resources management, taking employee development beyond today's requirements.

In this context, OYAK Mining Metallurgy Companies adopt an inclusive approach that is not limited to their own human resources but is based on creating value for all stakeholders. Supporting the socio-economic development of local communities through employment and economic contributions in the regions where it operates is among the fundamental elements of its corporate responsibility approach. As one of Türkiye's leading industrial employers, we contribute to the indirect employment of tens of thousands of people through our direct employment, extensive supply chain, and regional economic impact.

Talent acquisition and management, career development, digital skills transformation, and equal opportunity-based practices that enhance the employee experience play a strategic role in the transformation of our Company culture. Our efforts to position ourselves among the leading employers of choice represent a meaningful step toward strengthening our corporate culture, people management processes, and employee satisfaction.

Initiatives for academic, scientific, and technological collaborations have been launched to support the sustainable human resources development of OYAK Mining Metallurgy Companies, utilize the academic knowledge and research capacity of universities and research institutions in line with the needs of OYAK Mining Metallurgy Companies, provide university students with practical training opportunities to help them prepare for the business world, enhance the interaction of academics and researchers with the industry to strengthen project potential, enable research centers and institutes to acquire data and experience based on the real needs of the industry, and thus expand mutual sectoral cooperation opportunities.

The "Cevher Sensin" (You Are the Ore) Part-Time" long-term internship program, the first of the Young Talent Acquisition Programs under the procedure, which accepted applications in 2025, stands out as a strategic investment aimed at cultivating future professionals and bringing qualified young talent to the industry. The initiative also aims to increase capacity and efficiency in research, development, and business processes by engaging academics, researchers, and undergraduate, graduate, and doctoral students on a fixed-term, part-time basis across various departments, with a particular focus on R&D projects, in line with the needs of the OYAK Mining Metallurgy Companies.

Strategic Approach

Strategic communication management that strengthens corporate reputation

Corporate communication is a strategic element that supports the OYAK Mining Metallurgy Companies in building a trust-based, transparent, and sustainable engagement network with their stakeholders, while reinforcing corporate reputation.

Priorities
- Developing employee competencies
- Increasing employee satisfaction and engagement

Focus Areas
- Academic, scientific, and technological collaborations
- Artificial intelligence upskilling program
- Organizational development projects

Communication Perspective

Corporate communication is a strategic element that supports the OYAK Mining Metallurgy Companies in building a trust-based, transparent, and sustainable engagement network with their stakeholders, while reinforcing corporate reputation. The corporate communication strategy for the 2026–2030 period, shaped on the principle of "effective communication," aims to further solidify our companies' strong position in the country and the industry, increase engagement with stakeholders on diverse and evolving communication platforms, and create a holistic communication structure built on the right message, strong positioning, and consistent perception management.

OYAK Mining Metallurgy Companies aim to strengthen their sphere of influence not only through production capacity and industry position but also through public relations, stakeholder perception, employer brand management, and projects focused on social value.

In this regard, OYAK Mining Metallurgy Companies aim to further solidify their identity as a reliable and pioneering organization, recognized as an exemplar in communication and reputation management within the industrial sector.

Priorities
- Initiatives to sustain our strong position in the domestic market
- Effective employer brand communication
- Effective communication with public institutions and the public

Focus Areas
- Increasing the frequency of interactions and meetings with customers
- Planning and implementing career events
- Disseminating practices that strengthen employee engagement and encouraging participation in corporate events
- Strengthening communication efforts focused on social contribution and increasing their visibility

This perspective-based strategic approach presents the transformation roadmap for OYAK Mining Metallurgy Companies for the 2026–2030 period from a holistic viewpoint. Financial strengthening, operational excellence, investments in technology and digitalization, a people-centric development model, and effective communication management aim to position OYAK Mining Metallurgy Companies for a sustainable competitive advantage in the future steel production ecosystem. This strategic framework is built on strong governance, a solid will for transformation, and a principle of growing together with stakeholders, all serving the long-term value creation vision of OYAK Mining Metallurgy Companies.

Strategic Perspective	Priorities	Indicators	Relevant SDGs
Financial	Low Cost	Conversion Cost Cost of Poor Quality	8, 9, 12
	Effective Financial Resource Planning	Credit Diversification Percentage Green Financing Utilization Rate	8
	Investments to Reduce Resource Dependency and Lower Costs	Investment Completion Rate SPP Investment Completion Rate	7, 9, 13
Operational/Portfolio	Value-Added Product	Ratio of High Value-Added Grades	8, 9
	Effective Positioning in the Country's Sphere of Influence	Business Model Completion Rate	8
	Production Capability to Meet Market Needs	Investment Completion Rate Customer Satisfaction Index	8, 9
	Reduction of Dependence on Production Inputs	Input Dependency Level	12
	Effective Sales and Operations Planning Process	Order Delivery Performance	8, 9
Technology	Low-Carbon Product	Greenhouse Gas Emissions Specific Energy Consumption	7, 12, 13
	Improving Process and Technology Applications through Operational Excellence and R&D	Annual Value Added Amount Based on OPEX Annual Value Added Amount Based on R&D	8, 9
	Digital Alignment	Corporate IT Governance Maturity Level	9
	Green Alignment	Greenhouse Gas Emissions Specific Energy Consumption	12, 13
Human Resources	Developing Employee Competencies	Skill Sets/Competency Assessment	4, 8
	Increasing Employee Satisfaction and Engagement	Fulfillment Rate of Employer of Choice Criteria Employee Satisfaction Survey	3, 8
Communication	Initiatives to Sustain Our Strong Position in the Domestic Market	Customer Satisfaction Survey Score Number of Regular Events/Meetings	8, 9
	Effective Employer Brand Communication	Corporate Reputation Survey Score Effectiveness of Communication Activities	8
	Effective Communication with Public Institutions and the Public	Conducting Effective Communication Activities with Civil Society and Public Institutions Corporate Social Responsibility Projects	8, 9

Developments in 2025

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Global and Local Economic Outlook

Diverging outlook in manufacturing and service sectors

From a sectoral perspective, the manufacturing industry continued to underperform compared to the services sector throughout 2025.

3.3%

Global economic growth forecast for 2026, according to IMF data

The Search for a New Balance in Global Growth
In 2025, the global economy was reshaped by rising protectionist trends and new trade regulations. Donald Trump's re-election as U.S. President at the end of 2024 reinforced expectations that the U.S. could raise tariff barriers against other countries, triggering notable volatility in financial markets. In this atmosphere, the forecast that global growth would be around 2.8%, approaching crisis-period levels, came to the forefront.

The first months of the year were marked by tariff announcements and international negotiations. The possibility of trade disruptions prompted companies to stockpile, bringing forward demand for finished and semi-finished goods. This dynamic accelerated commercial activity, and economic performance in the first half of the year exceeded expectations. Following positive data from the initial months, the International Monetary Fund revised its forecasts upward. The IMF raised its 2025 global growth forecast from 3.1% to 3.3%, stating that the potential negative effects of trade policies were offset by technology investments, particularly in artificial intelligence, fiscal and monetary support, favorable financial conditions, and the private sector's adaptability.

IMF projections indicate that the global economy will grow by 3.3% in 2025 and 2026, and by 3.2% in 2027, showing a relatively resilient outlook close to historical averages. However, the negative impacts of increased tariffs on prices, investments, and consumption are likely to be felt throughout 2026. Although trade agreements have provided short-term relief to the markets, their lack of clarity and questions about their permanence keep uncertainty alive, limiting investment appetite.

From a sectoral perspective, the manufacturing industry continued to underperform compared to the services sector throughout 2025. Durable goods consumption, which rose rapidly during the pandemic and peaked in 2021, declined in subsequent years as spending shifted to services, and it plateaued in 2025 after a long interval. The Morgan Stanley Global Manufacturing PMI Index, which averaged 54.7 in 2021, fell below the 50-point threshold in the following years, signaling a contraction. Although the index closed 2025 in expansion territory with an average of 50.3, it remained volatile and fragile throughout the year. This picture shows that the manufacturing industry is in a more favorable position compared to the previous two years but is still far from a strong recovery.



Erdemir Port

China and the Eurozone: Diverging Economic Dynamics
China, the world's largest commodity consumer, implemented intensive stimulus policies in 2024 to achieve its 5% growth target. The delayed effects of these measures and increased exports due to front-loaded demand pushed growth above expectations in the first two quarters of 2025. The economy grew by 5.4% in the first quarter and 5.2% in the second quarter. Although momentum slowed to 4.8% and 4.5% in the third and fourth quarters, respectively, overall growth for the year was around 5%, in line with the target.

However, the slowdown that became apparent in the last quarter of the year is expected to continue into 2026. China is expected to grow between 4.5% and 5% in 2026. Achieving this growth in the current global environment appears to depend on its economic policies. In this context, both the central government and local authorities are expected to implement supportive policies, while the Central Bank is projected to cut interest rates. At the same time, the structural composition of growth continues to change. As technology-focused policies channel investments toward this area, the share of traditional sectors such as construction and infrastructure continues to decline. High local government debt is suppressing infrastructure investments. Even with an increased budget deficit target, the government is adopting a more selective approach to investment projects, which is weighing on the pace of capital spending.

The Eurozone economy recorded moderate growth in 2025, slightly above expectations. This indicates that companies managed the volatility created by global shocks relatively effectively. Despite this, the region's economy has yet to show a significant recovery and remains weak compared to similar economies. The war in Ukraine, high energy costs, erosion of competitiveness, and U.S. tariff increases continued to exert pressure on the Eurozone. Although the PMI index showed a limited increase during the year, it failed to remain consistently above the 50-point threshold. The weak outlook in the manufacturing industry is expected to persist unless spending and external demand recover significantly. Therefore, a sustainable recovery in the EU requires strong external demand, increased investment, or additional policy support.

Normalization Steps in Türkiye's Economy
In Türkiye, economic growth remained below historical averages, in line with the anti-inflation program initiated in 2023. The contraction in credit channels, particularly in the first half of 2025, tightened financial conditions for companies. Global currency exchange rate movements led to fluctuations in competitiveness throughout the year. Despite these headwinds, the upward trend in exports was sustained, supporting manufacturers' capacity utilization rates. In the second half of the year, the decline in inflation and interest rate cuts by the Central Bank of the Republic of Türkiye positively influenced expectations.

Global and Local Economic Outlook

Regional growth momentum in global crude steel production

In 2025, crude steel production increased in India, the U.S., and in the Middle East and Africa, where energy-based investments gained momentum.

1.8
billion tons

Global crude steel production in 2025

STEEL INDUSTRY

Global Overcapacity and China's Decisive Role
According to OECD data, global steel production capacity reached 2,472 million tons in 2024. Of this total, 640 million tons belonged to OECD countries, while non-OECD countries accounted for 1,832 million tons, representing 74% of global capacity. China alone held 46% of global crude steel capacity, reaffirming its dominant position in the industry.

The OECD projects that structural problems in the industry will persist beyond 2025. Global capacity increases are expected to continue in the 2025–2027 period, and if these increases materialize, the excess capacity problem is expected to worsen. Asia is projected to account for 58% of new capacity increases, with China and India leading the way. Furthermore, approximately 16% of the capacity increases planned for post-2025 stem from investments in other countries, where China's decisive role is also notable.

In response to import pressure, a total of 29 trade defense investigations were initiated as of 2025; the OECD stated that this number reached 58 on an annualized basis. More than two-thirds of the measures targeted countries where global idle capacity is concentrated.

Despite all these investigations, exports originating from China continued to increase. In December 2025, exports set a record at 11.3 million tons, while total exports for the year reached 119 million tons, exceeding the 2024 level. In response to protectionist measures, China turned to market and product diversification; exports of semi-finished products and expansion into the Middle Eastern market were key elements of this strategy.

Regional Divergence in Production and Trade Flows
In 2025, global crude steel production decreased by 2% to 1.8 billion tons. The decline was mainly driven by China; excluding China, production increased, albeit slightly. Regionally, while production decreased in China and the EU, it increased in India, the U.S., and in the Middle East and Africa, where energy-based investments gained momentum.

India continued its capacity expansions while supporting domestic production with protectionist policies. In the U.S., the increase in tariffs under Section 232 strengthened domestic production. While South Korea and Japan remained under pressure from Chinese imports, weak domestic demand in Russia limited production.

In Russia, the contraction in the construction and machinery sectors suppressed consumption, prompting producers to turn to exports. Türkiye and the MENA region continued to be important markets for Russian producers due to delivery advantages.

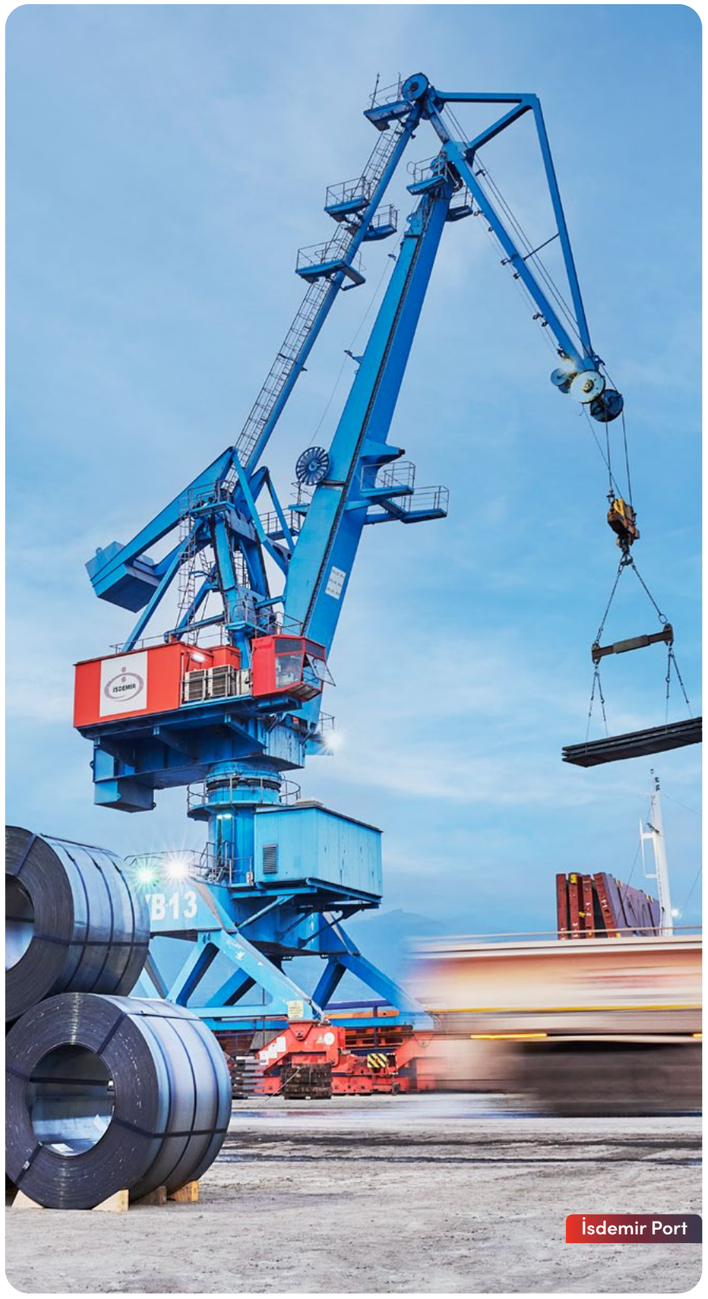
Expectations for 2026: Protective Measures, CBAM, and Implications for Türkiye
Topics that could shape 2026 include conflicts in the Middle East, the course of the Ukraine-Russia war, energy embargoes, green steel policies, carbon border regulations, fiscal and monetary actions by major economies, customs tariffs, new capacity investments, investigations launched, and export policies for strategic raw materials.

The Global Risks Report, published before Davos, also highlights that geoeconomic tensions are one of the greatest threats to global stability.

Türkiye's crude steel production increased by 2% in 2025. Opportunities that arose during the year supported exports. The European Commission's quota regulations and the rise in the EUR/USD exchange rate were influential in this process.

However, imports also rose. Contributing factors included China's redirection of surplus supply to export markets, Russia's export-oriented shift in response to weak domestic demand, and a rise in shipments from South Korea. In the period ahead, the contraction in demand in China is expected to continue, indicating that export pressure is unlikely to ease in the short term. Entering 2026, the EU's new protection measures and the implementation of the Carbon Border Adjustment Mechanism (CBAM) could bring both risks and opportunities for Türkiye's steel industry. Additionally, changes to the Inward Processing Regime (IPR) are expected to support domestic steel production.

Under the measures the European Commission plans to implement from July 2026, it is anticipated that import quotas will be reduced to approximately 18 million tons, over-quota tariffs will be increased to 50%, origin inspections will be tightened, and quota carry-overs will be eliminated.



İsdemir Port

Share Price Developments

Financial value recorded through share performance

Erdemir, completing 2025 with a share price of TL 23.82, reached a market value of TL 166 billion 740 million as of year-end 2025.

İsdemir closed 2025 with a share price of TL 35.26, and its market value reached TL 102 billion 254 million.

DEVELOPMENTS IN ERDEMİR AND İSDEMİR SHARES

Erdemir
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) shares have been traded on the stock market with the "EREGL" ticker since the establishment of the Borsa Istanbul (BIST) in 1986. Erdemir, which is listed on the BIST 30 index, is one of the largest publicly traded companies in Türkiye with a free float of 46.49%. A significant portion of the traded shares is held in the portfolios of institutional investors.

The Company completed 2025 with a share price of TL 23.82. As of year-end, its market value reached TL 166 billion 740 million.

The Investor Relations Directorate of the Mining Metallurgy Companies manages the flow of information to all stakeholders in line with the principles of equality and transparency. Continuous and effective communication is maintained with investors. In this context, four webcasts were held to share financial results during 2025, and a total of 177 investor meetings were conducted. Erdemir shares were closely followed by 24 analysts during the year.

İsdemir
Shares in İskenderun Demir ve Çelik A.Ş. (İsdemir), a group company, started trading on Borsa Istanbul's Pre-Market Trading Platform under the "ISDMR" ticker on 28 March 2016. Following share sales by the main shareholder, Ereğli Demir ve Çelik Fabrikaları T.A.Ş., the publicly traded share ratio exceeded 5%. With this development, the listing requirements were met, and the Company's shares began trading on the BIST Stars Market as of April 19, 2018.

The Company closed 2025 with a share price of TL 35.26. As of year-end, its market value reached TL 102 billion 254 million.

Ticker Symbols Erdemir

Borsa Istanbul: EREGL
Bloomberg: EREGL TI
Reuters: EREGL.IS

Ticker Symbols İsdemir

Borsa Istanbul: ISDMR
Bloomberg: ISDMR TI
Reuters: ISDMR.IS

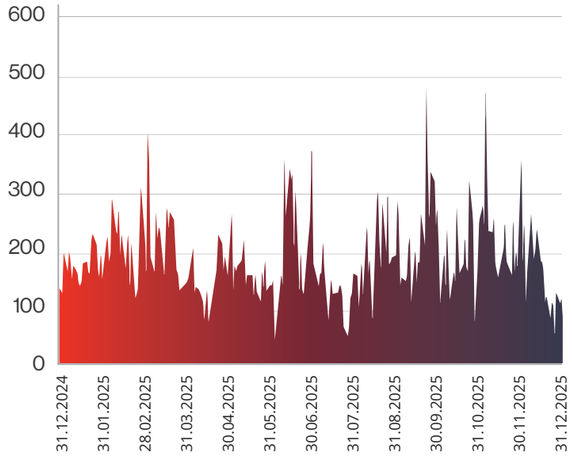
2025 Share Price Performance

January1-December 31, 2025		Lowest	Highest	Average	December 31, 2025
Erdemir	Share Price (TL)	20.96	32.44	25.16	23.82
	Market Capitalization (USD million)	3,840	5,475	4,450	3,882
İsdemir	Share Price (TL)	33.38	41.40	37.04	35.26
	Market Capitalization (USD million)	2,360	3,394	2,725	2,380

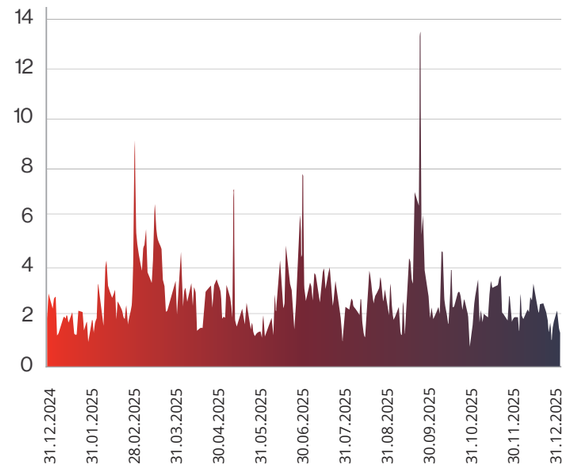
Source: Bloomberg and Matriks

2025 DAILY TRADING VOLUMES

EREGL Daily Trading Volume, TL million



ISDMR Daily Trading Volume, TL million



SHAREHOLDING STRUCTURE (TL thousand)

Erdemir

Shareholders	31.12.2025	%
ATAER Holding A.Ş.	3,467,965	49.54
Free Float	3,253,911	46.49
Shares Held by Erdemir	278,124	3.97
Grand Total	**7,000,000**	**100.00**

İsdemir

Shareholders	31.12.2025	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2,751,326	94.87
Free Float	148,674	5.13
Grand Total	**2,900,000**	**100.00**

Share Price Developments

Strong corporate governance performance confirmed in indices

Erdemir and İsdemir continued to be included in the Borsa İstanbul Sustainability Index in 2025, which comprises companies with high corporate sustainability performance.

9.72

Erdemir 2025 Corporate Governance Rating Score

9.72

İsdemir 2025 Corporate Governance Rating Score

OYAK MINING METALLURGY DEVELOPMENTS IN 2025

Successful Corporate Governance at Erdemir and İsdemir
In the Corporate Governance Principles Compliance Rating Report, which assesses Erdemir's level of compliance with Corporate Governance Principles, the Corporate Governance Rating Score increased from 9.70 in 2024 to 9.72 in 2025. As a result of this improvement, Erdemir once again qualified for inclusion in the Corporate Governance Index. This performance once again demonstrated the Company's management approach based on the principles of transparency, fairness, responsibility, and accountability.

In its Corporate Governance Principles Compliance Rating Report, İsdemir's Corporate Governance Rating Score increased from 9.70 in 2024 to 9.72 in 2025. With this improvement, İsdemir retained its eligibility for inclusion in the Corporate Governance Index and maintained its strong corporate governance performance.

The corporate governance ratings of Erdemir and İsdemir were determined based on assessments across four categories: shareholders, public disclosure and transparency, stakeholders, and the board of directors. Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. conducted a comprehensive review based on 456 criteria established for BIST First Group Companies, and the ratings were assigned in line with these analyses.

The results indicated a high level of compliance with the Corporate Governance Principles published by the Capital Markets Board of Türkiye. It was also observed that potential risks were largely identified and effectively kept under control. With this performance, both companies once again qualified for inclusion in the BIST Corporate Governance Index in 2025.

Erdemir and İsdemir in the BIST Sustainability Index
At Erdemir and İsdemir, a sustainability approach and the goal of long-term value creation are prioritized across all stages of operations. Accordingly, Erdemir and İsdemir continued to be included in the Borsa İstanbul Sustainability Index in 2025, which comprises companies with high corporate sustainability performance. Erdemir, the first steel producer to be included in the index, has maintained its presence since November 2015. İsdemir has retained its place in the index since first being included in November 2019.

Share Buyback Program
Authorization to repurchase company shares was granted under the Share Buyback Program approved at the 79th Ordinary General Assembly Meeting on March 31, 2023, and pursuant to Board of Directors' resolutions dated April 27, 2023, and March 11, 2024. A total fund of TL 4,000,000,000 (four billion Turkish lira) was allocated for this purpose. Within the framework of the program, 31,225,000 shares were repurchased for TL 1,198,790 thousand as of December 31, 2025.


Shipping Warehouse

Issuance of Debt Instruments
Following the approval of the Capital Markets Board of Türkiye on June 28, 2024, the sale of the bond listed on the Euronext Dublin exchange to international investors was completed on July 23, 2024. The bond, with a nominal value of USD 750 million, a 5-year tenor maturing on July 23, 2029, was priced at a re-offer yield of 8.625%. The coupon rate was set at 8.375%, and the proceeds from the sale were transferred to the Company's accounts. The international sale of the USD 200 million nominal value bond, listed as part of the tap issuance, was concluded on August 2, 2024. The bond, carrying a five-year maturity and a redemption date of July 23, 2029, was priced at a re-offer yield of 8.125%, with a coupon rate of 8.375%. The proceeds from the sale were transferred to the Company's accounts.

JCR Eurasia Credit Rating
In 2025, the credit rating agency JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) re-evaluated the ratings of Erdemir and İsdemir. The Long-Term National Rating was affirmed at "AAA (tr)," the highest investment-grade level. The Short-Term National Rating was maintained at "J1+ (tr)," and the outlooks were announced as "Stable."

Indices Including Erdemir
- BIST 500
- BIST INDUSTRIAL
- BIST BASIC METAL
- BIST 100
- BIST PARTICIPATION ALL
- BIST PARTICIPATION 100
- BIST LIQUID 10 EX-BANKS
- BIST 50
- BIST 30
- BIST CORPORATE GOVERNANCE
- BIST SUSTAINABILITY
- BIST STAR
- BIST PARTICIPATION 30
- BIST SUSTAINABILITY PARTICIPATION
- BIST PARTICIPATION 50
- BIST ALL

Indices Including İsdemir
- BIST ALL
- BIST SUSTAINABILITY PARTICIPATION
- BIST 500
- BIST BASIC METAL
- BIST STAR
- BIST INDUSTRIAL
- BIST PARTICIPATION ALL
- BIST CORPORATE GOVERNANCE
- BIST SUSTAINABILITY
- BIST PARTICIPATION 100
- BIST ALL-100

Financial Performance

Continuous supply of domestically produced steel to the manufacturing industry

As one of the main suppliers of Turkish industry, OYAK Mining Metallurgy Companies meet the demand in the domestic market with the steel they provide to all areas of industry, while reducing dependence on imports.

TL 208 billion 910 million

OYAK Mining Metallurgy Companies' total revenue for 2025

Just-in-time and effective solutions to customer needs

Contributing to the growth of Türkiye's economy, OYAK Mining Metallurgy Companies aim to achieve sustainable growth by maintaining the balance between capacity and cost. OYAK Mining Metallurgy Companies, Türkiye's largest steel producer, also rank 50th among the world's largest steel producers.

At OYAK Mining Metallurgy Companies, we meet the needs and expectations of our customers with our high-quality products and services. We implement practices of operational excellence with the aim of rolling out efficiency to every link of our value chain in order to increase the value we create for our stakeholders.

The iron and steel industry acts as a driving force for national economies. Türkiye ranks among the world's leading countries in this industry, both in terms of production and consumption. In our country, the world's 7th largest crude steel producer, steel production in 2025 increased by 3.3% compared to the previous year, reaching 38.1 million tons.

In 2025, OYAK Mining Metallurgy Companies achieved total revenue of TL 208,910 million, while generating consolidated EBITDA of TL 19,733 million and a net profit for the period attributable to the parent company of TL 512 million.



İsdemir Billet Casting

	Currency	2023	2024	2025
Revenue	(TL million)	147,900	204,060	208,910
	(USD million)	6,238	6,225	5,299
Operating Profit Before Financing Income (Expense)	(TL million)	14,643	21,506	10,972
	(USD million)	618	656	278
EBITDA	(TL million)	16,655	21,171	19,733
	(USD million)	702	646	501
Net Period Profit of Parent Company Inventories	(TL million)	4,033	13,481	512
	(USD million)	170	411	13
Current Assets	(TL million)	134,518	182,856	250,627
	(USD million)	4,570	5,183	5,850
Fixed Assets	(TL million)	175,515	242,303	307,904
	(USD million)	5,962	6,868	7,186
Total Assets	(TL million)	310,033	425,159	558,531
	(USD million)	10,532	12,051	13,036
Short-Term Liabilities	(TL million)	89,292	76,289	116,913
	(USD million)	3,028	2,158	2,724
Long-Term Liabilities	(TL million)	29,213	104,446	144,338
	(USD million)	991	2,955	3,363
Parent Company Equities	(TL million)	186,191	236,947	287,772
	(USD million)	6,328	6,721	6,723

Sustainability Governance

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Stakeholder Map and Stakeholder Relations

Strategic stakeholder management creating mutual value

We define our stakeholders as the individuals and organizations that are affected by our operations, that influence them, and that may have a bearing on our ability to achieve our sustainability goals.

As OYAK Mining Metallurgy Companies, our stakeholders are at the core of our business model. Accordingly, we believe in the importance of effective communication with our stakeholders to create long-term value.

We define our stakeholders as the individuals and organizations that are affected by our operations, that influence them, and that may have a bearing on our ability to achieve our sustainability goals.

We use various methods to communicate with our stakeholders, whom we group to accurately understand their opinions, demands, and expectations.

Methods of Communication with Stakeholders

Stakeholder Group	Communication Method and Frequency	Communication Channels
Employees	Intranet/Continuously Integrated report/Annually Website/Continuously Stakeholder analysis/Every two years Social media/Continuously Employee loyalty survey Internal newspaper/Monthly Face-to-face meetings/Continuously Activities for employees and their families/ Annually Suggestion system/Continuously Internal announcements/Continuously	35 News posts per year on the Intranet Integrated report published regularly every year Learning and development activities through the Digital HR system Evaluation of institutions/organizations which there we interact with Posts made on a weekly basis Periodic surveys Six newspapers published during the year Interviews as part of performance evaluations Events organized within the scope of special days and company anniversaries, social club events More than 60,000 suggestions submitted by employees Informing employees of relevant issues through internal announcements
Suppliers	One-to-one meetings/Continuously Tenders/When needed Integrated report/Annually Website/Continuously Stakeholder analysis/Every two years Social media/Continuously	Field visits and inspections of suppliers Integrated report published regularly every year Continuity of commercial meetings with internet-based applications Analysis of suppliers with which there is an interaction Posts on a monthly basis
Public institutions	One-to-one meetings/When needed Integrated report/Annually Website/Continuously Stakeholder analysis/Every two years	Annual integrated report published on a regular basis Responding to support requests from public institutions
Local people	EIA public participation meetings/When required as part of the investments Integrated report/Annually Website/Continuously Local press relations/Continuously Press releases/When needed Stakeholder meetings/Continuously Social media/Continuously	Integrated report published regularly every year Informative posts on websites and social media accounts, announcement of corporate social responsibility projects Preparation of press releases in line with company based events (21 press releases served.) Social media posts released on a weekly basis
Customers	One-to-one meetings/Continuously Fairs/Specifically during fair periods Marketing activities/Continuously Post-sales communication/Continuously Regular technical meetings/Continuously Integrated report/Annually Seminars and conferences Website/Continuously Stakeholder analysis/Every two years Social media/Continuously	Continuing improvement work in line with Customer Satisfaction Surveys Conducting regular customer visits
Industry organizations, associations, and NGOs	Collaborations/Within the scope of joint projects and working groups Memberships/Annually Participation in working groups/Within the periods determined by the working groups themselves Integrated report/Annually Website/Continuously Stakeholder analysis/Every two years Social media/Continuously	Meeting with NGOs for specific organizations to expand the impact of corporate social responsibility projects Meeting the in-kind and financial aid requests submitted by associations Participating in working groups at periodic intervals
Investors	General Assembly/Annually Teleconferences/According to the demand of the investors One-to-one meetings/Continuously Integrated report/Annually Website/Continuously Stakeholder analysis/Every two years Social media/Continuously Material event disclosures/When needed Interim reports/Quarterly Investor presentations and teleconferences/ Quarterly	Periodic publication of information, which may affect the exercise of shareholder rights, on the corporate website Integrated report published regularly every year Realization of investor conferences and meetings throughout the year

Corporate Memberships

Company	Name of the Association/Corporation
Erdemir	Packaging Manufacturers' Association (ASD)
Erdemir	R&D Centers Communication and Cooperation Platform (ARGEMİP)
Erdemir	Association of Fastener Industrialists and Businessmen (BESİAD)
Erdemir	Steel Exporters' Association (ÇİB)-İMMİB
Erdemir	Foreign Economic Relations Board (DEIK)
Erdemir	World Energy Council Turkish National Committee
Erdemir	EcoVadis
Erdemir	Education and Development Platform Association (TEGEP)
Erdemir	Ethics and Reputation Association (TEİD)
Erdemir	Enamel Association
Erdemir	Chamber of Maritime Trade (IMEAK)
Erdemir	Economic Development Foundation (İKV)
Erdemir	Istanbul Ferrous and Non-Ferrous Metals Exporters' Association-İMMİB
Erdemir	Istanbul Chamber of Industry (ISO)
Erdemir	Istanbul Chamber of Commerce (ITO)
Erdemir	Kdz. Ereğli Education Foundation
Erdemir	Kdz. Ereğli Chamber of Commerce and Industry
Erdemir	Association of Turkish Machine Manufacturers (MİB)
Erdemir	Enterprise Risk Management Association (ERMA)
Erdemir	Metal Packaging Manufacturers Association (MASD)
Erdemir	International Chamber of Commerce Türkiye National Committee (ICC)
Erdemir	Business Council for Sustainable Development Türkiye (BCSD Türkiye)
Erdemir	International Tinplate Association (ITA)
Erdemir	International TAR Association
Erdemir	Integrated Reporting Türkiye (ERTA)
Erdemir	Corporate Communicators Association (KİD)
Erdemir	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Erdemir	Turkish Lloyd
Erdemir	Turkish Constructional Steelwork Association (TUCSA)
Erdemir	The Institute of Internal Auditing - Türkiye (TİDE)
Erdemir	Turkish Cogeneration Association
Erdemir	Corporate Governance Association of Türkiye (TKYD)
Erdemir	Turkish Employers Association of Metal Industries (MESS)
Erdemir	Turkish Wind Energy Association (TÜREB)
Erdemir	Turkish Investor Relations Society (TÜYİD)
Erdemir+İsdemir	Turkish Association of People Management (PERYÖN)
Erdemir+İsdemir	World Steel Association

Company	Name of the Association/Corporation
Erdemir+İsdemir	Quality Association of Türkiye (KalDer)
Erdemir+İsdemir	Port Operators Association of Türkiye (TÜRKLİM)
Erdemir+İsdemir	Turkish Steel Producers Association (TÇÜD)
Erdemir Romania	Turkish Businessmen Association (TİAD)
Erdemir Romania	Romania Steel Producers Association (UNIROMSIDER)
Erdemir Maden	Ankara Chamber of Commerce (ATO)
Erdemir Maden	Sivas Chamber of Commerce and Industry
Erdemir Maden	Bingöl Chamber of Commerce and Industry
Erdemir Maden	Ankara Chamber of Industry (ASO)
Erdemir Maden	Malatya Chamber of Commerce and Industry
Erdemir Maden	Karadeniz Ereğli Chamber of Commerce and Industry
Erdemir Maden	Turkish Mining Association
Ersem	White Goods Suppliers Association (BEYSAD)
Ersem	Steel Exporters' Association (ÇİB)-İMMİB
Ersem	Eastern Anatolian Exporters Association
Ersem	Gebze Chamber of Commerce
Ersem	Istanbul Ferrous and Non-Ferrous Metals Exporters' Association-İMMİB
Ersem	Kocaeli Chamber of Industry
Ersem	Manisa Chamber of Commerce and Industry
Ersem	Automotive Suppliers Association of Türkiye (TAYSAD)
Ersem	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Ersem	Turkish Employers Association of Metal Industries (MESS)
Ersem	Kdz. Ereğli Chamber of Commerce and Industry
Ersem	İskenderun Chamber of Commerce and Industry
İsdemir	Mediterranean Exporters' Association
İsdemir	Steel Exporters' Association (ÇİB)-İMMİB
İsdemir	Dörtyol Chamber of Commerce and Industry
İsdemir	IMEAK Chamber of Maritime Trade
İsdemir	İskenderun Chamber of Commerce and Industry
İsdemir	Middle Anatolian Exporters Association -Machinery and Accessories
İsdemir	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Erdemir Enerji	Kdz. Ereğli Chamber of Commerce and Industry
Erdemir Enerji	Istanbul Chamber of Commerce (ITO)
Erdemir Mühendislik	Istanbul Chamber of Commerce (ITO)
Erdemir Mühendislik	İskenderun Chamber of Commerce and Industry

Materiality Analysis

A robust sustainability strategy shaped by the materiality matrix

The materiality matrix serves as a reference for developing Erdemir's sustainability strategy, determining performance indicators, and guiding reporting processes.

To shape its sustainability strategy, Erdemir assesses its environmental, social, and governance (ESG) impacts with a holistic approach and regularly conducts a materiality analysis to identify the most critical topics for its operations. The study aims to identify sustainability topics that are important for the Company's operations, value chain, and stakeholder expectations.

As part of the 2025 study, the materiality analysis was reviewed, and sustainability topics were revised in line with sectoral developments, the global sustainability agenda, regulatory expectations, and the Company's strategic priorities. This assessment process considered both the environmental and social impacts of Erdemir's operations and value chain, as well as the potential impacts on financial and operational performance.

The analysis process took into account the following factors to conduct a comprehensive assessment:

- The environmental and social impacts of the Company's activities,
- Impacts on financial performance and operational sustainability,
- Stakeholder expectations and feedback,
- Sectoral risks and opportunities, and regulatory developments.

As part of the stakeholder analysis, input was gathered from a wide range of stakeholder groups, including employees, customers, suppliers, solution partners, public institutions, investors, non-governmental organizations, media, and academia. The data obtained were evaluated together with internal Company assessments and strategic priorities to determine the importance of sustainability topics.

Following the assessment, sustainability topics were classified into three categories: "Very High Priority," "High Priority," and "Priority." This classification considered both the importance of the topics for stakeholders and their importance for Erdemir's operations and long-term value creation capacity.

The resulting materiality matrix serves as a reference for developing Erdemir's sustainability strategy, determining performance indicators, and guiding reporting processes. It also enables the Company to focus on areas that support its long-term competitiveness while effectively managing its environmental and social impacts.



Materiality Analysis

Very High Priority

1. Combating Climate Change and Decarbonization
2. Low-Emission Production Technologies
3. Occupational Health and Safety
4. Sustainable Financial Performance
5. Effective Energy Management
6. Product Quality
7. Circular Economy and Waste Management
8. Operational Excellence and Business Continuity

High Priority

9. Responsible Procurement and Supply Chain Management
10. Water Management
11. Raw Material Supply Security
12. Respect for Employees and Human Rights
13. R&D and Innovation
14. Customer Satisfaction
15. Digitalization and Use of Artificial Intelligence
16. Air Quality
17. Talent Management and Employee Well-Being
18. Corporate Governance
19. Logistics and Port Management

Priority

20. Proactive Risk and Crisis Management
21. Product Life Cycle
22. Emergency Preparedness and Action Plan
23. Business Ethics, Legal Compliance and Transparency
24. Equal Opportunity, Diversity and Inclusion
25. Community Investment Programs
26. Contribution to Local Development through Qualified Employment
27. Stakeholder Communication and Social Dialogue



Sustainable Growth

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78 The Customer's Solution Partner
80 Product Management
82 Process Development Work
86 Management Systems
90 Supply Chain Management

Investments

Continuous capacity expansion investments for operational sustainability

In 2025, we continued our investments with a focus on capacity expansion and operational sustainability.



Erdemir 4th Coke Oven Battery Project

Throughout 2025, we maintained the pace of our investments to enhance the efficiency of our production processes, strengthen quality performance, and ensure operational continuity. With the Vacuum Degassing Plant, we improved our carbon removal capability, shortened processing times, and aimed to reduce potential production losses in ladles. By focusing on low-cost, highly efficient, and innovative solutions at our facilities, we have strengthened our production infrastructure and made it more sustainable.

Investments Commissioned at Erdemir

At Erdemir, we completed the modernization of the 4th Coke Battery and By-Product Plants during the year, replaced the charging cranes in the Steelshop Charging Hall that had reached the end of their service lives, and modernized the Level-1 Automation System of the 1st Galvanizing Line with current technologies. With the Tundish Refractory Spraying Robot, which we commissioned as part of our robotic applications, we automated operations previously performed manually in dusty and hot environments and significantly reduced occupational health and safety risks.

Ongoing Capacity and Modernization Projects at Erdemir

We continued our investments with a focus on capacity expansion and operational sustainability. We are continuing the modernization of the 2nd Blast Furnace stoves, and with the 5th Coke Battery investment, we aim to meet our metallurgical coke needs more economically and without interruption. With the 2nd Hot Rolling Mill investments, we aim to reduce unplanned downtime, decrease material losses, and improve product quality. We are strengthening value-added product sales by relocating the existing Slitting Line to the ERSEM facilities. We are supporting production continuity by renewing the drive and Level-2 systems of the Continuous Annealing Line. We are enhancing our environmental compliance and sustainability performance through investments in fire detection and suppression systems, modernization of the Domestic Wastewater Treatment Plant, and the Biomass Gasification Plant. We have also initiated preparatory work for the renewal of the 2nd Unloading Jetty_New Grab Ship Unloader Cranes Investment and the Erdemir 2nd Cargo Jetty_New Level Luffing Cranes Investment Projects.

Strategic Investments Commissioned at İsdemir

At İsdemir, we commissioned significant investments that increased production capacity and energy efficiency. With the new 1st Blast Furnace project, we increased liquid hot metal production and achieved energy savings by utilizing the resulting blast furnace gas for electricity generation. We completed the retubing and burner modification of the 3rd Steam Boiler, establishing a safe and economic structure for steam production. We achieved additional electricity generation with the Blast Furnace Top Pressure Recovery Turbine. With the South Harbor sea reclamation works, we prepared the necessary areas for future planned investments.



İsdemir Port

Ongoing Infrastructure and Sustainability Investments at İsdemir

We continued to carry out our port and infrastructure projects simultaneously. We are increasing operational continuity by renewing the Port-1 grab ship unloader cranes. We are expanding port capacity and conducting repair, renovation, and structural reinforcement works on facilities damaged by the earthquake. We aim to restore the Seawater Pump Station to its pre-earthquake performance and are reducing the risk of potential downtime in critical production facilities. With robotic applications and automation projects, we are reducing human intervention in risky work areas, strengthening occupational health and safety, and improving quality and cost performance.

As part of our energy efficiency-focused investments, we are increasing capacity with the new 1st and 2nd turbo generators and reducing the need for externally purchased energy by utilizing steam from the Coke Dry Quenching Facility for electricity generation. With the Biomass Gasification Plant investment, we are producing biochar and syngas, reducing coal and natural gas consumption, and aiming to lower carbon emissions.

Investment Portfolio and Year-End Outlook

As OYAK Mining Metallurgy Companies, we continue our investments with a focus on low cost, high efficiency, and innovation. Throughout 2025, a total of 26 investment activities continued at Erdemir and İsdemir. We started two of these investments during the year and completed eight. Thus, we have implemented our investments that strengthen our production infrastructure, increase efficiency, and support our sustainable growth in a planned manner.

Production and Sales

Sustainable and strong performance in crude steel production

In line with the principle of quality production at optimal cost and maximum efficiency, the Mining and Metallurgy Companies accounted for 21% of Türkiye's crude steel production in 2025.

8.1
million tons

OYAK Mining Metallurgy Total Crude Steel Production in 2025

Production
The OYAK Mining Metallurgy Companies, which produced 8.5 million tons of crude steel in 2024, recorded a total crude steel production of 8.1 million tons in 2025. In line with the principle of quality production at optimal cost and maximum efficiency, the Mining and Metallurgy Companies accounted for 21% of Türkiye's crude steel production in 2025. Crude steel production at the İskenderun facilities increased by 3.8% to 5.5 million tons. At the Ereğli facilities, crude steel production decreased by 20.2% compared to the previous year, amounting to 2.6 million tons.



Continuous Casting

Production (thousand tons)	2020	2021	2022	2023	2024	2025
Liquid Steel	**8,709**	**9,203**	**7,968**	**7,332**	**8,743**	**8,280**
Ereğli	3,736	3,433	3,223	2,897	3,343	2,670
İskenderun	4,973	5,770	4,745	4,435	5,400	5,610
Crude Steel	**8,530**	**9,021**	**7,789**	**7,179**	**8,545**	**8,090**
Ereğli (Slab)	3,633	3,337	3,127	2,818	3,248	2,592
İskenderun (Slab)	3,875	4,819	3,907	3,679	4,346	4,562
İskenderun (Billet)	1,022	865	755	682	951	936
Flat Finished Products	**7,266**	**7,515**	**7,048**	**6,704**	**7,120**	**6,855**
Ereğli (Tinplate)	247	259	252	212	231	251
Ereğli (Galvanized)	539	610	568	584	512	522
Ereğli (Cold)	988	1,038	931	855	886	837
Ereğli (Hot)	1,969	2,112	1,951	1,961	2,047	1,605
Ereğli (Plate)	369	378	361	296	346	345
İskenderun (Hot)	3,154	3,054	2,985	2,796	2,920	3,216
İskenderun (Slab)	0	64	0	0	178	80
Long Finished Products	**992**	**857**	**736**	**652**	**965**	**928**
Billet	403	275	196	219	406	374
Coil	589	582	540	433	559	553
Iron and Magnesite	**2,137**	**2,630**	**2,571**	**2,236**	**2,535**	**2,653**
Pellet and Magnesite	1,524	1,895	1,910	1,692	1,841	1,808
Other	613	735	661	544	694	845

OYAK Mining Metallurgy Companies Capacity Utilization Ratios

Capacity Utilization Rates (%)	January 1–December 31, 2022	January 1–December 31, 2023	January 1–December 31, 2024	January 1–December 31, 2025
Liquid Steel	83	76	91	86
Crude Steel	82	75	89	85

Production and Sales

High export performance in flat and long products

OYAK Mining Metallurgy Companies exported a total of 1,555 thousand tons of finished products, comprising 1,532 thousand tons of flat products and 23 thousand tons of long products.

6.9
million tons

OYAK Mining Metallurgy Total Flat Product Sales in 2025

Sales
OYAK Mining Metallurgy Companies' total flat product sales amounted to 6.9 million tons in 2025. Domestic flat product sales were 5.4 million tons, 3.6% lower than the previous year's sales. Long product sales decreased by 2.7% to 931 thousand tons, while domestic long product sales decreased by 3.6% compared to the previous year, reaching 908 thousand tons.

The Group exported a total of 1,555 thousand tons of finished products, comprising 1,532 thousand tons of flat products and 23 thousand tons of long products. This amount constitutes 20% of total sales. It exported flat products to 34 countries and long products to seven countries.



Steel Mill

Sales (thousand tons)	2020	2021	2022	2023	2024	2025
Flat Finished Products	**7,489**	**7,400**	**7,005**	**6,684**	**7,094**	**6,899**
Ereğli (Tinplate)	260	267	242	226	239	235
Ereğli (Galvanized)	312	242	263	259	220	236
Ereğli (Cold)	756	799	757	694	683	665
Ereğli (Hot)	1,710	1,700	1,508	1,553	1,712	1,307
Ereğli (Plate)	341	357	335	273	342	337
İskenderun (Hot)	3,152	2,930	2,836	2,715	2,795	3,193
İskenderun (Slab)	0	64	0	0	178	80
Ersem (Galvanized)	281	325	309	320	302	307
Ersem (Cold)	343	312	265	229	255	224
Ersem (Hot)	334	404	490	415	368	314
Long Finished Products	**1,006**	**846**	**764**	**649**	**957**	**931**
Billet	412	258	216	212	405	366
Coil	594	588	548	437	551	565
Iron and Magnesite	**2,031**	**2,364**	**2,293**	**2,375**	**2,410**	**2,500**
Pellet and Magnesite	1,507	1,711	1,770	1,596	1,723	1,743
Other	524	653	523	779	687	757

In 2025, OYAK Mining Metallurgy Companies recorded domestic flat product sales of 5.4 million tons and long product sales of 931 thousand tons. The amount of finished product exports totaled 1,555 thousand tons, comprising 1,532 thousand tons of flat products and 23 thousand tons of long products.

The Customer's Solution Partner

End-to-end operational excellence strengthened by investments

We enhance efficiency at every stage of our value chain and invest in operational excellence practices that strengthen the balance between quality and price.

Related Priorities

- Product Quality
- Responsible Procurement and Supply Chain Management
- Operational Efficiency

Creating Value with Timely and Effective Solutions
As OYAK Mining Metallurgy Companies, we focus on strengthening our contribution to Turkish industry with lasting success. We offer our customers a wide range of products and services and integrate our identity as a solution partner into all our business processes.

Our proactive approach enables us to respond quickly and effectively to customer needs. We improve our product and service quality every year, aiming to create high satisfaction levels and a competitive advantage. We enhance efficiency at every stage of our value chain and invest in operational excellence practices that strengthen the balance between quality and price. We view our customers as one of our main stakeholders and prioritize building long-term, sustainable business partnerships. With the technical support we provide, we share our expertise in processes such as steel selection, welding, sheet metal forming, and cutting, directly contributing to our customers' production performance.

We Value Feedback
We consider feedback from customers as a fundamental input for our technical services process. We use this data in our new product development and strategic investment plans. We manage complaints in a prompt, transparent, and coordinated manner, in accordance with customer specifications and international standards. We conduct root cause analyses and eliminate recurring problems with permanent improvements.

We meticulously review all feedback submitted through regular visits by our sales and product teams and via the ErdemirOnline and Ersemonline systems. We conduct a preliminary assessment within 48 hours for our automotive OEM customers and within eight business days for other sectors. When necessary, we perform on-site technical inspections and laboratory analyses.

We close out the process with the actions taken and manage all commercial settlements entirely through digital channels via the ErdemirOnline system.

Meeting our customers and stakeholders
As Türkiye's leading steel producer, we continued to promote our products and services on a global scale in 2025 by participating in the industry's leading and prestigious fairs. In this context, we participated in the Made in Steel, Coiltech, Tube Eurasia, Metal Expo, and CWIEME trade fairs held in Italy, Germany, and Istanbul, presenting our innovative solutions, sustainable production approach, and advanced technology-based product portfolio to industry stakeholders.



Tube Eurasia Fair

As Erdemir, İsdemir, Erdemir Engineering, and Erdemir Romania, we aim to continue our participation in fairs in the upcoming period to strengthen our international collaborations, closely follow current developments in the industry, and increase our global competitiveness. As Erdemir, Türkiye's global steel force, we brought together industry representatives at the Istanbul edition of the SteelOrbis Market Talks, held for the second time this year and of which we are the main supporter. At the event, which was attended by over 700 participants, the current state of Türkiye's steel industry and future expectations were comprehensively discussed in light of global developments and market dynamics. Senior management presentations covered challenging market conditions, our investment approach, the need for fair competition, and our green transformation initiatives, while also providing a detailed assessment of the latest developments in raw material and steel markets.

In 2025, Erdemir participated in TEKNOFEST for the first time. At the event, we conveyed the process of transforming pellets into steel to visitors through a three-dimensional experience supported by virtual reality, and we introduced our Unmanned Crane Application Project, which we developed with a focus on occupational safety and digital transformation. We also took the opportunity to share with our stakeholders the sustainable and innovative practices we are advancing in line with our Net Zero Roadmap.

Product Management

Extensive product portfolio shaped by market needs

In 2025, we significantly enhanced our product portfolio to respond more quickly to the changing needs of the automotive, packaging, manufacturing, and export markets.

Related Priorities

- Product Quality
- Low-Emission Production Technologies
- Circular Economy
- R&D and Innovation
- Operational Efficiency

We have adopted the continuous improvement of product quality, accelerating the transition to low-emission production technologies, expanding circular economy practices, strengthening R&D and innovation, and increasing operational efficiency as the core focus areas of our product management approach. We shape all our product and process development efforts in line with these priorities.

Product Portfolio and New Product Development Performance
In 2025, we significantly enhanced our product portfolio to respond more quickly to the changing needs of the automotive, packaging, manufacturing, and export markets. With the contributions of our R&D and quality teams, we introduced 53 new product grades and made them available to our customers. With the contribution of products we commercialized in the last three years, we reached a total sales volume of 446,000 tons in 2025. This result clearly demonstrated that our customer-focused product development approach directly contributes to sales performance. In addition to new products, we achieved significant gains through our continuous improvement efforts in our existing product grades. These improvements created an additional annual production potential of 411,000 tons. By using resources more effectively, we increased production efficiency and achieved a sustainable cost advantage of approximately USD 1.5 million per year.

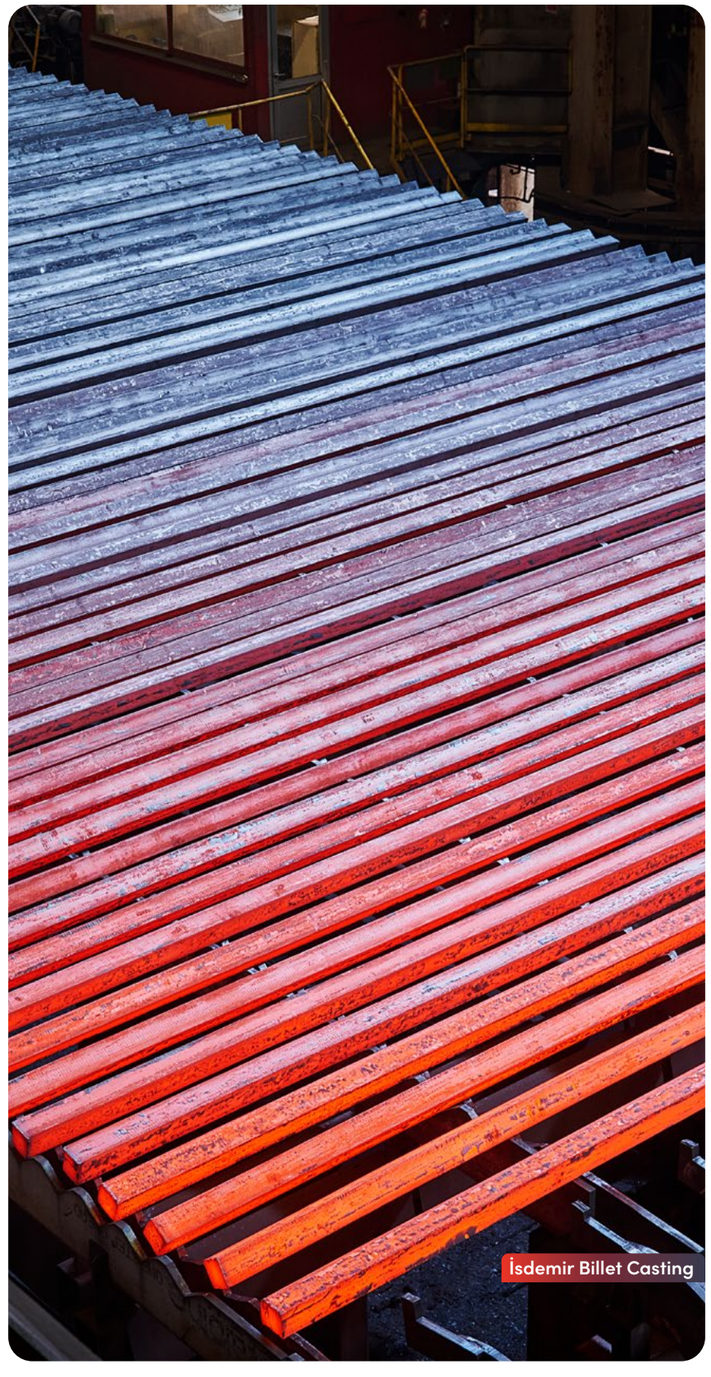
Capacity Increase in Value-Added Products
We began to see the tangible results of our modernization investments in the plate mill during this period. We expanded our production capabilities toward higher value-added products. As a result of improvements at our facility, which had previously been able to produce products with a minimum yield strength of 355 MPa, we successfully developed and launched S420N, S420NL, and S460NL-grade products with a minimum yield strength of 460 MPa. With this development, we received an additional 5,000 tons of new orders in 2025 and created an additional annual sales potential of approximately 30,000 tons. Thus, we have made our product portfolio more competitive both technically and commercially.

Digitalization and Customer Experience
We continued our efforts to enhance the customer experience with a focus on digitalization. In 2024, we established a data-driven reporting infrastructure that monitors and measures user behavior for the online product catalog, which we integrated with a mobile application. Throughout 2025, the platform reached 18,000 unique users and recorded over 600,000 interactions. We analyze user behavior by country, city, and search patterns in accordance with the Personal Data Protection Law (KVKK). We translate the data obtained into targeted, high value-added marketing and sales actions that more accurately anticipate customer expectations. In this context, we plan to launch advanced analytics studies in 2026.

Customer-Focused Product Development Approach
We shape our product development processes according to the expectations of customer segments. We systematically evaluate customer feedback, quality performance data, and market requirements, and integrate them all into our development processes. Through this approach, we both increase customer satisfaction and enable our sales teams to offer more targeted and effective solutions.

We know that a qualified workforce is the foundation of sustainable success. In this regard, we support a corporate learning culture and encourage knowledge sharing. To disseminate technical knowledge about steel production, we organize factory visits and structured training programs for our new colleagues and customers. We carry out these activities with a planned and holistic approach.

We are working to increase the use of recycled materials in our products as part of our sustainability focus. We develop sustainable product innovations and monitor our carbon footprint performance. We continuously improve our measurement, monitoring, and certification processes and expand practices aimed at reducing the environmental impact of our products.



İsdemir Billet Casting

Process Development Work

High operational returns targeted through OPEX projects

We expect to achieve an annual return of approximately USD 4,042,129 from OPEX projects at Erdemir and USD 260,877 at İsdemir.

Related Priorities

- Combating Climate Change and Energy Efficiency
- Continuous Improvement of Product and Process Quality
- Low-Emission and Resource-Efficient Production
- Innovation, Digitalization, and Data-Driven Decision-Making
- Operational Efficiency and Cost Reduction

Operational Excellence
We prioritize our operational excellence (OPEX) projects based on criteria of financial impact, operational benefit, and sustainability contribution. This evaluation allows us to direct our resources to areas that will provide the highest added value and to adopt a results-oriented improvement approach.

Employee participation is at the core of this culture. We systematically collect experience and feedback from the field through suggestion systems, kaizen practices, and OPEX projects. Thus, we create a cycle of continuous learning and development throughout the organization.

In 2025, we continued our projects with the goals of reducing production costs, extending equipment service life, achieving energy savings, optimizing raw material usage, and improving product quality. As a result of the work completed during the year, we expect to achieve an annual return of approximately USD 4,042,129 at Erdemir and USD 260,877 at İsdemir.

Suggestion and Kaizen Performance
Our suggestion and kaizen systems, which strengthen employee participation, have produced strong results. In 2025, 11,885 suggestions were received at Erdemir, and 8,841 were implemented. A gain of USD 902,578 was achieved from 308 suggestions with calculated returns. In the same period, 1,579 kaizen initiatives were started, 1,504 were completed, and a return of USD 2,281,925 was achieved through these efforts. At İsdemir, 28,070 suggestions were submitted, and 16,107 were implemented. A gain of USD 1,096,345 was achieved from 270 suggestions with calculated returns. Of the 1,600 kaizen initiatives established, 1,502 were completed, creating a financial contribution of USD 15,385,360.

To support the spread of a continuous improvement culture, we continued our training activities both digitally and in person. At İsdemir, OPEX training aimed at increasing the effectiveness and reach of continuous improvement efforts continued through digital channels. In 2025 at İsdemir, from training developed entirely with internal resources and delivered digitally:

- 231 employees completed the OYAK DigitalHR Suggestion System Basic Training,
- 218 employees completed the OYAK DigitalHR Kaizen Basic Training,
- 7 employees completed the OYAK DigitalHR OPEX Projects Awareness Training,
- 79 employees completed the OYAK DigitalHR SMED (Single Minute Exchange of Dies) Awareness Training.

Classroom training sessions also continued at İsdemir in 2025. Twelve employees attended the Minitab-Supported Statistical Data Analysis Training; 13 attended the 8D Training; and 58 attended the Participation Systems Awareness Training.

At Erdemir, 103 employees completed training on the Erdemir Suggestion System and Kaizen systems that were moved to a digital platform. In 2025, at Erdemir, 10 people attended the Statistical Data Analysis Training and 5 people attended the Design of Experiments Training, both prepared entirely with internal resources and conducted in person. One hundred thirty-five employees participated in hands-on participation system training designed for hourly paid employees hired within the past two years.

OPEX PROJECT EXAMPLES

Process and Quality-Focused Improvements at Erdemir

Minimizing Surface Defects by Optimizing the Steel Production Process for Low-Mn Content Grades
We launched this project to eliminate crack defects observed in steel grades with Mn values in the 0.05–0.15% range, and to reduce scarfing operations and quality deviations attributable to cracking. We determined that high thermal stress and mechanical strains during the straightening stage of the continuous casting process led to cracks on the slab surface. We identified that a Mn/S imbalance triggered the formation of FeS, which increased the risk of cracking.

Therefore, we conducted detailed analyses focusing on alloy control. We examined grades with a low Mn/S ratio and applied a binary logistic regression analysis, particularly for the 7512K grade. Based on the analysis results, we conducted trial heats to maintain the Mn/S ratio at an average of 19.71. Following the trial heats, no crack defects were observed on slab surfaces during production throughout 2025. As a result of the project, we achieved an annual financial return of USD 351,355.

Reduction of Edge GAF Defect in GFR Productions-CGL-1
With this project we carried out on the CGL-1 line, we aimed to reduce the problem of insufficient alloying and discoloration, known as the 'Edge GAF defect,' seen in the edge regions of Galvanneal (GFR) products. We found that the 50-mm edge-trim allowance used in current practice to maintain quality resulted in high levels of scrap and yield losses. We conducted literature reviews, benchmark studies, and detailed process analyses. We gradually increased the Hot Air Generator temperature in the Holding Zone of the galvanneal furnace from 500°C to 570°C. By doing so, we optimized heat transfer at the strip edges, accelerated the iron-zinc diffusion kinetics, and eliminated the alloying deficiency.

We reduced the edge trimming allowance to 30 mm and 40 mm levels on an MPC basis, especially for high-tonnage products of grades 440 (HSLA), 430, and 431. With this improvement, we saved 234 tons of material from being scrapped annually and converted it into finished product. We provided an annual return of USD 145,260 to our Company. We made the gain permanent by integrating the new process parameters and trimming standards into the Level-4 automation systems.

Reduction of Tin-Chrome Plating Edge Trimming Allowances
We aimed to reduce scrap from edge trimming on the Tin-Chrome Plating line while maintaining customer quality expectations. We evaluated the current trimming allowance of a total of 18 mm, with a minimum of 9 mm on one side, through process capability analyses and field trials involving 420 coils. As a result of the trials, we reduced the trimming allowance to 14 mm. We did not detect any quality or process problems in the checks we made with the IMS measurement system. Thanks to a total reduction of 4 mm, we significantly decreased the amount of scrap.

According to the production projection for 2026, we targeted a net financial gain of approximately USD 815,845 per year. We standardized the improvements we achieved with MPC changes and began to extend them to all product groups.


Steel Mill

Process Development Work

Risk-focused in-depth analysis in the hot rolling mill

We analyzed the causes of operating with a single coiler in the Hot Rolling Mill's coil-winding area and found that it was due to equipment failures, program changeovers, and materials prone to jamming.

Digitalization and Process Stability at İsdemir

Modeling and Optimizing R-Factor Values Used for Mill Speed Control
The R-Factor (Reduction Factor) value, used to determine mill speed references in the rolling process, is dynamically adjusted by the loop and tension control systems to ensure minimum rolling tension between stands. In the event of process deviations, the operator can intervene manually to adjust the R-factor. Errors occurring during the manual execution of this process by the operator were causing downtimes. Therefore, we modeled, optimized, and automated the R-factor calculation and adjustment processes. We moved critical operator-dependent steps to the digital environment and integrated the algorithms into the operator screens. Thus, we increased the traceability, repeatability, and operational reliability of the process.

With the project we completed in 2025, we achieved a financial gain of USD 164,311 per year. We reduced downtime by 54% in areas where the problem was prevalent. We reduced our reliance on operators and strengthened process stability.

KAIZEN

Erdemir

Keeping the Coke Crushing System Operational During Coke Screen Failures and Preventing Sinter Plant Shutdowns
We initiated this Kaizen study to prevent production interruptions caused by coke screen failures and to ensure operational continuity at the sinter plant. We determined that screen failures disabled the crusher, lowered the coke dust level in the silos, and led to unplanned downtimes.

To address the problem, we designed a bypass chute to redirect coke directly to the crusher in the event of a malfunction. We installed a retractable scraper system on the F1 conveyor, widened the chute inlet to increase flow capacity, and mounted modular guards for maintenance safety.

These measures enabled uninterrupted operation of the coke crushing system. We prevented an annual production loss of approximately 3,208 tons and avoided a cost increase of USD 142,870 per year. We also improved occupational health and safety conditions.

İsdemir

Improving the Single Coiler Operation Performance in the Coil Winding Area
We analyzed the causes of operating with a single coiler in the Hot Rolling Mill's coil-winding area and found that it was due to equipment failures, program changeovers, and materials prone to jamming. We determined that the greatest impact came from coils with a high risk of jamming. We implemented improvements to reduce operational losses caused by jamming and material buildup on the coilers. As a result of the implementations, we reduced the number of coils requiring single-coiler operation from 10,851 to 6,175. With this development, we anticipate a financial gain of approximately USD 3 million for 2025.



İsdemir Billet Casting

Management Systems

Integrated management systems compliant with global standards

We develop systems in the areas of quality, occupational health and safety, environment, energy, and information security in accordance with internationally accepted standards.

In line with customer-specific requirements, we considered the necessity of monitoring FMEA studies in a software environment and implemented FMEA software.

Total Quality Management Culture and Our Approach
As OYAK Mining Metallurgy Companies, we place customer focus at the center of our activities and spread the Total Quality Management culture throughout the entire organization. We draw strength from the knowledge and experience of our employees, establish modern management systems that support success by using our resources effectively and efficiently, and resolutely maintain a continuous improvement approach.

We develop and regularly review systems aligned with internationally recognized standards across quality, occupational health and safety, environment, energy, and information security. In all our companies, we adopt the PDCA (Plan-Do-Check-Act) cycle as our basic management approach, and through this structure, we create sustainable value for our stakeholders.

By prioritizing digitalization, we use the Knowledge Management System (KMS) to enhance the effectiveness of our management systems. This system enables us to manage documentation, processes, and improvement activities within a centralized, traceable structure.

We continued the improvements we made to the Document Management Software, which we launched in 2024, in 2025.

We provided users with quick access to the documents they need via a QR code-supported mobile application.

We published a total of 24,495 documents across Erdemir, İsdemir, and OMM. We review documents at regular intervals and make necessary revisions. The new documents we published in 2025 are as follows:
- 606 at Erdemir,
- 27 at OMM, and
- 472 new documents at İsdemir.

The documents we reviewed and revised in the same period are as follows:
- 1,835 at Erdemir,
- 58 at OMM, and
- 2,597 documents at İsdemir.

We also began managing processes through the module and published process cards within the system. We completed the training for the Process Module with the participation of our relevant employees.

We took into account the requirement to monitor FMEA studies in a software environment in line with customer-specific requirements and launched the FMEA software. We began to conduct FMEA and Control Plan studies for all our processes within the scope of IATF 16949 using a digital platform. Thus, we manage risks with a more systematic, traceable, and data-driven approach.


İsdemir Facilities

Internal Audit and Compliance Processes
We conduct internal audits at least once a year to evaluate the effectiveness, efficiency, and compliance of our management systems with standards. In 2025, a total of 399 auditors took part in audits at Erdemir and İsdemir within the following scopes:
- IATF 16949:2016 Automotive Quality Management System
- ISO 9001:2015 Quality Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 14001:2015 Environmental Management System
- ISO 50001:2018 Energy Management System
- ISO 27001:2022 Information Security Management System
- ISO 17025:2017 Laboratory Management System
- Manufacturing Process (VDA 6.3)
- Security Management System
- Maintenance Management System

We systematically track actions for findings identified in audits through the BBYS CPAR Module. We reward our internal auditors who contribute to the process. In 2025, we rewarded:
- 23 auditors (10 at Erdemir, 13 at İsdemir) with five or more years of service, and
- 18 auditors (İsdemir) with ten or more years of service.

In addition to internal audits, the corrective actions opened are as follows:
- 79 at Erdemir, and
- 99 at İsdemir.

We monitored the progress of these activities monthly and reported to senior management. We prevented recurrence by eliminating the root causes of non-conformities.

Internal Audits

	Number of Units Audited	Number of Processes Audited	Strengths Identified	Identified Recommendations	Identified Areas for Improvement	Number of Auditors Assigned
Erdemir	51	35	1,162	619	145	204
İsdemir	39	28	1,653	413	135	195

To ensure the continuity of our management systems and evaluate their performance, we hold separate Management Review meetings for each system at Erdemir and İsdemir.

At the meetings held in August, we evaluated all developments and results for 2025. At the end of the meetings, the following decisions were taken:
- 16 at Erdemir, and
- 15 at İsdemir.

We implemented 13 of these decisions (6 at Erdemir, 7 at İsdemir) and monitored the implemented actions on a quarterly basis.

In 2025, to enhance the effectiveness of our management systems, training activities were delivered through classroom sessions, virtual classrooms, the DigitalHR platform, and remote connection tools (Microsoft Teams, etc.).

We held regular process review meetings for more effective process management.
- In 44 processes at Erdemir, and
- In 38 processes at İsdemir,

we held a total of 211 meetings (73 at Erdemir, 138 at İsdemir).

We successfully completed the external audits conducted by certification bodies in 2025.

We completed the transition to the ISO/IEC 27001:2022 Information Security Management System standard. We conducted our internal audits, monitored system performance, and carried out Management Review processes. At the end of the process, we successfully passed the external audit conducted by TSE and received the ISO/IEC 27001:2022 Information Security Management System certificates for Erdemir and İsdemir.

We continue to develop all our practices and certified management systems that support our priorities of energy efficiency, occupational health and safety, sustainability, and digitalization with the same determination.

Management Systems

Comprehensive training activities focused on continuous improvement

In 2025, 4,866 people participated in the Management Systems Awareness Training.



Ersem Manisa

Training	Course	Number of Participants in 2025
Internal Source	Management Systems Internal Auditor Refresher Training	343
	Management Systems Orientation Training	212
	IATF 16949 Special Characteristics Training	81
	Management Systems Awareness Training	4,866
External Source	AIAG Control Plan Training (1st Version)	132
	APQP 3rd Version Training	24
	Process FMEA Training	76
	Design FMEA Training	45
	APQP & PPAP Training	44
	Measurement Systems Analysis (MSA) Training	20
	Security Management System Representative Training	16

Management Systems, Standard/Company	İSDEMİR	ERDEMİR	ERSEM	Erdemir Romania	ERMADEN
ISO 9001-Quality Management System (QMS)	√	√	√	√	√
IATF 16949-Automotive Quality Management	√	√	√	√	X
ISO 45001-Occupational Health and Safety (OHSMS)	√	√	√	√	√
ISO 14001-Environmental Management System (EMS)	√	√	√	√	√
ISO 50001-Energy Management System (EnMS)	√	√	X	√	√
ISO 27001-Information Security (ISMS)	√	√	√	X	X
ISO 17025-Laboratory / Test Accreditation	√	√	X	X	X
ISO 17025-Calibration Laboratory Accreditation	X	√	X	X	X
CARES ISO 9001-Quality Management	√	X	X	X	X

Supply Chain Management

Strategic collaboration is crucial in supply chain management

Rising energy costs, geopolitical developments, and supply chain uncertainties are reshaping the iron and steel industry. OYAK Mining Metallurgy diligently continues its efforts to adapt to changing market conditions with sustainable and flexible supply strategies.

The return of supply chains to normal after the pandemic led to an increase in container shipping and logistics costs in particular.

When evaluated specifically for Türkiye, iron and steel production relies heavily on an energy-intensive production process. As of 2025, high energy costs and fluctuations in natural gas prices have significantly impacted the industry's cost structure. Türkiye's dependence on foreign energy sources continues to be one of the main factors increasing production costs.

Türkiye is a major global player in iron and steel exports. However, global inflation, demand contraction, and increasing trade measures have made competitive conditions more challenging, especially in European and some Asian markets.

In the domestic market, demand fluctuations in steel-consuming sectors such as construction and automotive directly affected the industry. While Türkiye's growing infrastructure projects, especially railway investments, energy infrastructure, and urbanization projects, supported steel demand, inflationary pressures and high interest rates led to demand contraction in areas like the housing sector.

As OYAK Mining Metallurgy, we quickly adapted to the current market conditions and developed alternative sources for strategic inputs. We set common goals for the Sales, Procurement, and Production departments and conducted coordinated efforts to achieve optimal cost and inventory levels. We planned our procurement activities to adapt to different potential scenarios in global markets and created purchasing strategies in line with these plans.

Our supply chain management approach addresses operational continuity, risk management, and sustainability principles within a holistic framework. In our procurement processes, we aim to source the right product at the right cost and at the right time. Reducing environmental impacts, observing social responsibilities, and ensuring full regulatory compliance are among our core principles.

In the medium and long term, one of the most important goals for the steel industry is to achieve a more environmentally friendly production structure. In this context, the nature of the raw materials used is changing, and traditional steel production methods need to be supported by new technologies.

In this context, we are working with our suppliers to develop raw materials and production methods that meet these requirements. Thus, supplier relationships are evolving from being merely commercial to becoming strategic collaborations.

The post-pandemic inflationary environment and geopolitical factors such as the Russia-Ukraine war have had significant economic impacts on the iron and steel industry and its supply chains. In 2024 and 2025, these effects continued to be felt globally. High energy costs, supply chain disruptions, labor shortages, and trade restrictions increased production costs while creating uncertainties in supply chains. To adapt to these economic and geopolitical factors, steel producers have moved towards establishing more flexible, digitalized, and sustainable supply chains.

The economic recovery process in 2020 and 2021 following the pandemic led to high inflationary pressures in 2022 and 2023, influenced by factors such as supply chain disruptions, labor shortages, and supply-demand imbalances. This situation continued to affect global economic dynamics in 2024 and 2025. The failure of supply chains to fully rebalance in the post-pandemic period caused production costs to remain at generally high levels. Disruptions in the supply chain and difficulties in material procurement and logistics processes led to fluctuations in raw material prices.

The prices of basic inputs for steel production, such as iron ore, coal, and scrap, rose after the pandemic due to supply-demand imbalances and subsequently followed a volatile trend depending on fluctuations in global demand. In the early years of the pandemic, there were serious disruptions in global logistics networks, such as maritime transport. The process of rebalancing supply



Ersem Gebze Slitting and Packaging Line

chains in the post-pandemic period brought about the restructuring of container shipping and logistics costs in particular.

After the pandemic, there were fluctuations in consumer spending worldwide. While demand increased in some regions, economic uncertainties and high prices put pressure on demand in others. This fluctuation directly affected steel-consuming sectors, especially the construction and automotive sectors. While the construction sector showed recovery in some countries with infrastructure investments and public incentives, the automotive sector faced a semiconductor shortage and supply chain problems.

The Russia-Ukraine war caused significant disruptions in global energy markets. Due to Russia's significant role as an energy producer in the global market, European countries remained dependent on Russian natural gas and oil for many years. After the war, European countries developed energy source diversification strategies and took steps to reduce their energy supply from Russia. This process led to significant increases in global energy prices and raised costs in energy-intensive sectors such as steel production.

Natural gas and electricity prices became a critical cost component in steel production. Due to the use of energy-intensive processes in steel production, high energy costs placed a significant burden on steel producers and increased production costs. Russia and Ukraine were among the world's major raw material suppliers. While Russia was a major producer of iron ore and energy resources, Ukraine played a significant role in the export of semi-finished steel products and iron ore. Due to the war, production and export processes in these countries were disrupted, creating uncertainties in global supply chains.

The war also created significant trade barriers in the steel sector due to international sanctions imposed on Russia. The European Union, the US, and other countries restricted Russia's access to the global supply chain with sanctions on Russian steel. This situation led to supply shortages for some products while reshaping global trade flows.

Supply Chain Management

New regulations accelerating low-carbon production

Regulations such as the Carbon Border Adjustment Mechanism introduced by the European Union are accelerating the adoption of low-carbon production methods in the steel industry.

Within the scope of green production methods, new production technologies that reduce carbon emissions are being increasingly adopted.

In the post-pandemic period, high inflation gained momentum along with the global economic recovery process. In 2024 and 2025, many countries raised interest rates to control inflation. High interest rates suppressed housing and construction investments in particular, leading to a weakening of steel demand. However, infrastructure investments and publicly supported projects bolstered demand for steel to a certain extent.

One of the major issues that has come to the fore in the global steel sector in recent years is overcapacity. Global steel production capacity has increased rapidly, especially as a result of increased investment in Asia and the Middle East. Because the increase in demand could not keep up with this growth, a supply surplus emerged in global markets. This situation put pressure on international steel prices and made competitive conditions more difficult.

The iron and steel industry is widely recognized for its high energy consumption and carbon emissions. However, by 2024–2025, environmental sustainability emerged as a significantly stronger area of focus across the industry.

This requires making all processes in the supply chain environmentally friendly.

Within the scope of green production methods, new production technologies that reduce carbon emissions are being increasingly adopted. Electric arc furnaces, hydrogen-based direct reduction technologies, and carbon capture applications play an important role in the transformation of the industry. In addition, increasing the share of recycled scrap in steel production and strengthening the circular economy approach are of critical importance for sustainable production.

Regulations such as the Carbon Border Adjustment Mechanism introduced by the European Union are also accelerating the adoption of low-carbon production methods in the steel industry.

The iron and steel industry benefits significantly from digitalization. Digitalization is becoming increasingly common in supply chain processes, with artificial intelligence and data analytics being used in areas such as demand forecasting, inventory management, and supplier management.



Erdemir Port

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R&D and Innovation

Development of new steel grades for defense industry applications

As part of our R&D efforts, we developed next-generation heat-treated steels with ultra-high hardness levels for defense applications, particularly for armored vehicles and tanks.

60

Number of employees at the OYAK Mining Metallurgy Companies R&D Center

The First Ministry-Approved R&D Center in the Turkish Steel Sector
With the Erdemir R&D Center, which began its activities in 2014 with the approval of the Republic of Türkiye Ministry of Industry and Technology, we took on the responsibility of being the first Ministry-approved R&D Center in the Turkish iron and steel sector, and we continue our research and development activities within OYAK Mining Metallurgy Companies. Our center employs a team of 60 people. Our staff consists of 32 researchers, 21 technicians, and a support team of seven. In 2025, we organized eight training sessions on technical subjects to develop employee competencies and encouraged participation in master's and doctoral programs. As of year-end, we have 10 colleagues with doctoral degrees and three who are currently pursuing doctoral studies. Our R&D team has made a significant contribution to our corporate knowledge base with 109 scientific publications (articles, papers, and posters) to date.

Experimental Simulation Center-Hot Rolling (2025)
In 2025, with the Hot Rolling Simulator in the Experimental Product Development Simulation Center:

- Heat-treated steels with ultra-high hardness levels were developed,
- Customer and standard homologation processes were conducted for new heat-treated steels,
- Performance verification studies were carried out on thin-section wear-resistant steels,
- Trials were conducted for atmospheric corrosion-resistant structural steels,
- S420NL and S460NL structural plate grades were developed,
- Process optimization on existing plate products yielded both property improvements and cost advantages.

Commissioned Test Activities for the Automotive Sector
To provide the technical data required by our automotive customers, a high-speed tensile testing machine and a robotic spot welding infrastructure were acquired.

In this context:

- Tests to measure the strain-rate sensitivity parameter (m) were conducted using a high-speed tensile testing machine with a maximum crosshead speed of 20 m/s. Material data sheets were prepared with the test results.
- A robotic sample feeding system integrated with a spot welding machine was installed, and the capability for high-volume, repeatable testing was increased.

Laboratory/Pilot R&D Studies for Cold and Coated Products
In 2025, within the scope of laboratory and pilot-scale R&D studies for cold and coated products;

- Development studies were conducted on a new-generation high-strength multiphase packaging steel to meet the expectations of the packaging industry,
- Studies continued to achieve natural gas savings by optimizing annealing parameters for IF grades produced on CGL lines,
- As part of electrical steel development studies, simulations for Erdemir Romania's production processes and magnetic loss measurements were carried out,



- Modeling studies were conducted to achieve cost advantages through analysis and process optimization for HSLA steels,
- Projects for the development of cold and galvanized HSLA (high-strength low-alloy) steels continued in line with the demands of the automotive industry,
- Pilot-scale studies on alternative zinc-alloy coatings were initiated to improve coating properties, and simulation studies continued,
- Electrochemical techniques added to the laboratory infrastructure were used for detailed characterization of products and root-cause analysis of defects; positive results were obtained in studies to reduce the copper accumulation defect observed in the 2nd Cold Rolling Mill Continuous Pickling Line, and the studies continued,
- A joint project was carried out with the Raw Materials and Iron Production R&D Directorate to obtain iron from iron oxides by electrochemical reduction; positive results were obtained in experiments with hematite (Fe2O3) powder, and studies continued with pure magnetite (Fe3O4) and Ermaden ore,
- The test tooling for the project aimed at characterizing the forming behavior of tinplate materials in packaging production processes was completed; the transition to multiple tests and analyses was planned.

Casting Laboratory Infrastructure and Pilot-Scale Special Steel Production
Using the open and vacuum induction furnaces in the R&D Center's casting laboratory, pilot-scale production of special steel grades required for R&D projects was carried out. Within the scope of these studies, pilot-scale production of advanced alloy special steels was carried out for the first time at our Company, strengthening the infrastructure for advanced alloy steel development. Thanks to the modeling and process simulations conducted, the risks of process deviations that could occur during production were foreseen; optimization studies were applied to improve the quality of semi-finished products (slabs). R&D activities continued to advance steel cleanliness, support production continuity, and improve finished product quality. In addition, studies were conducted on the effective use of casting powders, which play a critical role in steel production processes.

Sustainability, Circular Economy, and Pilot Plant Applications
In line with our sustainable production goals, we delivered a number of significant projects and initiatives in 2025. In this context:

- A CO_2 mineralization (carbonation) technique was developed to reduce the expansion of steelmaking slag; optimization studies were completed in the pilot carbonation reactor. Carbonated steelmaking slag was utilized in the production of tetrapods, site concrete, and interlocking paving stones.
- In line with the goal of reducing CO_2 emissions, a Pilot Pyrolysis Facility was commissioned to enable the use of alternative carbon sources instead of fossil fuels in iron and steel production processes. Wood waste was sized to prepare raw material suitable for the plant; studies were conducted on biochar production in the pilot plant and the establishment of conditions for biochar use.
- To facilitate the recycling of by-products/residues by agglomeration, the Erdemir Vertical Vibrating Press Briquetting Plant was commissioned; installation work on the İsdemir Vacuum Extrusion Briquetting Plant continued.
- The suitability of substituting high-quality domestic lignites for high-volatile coal in the coal blend at specific sizes and ratios was evaluated through laboratory and pilot-scale studies.
- As part of the Coking Coal Blend Optimization project, a model was developed to predict the quantities of products and by-products generated in the coking process based on coal quality characteristics; work was carried out to create the final model by combining it with a model that predicts coke quality characteristics. The model was planned to be shared with the operations and procurement departments; regular additions to the dataset throughout 2026 were envisaged.
- As part of the efforts to produce high-quality pellets for direct reduction in line with green steel targets, laboratory and industrial-scale studies were conducted on the use of organic binders as an alternative to bentonite in the pelletizing process.
- Studies were conducted to increase bulk density and support coke production by briquetting coal and adding it to the coal blend in certain proportions.
- The Petrography Laboratory continued its activities within the R&D Center's infrastructure for the characterization of coal, coke, and biochar materials.

R&D and Innovation

Sustainability-focused customized membrane studies

In 2025, work continued on the "Customized Membrane Applications for Green and Developing Industries" project.

In 2025, in line with decarbonization goals, a laboratory infrastructure was established for the electrochemical reduction of iron ores as an alternative iron production method.

2025 R&D Outputs

- 14 new product grades were developed for flat products, bringing the total number of flat product grades to 616.
- 23 projects were completed; 40 projects are ongoing.
- 12 patent / utility model applications were filed in 2025.
- The total number of patent applications by OYAK Mining Metallurgy Companies reached 99; 41 patents and 19 utility model applications were registered.

New Projects and Programs Contributed To

- Work continued on the "Customized Membrane Applications for Green and Developing Industries" project, which is the first Horizon Europe project funded in the iron and steel sector in Türkiye. The gas separation and capture pilot plant, which will use membranes to be installed at Erdemir as part of the project, is planned to be commissioned in 2026.
- Work began on the Horizon Europe Project "Decarbonized Steel Production with New Processes" (ZEROSTEEL), in which we are a partner. The project aims to reduce carbon emissions in steel production through innovative processes.
- We continued to participate as a project supporter in the EU-RFCS Safe H-DRI project, which aims to investigate the production of hydrogen direct reduced iron (H-DRI) and the conditions for the safe transport of H-DRI.
- The project "Development of Biocoke Production Technologies for Blast Furnace-Steel Production Route" was accepted under the 2549 TÜBİTAK-Poland NCBR Bilateral Cooperation Call; laboratory-scale studies were conducted on the pyrolysis of various biomass types for use in coal blends, and preparations were made for pilot-scale studies on the optimal blends.

Innovative Studies

- In line with decarbonization goals, a laboratory infrastructure was established for the electrochemical reduction of iron ores as an alternative iron production method; laboratory-scale experimental studies were conducted with ores of varying characteristics, and the feasibility of electrochemical iron production was investigated.
- In line with the decision to establish a laboratory infrastructure for the hydrogen reduction of iron ores, engineering design studies for a laboratory-scale reduction reactor were carried out. The installation of the reactor is planned to be carried out in 2026.
- As OYAK Mining Metallurgy Companies, we continued our project development activities in the following areas, focusing on reducing the use of primary raw materials and emissions and improving coal use efficiency through alternative carbon sources (biochar, plastic, etc.) and bulk density enhancement methods:
  - Hydrogen reduction of ferrous raw materials,
  - Evaluation of enrichment alternatives in line with the goal of producing DR-quality pellets (including the study "Investigation of Ore Production Conditions Suitable for DR Quality from Ermaden Ores by Flotation Method" for flotation performance within the project scope),
  - Alternative renewable energy sources,
  - Carbon capture and conversion of carbon dioxide into valuable chemicals.

Waste Management and Efficient Clean Energy Studies

Work began to identify the infrastructure needs and equipment required for the installation of a laboratory that will support the projects of the Energy and Environment R&D Group, which was incorporated into the R&D Center organization. Projects were developed on efficient energy use, alternative clean energy technologies, and alternative treatment systems to contribute to the 2050 net-zero targets within the scope of climate change strategies. Studies were conducted within the scope of university-industry cooperation with a focus on waste/by-product recovery and emission reduction.

It is planned to conduct studies in cooperation with Kümaş on the effects of low-carbon and carbon-free refractory materials developed by OYAK Group company Kümaş on the steel-slag interaction that occurs during low-carbon steel production.

Technologies such as the Organic Rankine Cycle and Thermoelectric Generator (TEG) were examined for the utilization of waste heat; studies on energy recovery potential and application areas were continued in collaboration with stakeholders and universities.

Within the scope of the TEG project, three new materials for high-temperature waste heat recovery were produced in 2025; a patent application was filed for a new alloy



Erdemir R&D Hot Rolling Simulator

that allows the use of high-entropy alloys as semiconductors. A prototype of the waste heat recovery system was created

To reduce the storage and management burden and environmental risks associated with the approximately 1.0–1.1 million tons of steelmaking slag generated annually at the Erdemir and İsdemir plants, a carbonation process was developed to control the risk of volumetric change and cracking, and was verified at pilot scale. The process aims to bind CO_2 in mineral form, reduce storage costs, and convert the slag into a product that can be used in the concrete industry

Within the scope of carbon capture and conversion to value-added products, the application made to the TÜBİTAK SAYEM 1833 call for the synthesis of urea and its derivatives from CO_2 captured from industrial waste gases, under the leadership of HEKTAŞ, was approved.

2026 Strategic Priorities

The focus areas of OYAK Mining Metallurgy Companies for 2026 include the development of value-added products, including armor steels for the defense industry, automotive steels, heat-treated steels, electrical steels, and packaging steels; improving coating quality; optimizing process quality and efficiency; integrating waste into the circular economy; reducing emissions; recovering waste heat; and generating electricity using thermoelectric generator systems.

In addition to the Erdemir Vertical Vibratory Press Briquetting Plant, the commissioning of the İsdemir Vacuum Extrusion Briquetting Plant is expected to enable studies on determining the recycling conditions for briquetted by-products and wastes and contributing to the circular economy through two different methods. Using the same infrastructure, the aim is to increase bulk density and support coke production by briquetting coal and adding it to the coal blend in specific proportions.

In line with the steel industry's decarbonization goal, it is planned to continue laboratory-scale studies on alternative iron production methods such as the electrochemical reduction of iron ores and direct reduction with hydrogen. Project development efforts are expected to continue in the areas of hydrogen reduction of ferrous raw materials, beneficiation methods for DR-grade pellet production, alternative renewable energy sources, energy efficiency, carbon capture, and the conversion of CO_2 into valuable chemicals.

Digital Transformation and Technology

Advanced technology-focused transformation for sustainable growth

We continue to support our digital transformation journey, which is advancing in line with the strategic plan we have established to become a strong and sustainable company that makes a difference in the industry, through the use of current technologies.

We launched the Advanced Data Analytics Program to transform production data into strategic value.

Digital Transformation-Focused Application Development Activities
Recognizing that information is the most important source of power, we strengthen our companies through goal-oriented digital transformation projects and are carrying out a holistic transformation across production and quality, maintenance and reliability, energy and resource management, occupational health and safety, and people and sustainability. In line with this approach, we aim for excellent stakeholder experience and operational excellence. We believe that adapting to the digital transformation process is a strategic necessity, and we are resolutely moving forward to turn this transformation into a competitive advantage with the projects we have identified. We have successfully completed the modernization project we carried out in our Enterprise Resource Planning (ERP) systems. Through this project, we transformed our infrastructure and business processes into a secure and sustainable structure that accelerates decision-making and strengthens operational efficiency.

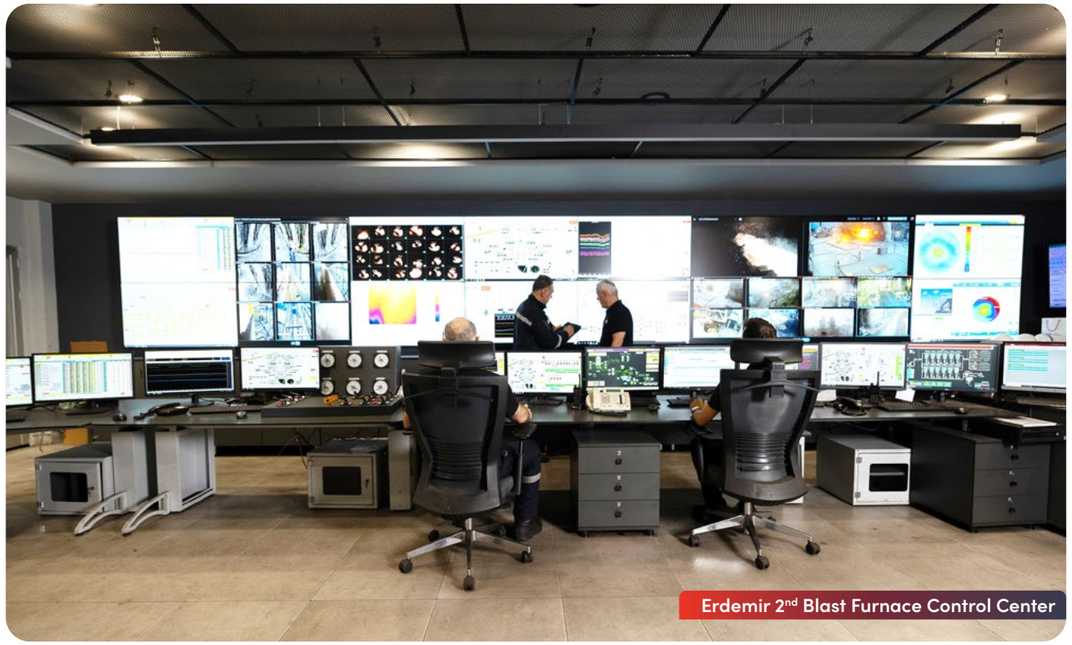
We are increasing efficiency in business processes by combining artificial intelligence technologies with the experience of our employees. We have deployed Artificial Intelligence applications in office programs and software development processes with pilot groups.

With robotic process automation solutions, we aim to reduce repetitive tasks, allowing our employees to focus on more value-added work. With these projects, we aim to reduce manual processing times and error rates in processes.

We support our digital transformation journey, aligned with our strategic plan, through the use of current technologies. We benefit from a broad technology ecosystem, including the Internet of Things, cloud technologies, data analytics, artificial intelligence, image processing, and digital twin solutions.

We launched the Advanced Data Analytics Program to transform production data into strategic value. Through this program, we strengthen our employees' data literacy and analytical capabilities; by developing optimization scenarios for quality, efficiency, energy, and raw material use, we ensure effective cost management in line with our 2030 vision.

We believe that data is at the center of digital transformation. Through the sensor-based data collection infrastructure we established in 2022, we capture high-quality, verified data from the field. We use this data in improvement projects by processing it with artificial intelligence in the areas of predictive maintenance, product development, machine learning, operational efficiency, and sustainability.



Erdemir 2nd Blast Furnace Control Center

With the "Production Control System and Level-3 Production Systems Modernization" project we are carrying out at Erdemir, we are transforming our production processes into a lean, flexible, and agile structure supported by end-to-end digital applications. We are accelerating our technological transformation through the efficiency gains and secure infrastructure it provides.

We provide operations with real-time visibility by enabling production processes to be monitored via mobile devices. We have digitalized our business processes by commissioning our system that increases the traceability, performance, and efficiency of in-plant transportation processes.

With the "Raw Material Supply and Planning System," we create detailed supply plans according to production needs, support material control with data analytics, and keep inventory levels at a minimum to have the right material ready at the right time. This project creates a competitive advantage by transforming data into value-added information.

We have completed the Microsoft 365, e-transformation, and SAP HANA projects as part of our cloud technology strategy. With these investments, we have strengthened our cloud infrastructure and laid the groundwork to make generative AI technologies a natural part of our processes.

Information Technology Infrastructure and Data Security
We continuously renew and strengthen our system and network infrastructures in line with current technology and requirements. As part of business continuity, we renewed İsdemir's network infrastructure, which had reached the end of its technological life, end-to-end.

In 2025, we conducted security, emergency, and disaster recovery tests. We are creating a stronger and more redundant infrastructure by supporting our data centers with cloud technologies.

In line with our artificial intelligence transformation goals, we are creating our generative artificial intelligence principles and corporate artificial intelligence framework, and we are carrying out these efforts in an integrated manner with our human resources and all our infrastructure activities.

We ensure the security of our information assets and processes in line with the principles of integrity, availability, and confidentiality. We strengthen physical and environmental security measures, deploy new cyber technology applications, and continuously monitor cyber threats.

We comply with the requirements of ITIL, COBIT, GDPR, the Personal Data Protection Law (KVKK), and the ISO 27001 Information Security Management System; we also meticulously comply with the regulations of the Presidency's Cyber Security Office, the Energy Market Regulatory Authority, and the Capital Markets Board. In 2025, we continued our internal and external audits, ensuring the continuity of our existing certifications and improving our processes.

In conclusion, in line with our vision of creating value for all our stakeholders, we are resolutely advancing our digital transformation journey in harmony with our way of doing business.

Combating Climate Change and Decarbonization

Long-term carbon management for a sustainable future

As part of our efforts in line with Türkiye's 2053 net zero emissions target, we address our carbon management and decarbonization processes from a long-term perspective.

We calculate our Scope 1 and Scope 2 emission data on a monthly basis and track the consolidated emission data for Erdemir and İsdemir through the Corporate Performance Management System (CPMS).

As Erdemir, we consider environmental sustainability an integral part of our business strategy and see combating climate change as one of the fundamental elements of our long-term value creation approach. Our core principles guiding our environmental and climate efforts include protecting human health and well-being, raising public awareness, ensuring the efficient use of natural resources, and contributing to the sustainable transformation of the industry. Through strong collaborations with our customers, suppliers, and other stakeholders, we focus on emission reduction mechanisms; we effectively manage greenhouse gas emissions from our production processes by calculating them using scientific methods.

As part of our efforts in line with Türkiye's 2053 net zero emissions target, we address our carbon management and decarbonization processes from a long-term perspective. In line with our roadmap toward our net zero target, we are undertaking initiatives to increase energy efficiency in our production processes, expand the use of renewable energy sources, and evaluate low-carbon production technologies.

Throughout 2025, we carried out significant work in the areas of renewable energy and energy efficiency as part of the fight against climate change. The SPP projects and energy efficiency practices carried out at our Erdemir and İsdemir plants are an important part of these efforts. In addition, we evaluate the environmental impacts of our production processes holistically through Life Cycle Assessment (LCA) studies and corporate carbon footprint calculations conducted by our Environmental Directorates. Through the verification processes we carry out, we increase the transparency and reliability of the greenhouse gas emission data we provide to our customers, and we aim to further reduce those emissions each year.

To effectively monitor our climate performance, we implement a comprehensive data management and performance tracking system. In this context, we calculate our Scope 1 and Scope 2 emissions on a monthly basis and track the consolidated emissions data for Erdemir and Erdemir-İsdemir through the Corporate Performance Management System (CPMS). We are continuing our efforts to determine Scope 3 emissions.

A reduction in total emissions was achieved in 2025. However, due to lower production volume compared to previous years, an increasing trend was observed in the emission intensity per ton of crude steel.



İsdemir Facilities

To manage this situation, we continue to focus on efficiency-enhancing practices and emission reduction projects in our production processes.

To reduce our carbon footprint, we aim to make greater use of renewable energy sources and detail our emission calculations using different methodologies. Through these efforts, we aim to develop new projects to reduce emission intensity and implement them in appropriate areas.

The greenhouse gas calculations for 2025 were not disaggregated by production process.

We are also continuing our preparatory work for the Emissions Trading System (ETS) planned to be established in Türkiye. In line with the draft regulations published by the Directorate of Climate Change under the Ministry of Environment, Urbanization and Climate Change, our production processes at the Erdemir and İsdemir facilities have been divided into nine subprocesses for analysis. Erdemir has been assessed as a pilot facility by the Ministry of Environment, Urbanization and Climate Change.

In the upcoming period, we aim to increase our environmental investments and systematically expand our emission reduction practices as part of our efforts to combat climate change. In 2026 and beyond, in line with our customers' expectations, we plan to complete the verification processes for the Environmental Product Declaration (EPD), corporate carbon footprint, and water footprint. Additionally, we aim to continue our efforts to calculate emissions on a product-specific basis for the products we export under the Carbon Border Adjustment Mechanism (CBAM).

Environmental Impact Management

A green transformation journey strengthened by resource efficiency

In the fight against climate change, we adopt a circular economy approach; we utilize waste, enhance resource efficiency, and aim to reduce our water and carbon footprints by upgrading our facilities with new technologies.

Related Priorities

- Climate Change
- Energy Management
- Waste Management
- Low-Emission Production Technologies
- Water Management
- Air Emissions Management
- Circular Economy

For a Cleaner and More Livable World...
As OYAK Mining Metallurgy Companies, we manage environmental impacts through a holistic approach integrated into all stages of our operations. In this context, our environmental management approach is built on the principles of full compliance with regulations and transparency, preventive and proactive risk management, continuous monitoring and performance tracking, resource efficiency and circular economy, climate change and footprint management, and stakeholder engagement and awareness.

The action plans and roadmaps we have prepared for the proper management of climate-related risks and opportunities form the focus of our sustainability efforts and are also positioned as an important part of our corporate risk management activities.

In the fight against climate change, we adopt a circular economy approach; we utilize waste, enhance resource efficiency, and aim to reduce our water and carbon footprints by upgrading our facilities with new technologies.

The fact that steel is a 100% recyclable and long-lasting material that does not lose its properties allows it to contribute to circularity by remaining in use for many years in numerous sectors such as construction, infrastructure, automotive, and durable goods. In this context, while we continue our efforts to enhance the performance characteristics of our products, we believe that achieving large-scale emissions reductions depends on the widespread adoption of breakthrough technologies, and that this transformation will be enabled through strong investment initiatives and strategic collaborations.

We consider next-generation technologies such as the use of hydrogen instead of carbon in production, and carbon capture, utilization, and storage as significant opportunities in the fight against climate change.

We meticulously carry out measurement, monitoring, declaration, and permitting processes for all environmental dimensions, including wastewater, emissions, waste, chemicals, greenhouse gases, noise, and ship waste; we identify environmental risks at their source and implement the necessary measures. We keep environmental parameters under control using infrastructures such as Continuous Wastewater Monitoring Systems (CWMS) and Continuous Emission Measurement Systems (CEMS), and regularly track the results by linking them to corporate performance management.



In line with the proactive approach we adopt in environmental management, we conduct technical, economic, and commercial evaluations from the perspectives of life cycle and sustainable development, implement environmentally friendly technologies, and use natural resources efficiently. We reduce waste at the source, develop recovery practices, and promote recycling. We maintain open communication with all our stakeholders, including our employees, customers, suppliers, the community, and public authorities; we transparently share our environmental approach, practices, and performance results, and conduct awareness-raising activities.

At Erdemir and İsdemir, we calculate our annual greenhouse gas emissions using the mass-balance method and share them with the Ministry of Environment, Urbanization and Climate Change after obtaining approval from a verification body. We analyze the reasons for changes in annual emission values to identify emission sources; additionally, we monitor our emissions more closely by conducting monthly analyses with the greenhouse gas monitoring system we have developed.

Erdemir and İsdemir have announced their Net Zero Roadmap to contribute to Türkiye's 2053 net-zero emissions target.

In this context, we aim to reduce our carbon emissions per ton by 25% by 2030 and 40% by 2040 compared to the 2022 baseline, and to achieve net-zero emissions by 2050.

In line with our short-term target of reducing carbon emissions per ton of crude steel by at least 25%, total transformation investments of USD 3.2 billion are planned at Erdemir and İsdemir by the end of 2030.

Under the coordination of the Environmental Directorates at Erdemir and İsdemir, efforts are underway to integrate the Carbon Border Adjustment Mechanism (CBAM), Corporate and Product Carbon Footprint, Water Footprint, Life Cycle Assessment (LCA), and Greenhouse Gas Emissions Verification studies into the Environmental Management System.

At Erdemir, we support our environmental management practices with investment and improvement projects aimed at reducing environmental impacts, along with our environmental permit/license obligations and monitoring-declaration processes. Within the scope of environmental permitting and licensing processes, we fulfill the requirements for wastewater discharge, air emissions, waste acceptance and recovery, and landfill operations. Additionally, in 2025, we maintained our priority of effective project tracking, regulatory compliance, and regular reporting in EIA processes; we submitted a total of three quarterly project progress reports to the relevant Ministry in line with the Positive EIA Decision for the 2nd Blast Furnace Reconstruction and Modernization Project and the 4th Coke Battery and Secondary Products Plant Capacity Increase Project. Furthermore, while conducting our activities, we proactively identify potential environmental risks, take preventive measures against these risks, regularly monitor our environmental impacts through measurements, and keep them under control. We implement improvement and investment projects to minimize our impacts; with the technologies we use in these projects, we support the efficient use of critical natural resources and contribute to economic development.

At İsdemir, we strengthen our environmental impact management through our continuous monitoring infrastructure and the practices that ensure the sustained application of on-site standards. Within the scope of the index and performance tracking mechanisms we use to monitor environmental performance, the Environmental Performance Index was 95.7% in 2025. In our EIA processes, we advance our energy and capacity development-focused investments with online EIA system and monitoring reports in accordance with relevant legislation; we manage various projects, including port capacity expansion and SPP investments, in compliance with EIA processes. In 2025, we were unable to participate in environment-focused global events (e.g., COP) in the sustainability ecosystem.

Additionally, in 2025, our environmental investments and expenditures amounted to USD 9.28 million at Erdemir and USD 16 million at İsdemir; our total environmental investments and expenditures across the Group were USD 50.1 million. With the policies and processes we have developed, we aim to reduce our environmental impacts throughout our value chain, decrease energy consumption, increase resource efficiency, minimize waste generation, and act with a focus on recycling at every stage of our operations. We also regard the protection and development of our human capital as a priority.

Environmental Impact Management

Coordinated environmental impact management in capacity increase projects

We conduct Environmental Impact Assessment (EIA) processes in coordination with the Ministry of Environment, Urbanization and Climate Change to identify and manage the environmental impacts of our new investments and capacity expansion projects.

We meticulously carry out all necessary environmental permits, licenses, and reporting obligations for activities related to wastewater discharge, air emissions, hazardous waste landfill facilities, waste acceptance facilities, and non-hazardous waste recovery activities.

We base our environmental management practices on international standards. In this context, our Erdemir, İsdemir, Ersem, and Erdemir Romania facilities are certified with the ISO 14001:2015 Environmental Management System, while our Erdemir, İsdemir, and Erdemir Romania facilities hold the ISO 50001 Energy Management System certification. To foster the adoption of a sustainability culture among our employees, we organize training programs with a particular focus on environmental topics; in 2025, we continued to deliver these programs online through our Digital HR platform.

Environmental Permit and License Certificate

In conducting our environmental activities, we are fundamentally committed to full compliance with the obligations set out in the Environmental Law and all applicable legislation. In this regard, we meticulously carry out all necessary environmental permits, licenses, and reporting obligations for activities related to wastewater discharge, air emissions, hazardous waste landfill facilities, waste acceptance facilities, and non-hazardous waste recovery activities.

At Erdemir, in line with the permit and license processes conducted for these activities, all necessary environmental obligations were fulfilled as of 2025, and a Temporary Operating Certificate was obtained in September 2025. At İsdemir, as a result of the work carried out within the scope of environmental permit and license processes, a Temporary Operating Certificate was obtained as of December 2025, and the Environmental Permit and License Certificates issued by the Ministry of Environment, Urbanization and Climate Change in March 2021 remained valid in 2025, ensuring continuity.

Environmental Impact Assessment (EIA) Process

We conduct Environmental Impact Assessment (EIA) processes in coordination with the Ministry of Environment, Urbanization and Climate Change to identify and manage the environmental impacts of our new investments and capacity expansion projects. In this context, we assess the potential environmental impacts of new projects or changes to existing projects and regularly carry out the necessary reporting and monitoring activities. Additionally, we continue to develop the production techniques used in our investments in line with the Best Available Techniques (BAT) Reference Documents published by the European Union.

EIA Activities at Erdemir

Within the scope of the projects at Erdemir that received a Positive EIA Decision, we prepared and submitted a total of three quarterly project progress reports to the Ministry of Environment, Urbanization and Climate Change for the following projects:

- 2nd Blast Furnace Reconstruction and Modernization Project, and
- 4th Coke Battery and Secondary Products Plant Capacity Increase Project

Additionally, at Erdemir in 2025, we obtained an "Decision of EIA Approval" decision for the following projects:

- Biomass Gasification Plant Project
- Renewal and Inspection Activities of Sinter Plant Mechanical Systems and Structural Elements
- Power Plant Hot Water Tank and Canopy Project and Installation of a Vacuum Dust and Debris Collection System on Steel Plant Floors and Fash Conveyor Project
- Pilot-Scale Gas Separation and Capture Plant Project
- Pilot-Scale Carbonation Plant Project and Conversion of an 1,800 m^3 Sulfuric Acid Tank to a Benzol Tank Project

In addition, we received an "Decision of EIA Approval" decision for the Pilot-Scale Vertical Vibrating Press Briquetting Plant Project.

EIA Activities at İsdemir

At İsdemir, EIA processes were conducted for various investment projects, and an "EIA Not Required" decision was obtained for some projects. In this context, the following projects were deemed outside the scope of EIA:

- Prototype Vacuum Extrusion Briquette System
- Prototype Mini Blast Furnace

In addition, a Positive EIA Opinion was obtained for the following projects:

- İsdemir Diyarbakır SPP Facility (79.91 ha)
- İsdemir Şırnak SPP Facility (187.8 ha)
- İsdemir Şırnak 2 SPP Facility (37.77 ha)
- İsdemir Port Capacity Increase Project
- İsdemir Mardin SPP Facility (172.39 ha)
- İsdemir Şanlıurfa SPP Facility (193.54 ha)



Erdemir Facilities

Additionally, for the Capacity Increase and Continuous Pickling Plant Project and the Port Capacity Increase Project, monitoring and follow-up reports were prepared by an EIA-certified firm on a quarterly basis throughout 2025, and the process was conducted regularly.

EIA Activities at Ermaden

Various studies are also being carried out as part of EIA processes at Ermaden, one of our group companies.

In this context:

- The final report prepared for the EIA process regarding the Derindere Tailings Dam capacity increase project has been uploaded to the Ministry's system, and the evaluation process is ongoing.
- The EIA application file prepared for the Ekinbaşı Mine, license number 201500515, has been submitted via the online EIA system, and the process is ongoing.
- Within the scope of the Bingöl investment, the tender process for the EIA permit has been completed, and project work has begun.

Environmental Impact Management

Efficiency efforts strengthened by energy consumption analyses

We monitor energy production and consumption values on a daily and monthly basis to identify areas for improvement and to define and implement savings projects.

822,560 GJ

Energy savings achieved at Erdemir in 2025

EFFECTIVE ENERGY MANAGEMENT

Our priority in energy management is to implement technologies that increase energy efficiency, make maximum use of by-product gases and waste heat sources generated in production processes, reduce natural resource consumption, increase the use of renewable energy, and manage energy consumption with a systematic measurement and monitoring approach. In projects that affect our energy performance, we consider energy consumption data from the design and feasibility stages; we track our actions for areas where deviations from targets are observed through our corporate performance system.

Our Energy Policy at Erdemir and İsdemir is based on the principles of implementing technological innovations that enhance energy efficiency, maximizing the use of by-product gases and waste heat sources, and minimizing energy losses through systematic measurement and monitoring.

We monitor energy production and consumption values on a daily and monthly basis to identify areas for improvement and to define and implement savings projects. We establish monthly and annual energy consumption targets together with the operating units based on the production schedule and plan activities to reduce energy consumption.

As a result of these efforts, we have achieved energy savings of 42% at Erdemir and 40% at İsdemir since the year monitoring began.

At Erdemir, we achieved energy savings of 822,560 GJ and reduced CO_2 emissions by 90,770 tons in 2025 through energy efficiency projects. Our specific energy consumption in 2025 was 87,637,502 GJ. In renewable energy, while continuing our investments in line with our energy supply security and emission reduction targets, we promote the use of energy-efficient products in our procurement processes and guide our contractors and suppliers through our technical specifications.

At İsdemir, we conduct our energy management activities in compliance with the TSE ISO 50001 Energy Management System. We monitor energy usage through periodic "ENKOM" assessments, analyze the effects of dynamic factors, and implement necessary actions.

In 2025, we achieved energy savings of 703,324 GJ and reduced CO_2 emissions by 112,380 tons through energy efficiency projects; our specific energy consumption was 112,571,102 GJ. In 2025, our consumption was 125,246,444 sm^3/year for natural gas and 1,920,139.7 MWh/year for electricity.



Erdemir Port

In renewable energy, with projects covering Çorum, Diyarbakır, Şırnak, Mardin, Şanlıurfa, and Kütahya, we aim to reach a total installed capacity of 1,075 MWp and an annual production capacity of approximately 1,860,000 MWh. We plan for the facilities to be largely operational by the end of 2026 and to reach full capacity in 2027.

At our Erdemir, İsdemir, and Erdemir Romania facilities, all certified under ISO 50001 International Energy Management System, capacity exists to generate electricity from process by-products.

Renewable Energy

We develop our renewable energy investments in line with our energy supply security and emission reduction targets. In this context, the Kızılcapınar Hydroelectric Power Plant (HEPP) investment was commissioned by Erdemir Enerji Üretim A.Ş.; the plant became operational following the acceptance procedures of the Ministry of Energy and Natural Resources.

Although it varies depending on hydrological conditions, the average annual production capacity of the Kızılcapınar HPP is 18,700,000 kWh. This production corresponds to the electricity consumption of approximately 6,250 households and contributes to the prevention of approximately 10,000 tons of CO_2 emissions annually.

In addition to hydroelectric power, we are accelerating our feasibility studies for other renewable energy sources.

CIRCULAR ECONOMY AND WASTE MANAGEMENT

Within the scope of our circular economy approach, we base our practices on segregating waste at the source, declaring it in accordance with legislation, directing it to licensed companies, increasing recovery, and, where appropriate, reclassifying it as a by-product by removing it from waste status. Through this approach, we aim to create economic value and reduce natural resource consumption while decreasing the disposal burden. To ensure consistency in field practices, we implement environmental specifications for subcontractors and regularly monitor environmental compliance. By prioritizing the reduction of production-related waste at the source and increasing recovery and reuse, we aim to decrease greenhouse gas emissions and iron ore consumption, and to conserve limited natural resources.

For the iron and steel industry, the more efficient use of raw materials, the increased rate of reintegrating by-products into production, and the fact that steel can be recycled countless times create significant advantages in terms of circularity. Effective waste management and the transition to a circular economy can provide benefits such as facilitating regulatory compliance and reducing operational expenditures.

At Erdemir and İsdemir, we contribute to the circular economy by selling 100% of our blast furnace slag to cement plants and utilizing steel mill slag in appropriate areas such as highway applications. In 2025, at Erdemir, we generated revenue of USD 1,967,178 from the sale of 607,751 tons of granulated blast furnace slag. At İsdemir, all granulated blast furnace slag was sold, generating a profit of TL 243 million.

In addition to coal and iron ore, scrap is also an important input for the industry. In 2025, we contributed to the circular economy by using a total of 1,277,623 tons of scrap, with 424,623 tons at Erdemir and 853,000 tons at İsdemir. Our consumption of purchased scrap amounted to 158,998 tons.

Environmental Impact Management

The new roadmap for the global climate agenda

Through waste recovery efforts, we not only reduce the disposal burden but also create economic value.

547
tons

Amount of waste oil sent to licensed refining facilities by Erdemir in 2025

At Erdemir, in 2025, we completed TSE conformity audits for by-products such as steel plant slag, tar, benzol, iron oxide, and zinc dross, and renewed the related certifications. For waste vegetable oils, we sent 5.5 tons to licensed companies for biodiesel production, generating revenue of TL 68,000. In mineral oil recovery, we generated TL 21,563 from 3.7 tons of engine/transmission oils, approximately TL 1,700,000 from 145 tons of hydraulic oils, and TL 1,130,000 from the sale of oil mixtures and grease from oil/water separation. Within the scope of waste recovery, we continued to reintroduce production waste and by-products into the economy; we also increased resource efficiency by supporting the use of waste materials as raw material substitutes.

While managing our hazardous waste in accordance with legislation, in 2025 we reintroduced 44.4% of 1,802 tons of hazardous waste into the economy by selling it. In 2025, waste sold to licensed companies totaled 1,391 tons, generating revenue of TL 56,442,842. Additionally, through the recovery of wastepaper (77.74 tons), plastic (282.16 tons), and metal (226.28 tons), we achieved environmental benefits including energy savings, reduced landfill use, and lower greenhouse gas emissions. Through waste recovery efforts, we not only reduce the disposal burden but also create economic value.

At İsdemir, in 2025, we generated an income of TL 9,000 from the recovery of 1 ton of waste vegetable oil. We earned TL 1,614,743 from the sale of 160 tons of waste oil. Our waste amounts for 2025 were 6,730 tons of hazardous waste and 2,056,544 tons of non-hazardous waste; we reintroduced 11% of the hazardous waste into the economy by selling it. Within the scope of alternative raw material/energy use, we directed ship waste streams such as bilge water and sludge for energy recovery, and we also used licensed recovery channels for streams like flue dust. Additionally, through the recovery of wastepaper (111 tons) and plastic (215 tons), we achieved environmental benefits such as saving trees, energy, and water, and reducing emissions; we continued our collection practices for waste batteries (0.32 tons) and waste vegetable oil (0.90 tons).

We send waste oils to licensed companies for refining purposes and monitor recycling rates on a monthly basis. In 2025, at Erdemir, we sent 547 tons of recoverable waste oil to licensed refining facilities, generating revenue of approximately TL 2,853,855. To increase employee participation in the recovery of waste vegetable oils at Erdemir, we placed vegetable oil collection bins at accessible points.

We send the electronic waste generated at our companies for recovery to firms licensed by the Ministry, in accordance with legislation. In 2025, 1,392 wooden pallets that came with purchased refractory materials were returned to the supplier under a deposit system, thus reintroducing them into the reuse cycle. With an industrial symbiosis approach, ship waste streams such as bilge water and sludge were directed for energy recovery; additionally, 4,062 tons of flue dust were sent from İsdemir to Befesa Silvermet and Vitamin Metal companies. Furthermore, within the scope of industrial symbiosis studies conducted with OYAK Cement Factories, we utilized flue dust, filter cake, and ship waste for energy recovery and as raw material substitutes. Additionally, through waste collection activities carried out at the Erdemir, İsdemir, and Ersem facilities, we continued to support the recovery of paper, plastic, metal, and glass waste, thereby achieving energy savings, raw material savings, and greenhouse gas reduction.

Zero Waste Policy
Under the Zero Waste Regulation, we continue to classify waste at source and direct it to licensed companies in compliance with applicable legislation. We regularly submit waste data through the National Environmental Information System. In this context, we renewed the Basic Level Zero Waste Certificates for Erdemir and İsdemir, ensuring the continuity of the practice.

WATER MANAGEMENT

Recognizing that the iron and steel industry is a water-intensive sector, we manage water as a critical input for the continuity of production. Our guiding principle is to reduce water withdrawals from natural sources while increasing the volume of water that is reused. We support the reuse of water with our closed-loop circulation systems and regularly monitor our recirculation rates. We monitor wastewater and cooling water from processes through regular sampling at discharge points and continuously track parameters such as pH, temperature, TSS, COD, conductivity, flow rate, and dissolved oxygen via CWMS. We verify compliance through integrated comparison tests conducted quarterly by accredited laboratories and internal monitoring analyses.

At Erdemir, 92.8% of water used in 2025 was recirculated; total recirculated water volume reached 404,919,269 m^3. As part of our "Saltwater Pumping Station Sea Water Intake Structure Improvement" engineering project, aimed at drawing colder water from greater depths, we are continuing temperature measurements at multiple offshore points for performance monitoring purposes. The system for dewatering slurry from blast furnace gas scrubbing systems using the filter press method is in the commissioning and provisional acceptance stage. We are continuing the main and detailed engineering work for the modernization of the domestic wastewater treatment plant.

At İsdemir, 94.3% of the water used in 2025 was utilized as recirculation water; a total of 662,660,162 m^3 of water was recirculated. Work on the "Seawater Sustainability Investment" at our seawater intake pumping station, which was damaged in the earthquake, continued in 2025; the first two phases of the four-phase project have been completed (with the entire project targeted for completion in 2026). Our blast furnace sludge dewatering system project is ongoing and, upon its completion in 2026, it is targeted to achieve water savings of approximately 1.3 million m^3 by utilizing the recovered water in our systems. Additionally, installation of the Automatic Gas Chlorine Dosing system at the Payas drinking water and water treatment plants has been completed, and various improvements have been carried out to enhance water quality in the hot rolling mill WTP C system. Work is planned to obtain the Blue Water Efficiency Certificate in 2026 under the "Water Efficiency Regulation."



The "Seawater Sustainability Investment" at the İsdemir Seawater Intake Pump Station, which was damaged in the earthquake, consists of four phases, with the first two phases completed in 2025. In Phase 1, an additional five pumps were installed outside the building and integrated into the system; in the other phases, maintenance is being performed on the existing pumps inside the building, reinforced concrete structures are being renewed, and work is underway to move the collectors outside the building. The third phase is planned to be completed in February 2026.

As part of our wastewater infrastructure, the CWMS system has been in active operation with four units at Erdemir since 2015 and three units at İsdemir; data is transmitted continuously to the Continuous Monitoring Center (CMC) in an integrated manner. The compliance of wastewater with limit values is regularly verified through integrated comparison tests every three months and also through internal monitoring analyses conducted every 15 days. The total amount of water recirculated at our two facilities in 2025 was 1,067,579,431 m^3, based on the facility-specific values provided.

Water Footprint
As Erdemir, we have prepared a Corporate Water Footprint report in accordance with the TS EN ISO 14046:2016 standard. Within the scope of this study, we holistically evaluated our areas of responsibility regarding environmental impacts such as water scarcity, freshwater and marine acidification, eutrophication, freshwater ecotoxicity, and thermal pollution; we have defined processes for a sustainable monitoring system and its operation to protect and efficiently use water resources.

Additionally, within the framework of the United Nations Sustainable Development Goals, we have developed recommendations to contribute to water conservation and water efficiency and aimed to establish mechanisms to inform our stakeholders about our approach to water management.

Environmental Impact Management

Environmental investments focused on emission reduction and efficiency

In air quality management, we follow an approach that aims to stay below legal limits. Aware of the impacts of emissions on people and the environment, we invest in emission reduction and efficiency improvement measures.

We reduce PM10 emissions through bag and electrostatic filter systems and monitor filter efficiency via the maintenance management system.

AIR QUALITY

In air quality management, we follow an approach that aims to stay below legal limits. Aware of the impacts of emissions on people and the environment, we invest in emission reduction and efficiency improvement measures. While we conduct periodic measurements required by legislation at our stacks through authorized laboratories, we also provide 24/7 tracking with our continuous monitoring infrastructure.

At Erdemir, we monitor parameters such as SOx, NOx, CO, and dust 24/7 with 12 CEMS units and continuously transmit the data to the Ministry's Continuous Monitoring Center network. In 2025, all of our measured emissions remained below applicable limits. Additionally, we reduce PM10 emissions with bag/electrostatic filter systems and track filter efficiency through the maintenance management system.

At İsdemir, we monitor emission parameters 24/7 using seven Continuous Emission Measurement Systems (CEMS) and transmit the data to the Ministry's system. We continue to implement measures to reduce SOx emissions through process improvements such as adjustments to sinter blend composition. In new investments, we treat the reduction of SOx, NOx, and other pollutants as a design criterion.

Emission measurements, which are mandatory every two years for all our stacks as required by legislation, are carried out by authorized laboratories assigned through the Central Laboratory Determination System (MELBES). At Erdemir and İsdemir, air quality measurements (settleable dust, PM10, and passive sampling measurements) in the field and surrounding areas were completed over a 2-month period by a Ministry-authorized laboratory.

As in every year, in 2025, greenhouse gas emissions at Erdemir and İsdemir were verified and sent to the Ministry; a report containing improvements that support emission performance was uploaded to the relevant system. At Ermaden, the Greenhouse Gas Monitoring Report was also revised, the Emission Report was verified, and it was submitted to the Ministry.

Management of Chemicals
In chemicals management, we store substances that could be a source of volatile organic compounds (VOCs) in closed tanks and monitor the open areas where the tanks are located with regular measurements. In 2025, at Erdemir, we updated the safety data sheets for materials such as blast furnace gas, coke oven gas, pyrolysis gas, biochar/biomass, sodium hypochlorite solution, elemental sulfur, ammonium sulfate, hydrogen, oxygen, and similar materials.

We monitor tank farms that could be a source of VOCs with regular measurements conducted every two years. In 2025, at Erdemir, we prepared safety data sheets for materials including Blast Furnace Gas, Coke Oven Gas, Pyrolysis Gas, Biochar, Biomass, Sodium Hypochlorite Solution, Elemental Sulfur, Ammonium Sulfate, Steel Plant Slag, Steel Plant Gas, Hydrogen, Coke Dust, Oxygen, and Liquid Oxygen.

Corporate Carbon Footprint
At İsdemir and Erdemir, in accordance with the TS EN ISO 14064-1:2018 standard, a Corporate Carbon Footprint report was prepared by calculating emission sources under five categories, including stationary and mobile combustion, industrial processes, personnel transportation, goods transportation and distribution, and raw material procurement.

Erdemir's corporate carbon footprint report, prepared using 2024 data and including Scope 3 emissions, has been verified for 2024. We have completed the calculation of our Scope 1, Scope 2, and Scope 3 emissions for 2025, and the verification process will commence.

Life Cycle Assessment (LCA) and EPD
Following the gap analysis report on the 2023 primary data for LCA, we began work by obtaining the 2024 data. With the activation of the purchased SimaPro software, we are preparing detailed LCA reports by entering data such as raw material usage, waste assessments, emission data, and fuel consumption into the software.

Upon completion of the reports, we aim to begin the Environmental Product Declaration (EPD) verification processes for Hot-Rolled Coil (HRC) and complete Erdemir's first product verification.

Carbon Border Adjustment Mechanism (CBAM)
At İsdemir and Erdemir, 2024 data under CBAM was calculated and began to be shared with customers upon request. The data for the year 2025 was disclosed as of the end of April.



CLIMATE CHANGE

Paris Agreement
Global greenhouse gas (GHG) emissions continue to trend upward worldwide. The transition to a low-carbon economy depends on a wide variety of closely interrelated drivers and constraints. Although alternative development policies and deep decarbonization technologies, where significant progress has been made in the last decade, are promising, limiting the negative impacts of the climate crisis requires strengthening adopted policies, coordinating efforts, and fostering cooperation not only between countries but also at the sectoral level.

The Paris Agreement*, signed in 2015 with the aim of limiting the increase in global average surface temperature to two degrees Celsius and, if possible, keeping it below 1.5 degrees Celsius, is an important step toward solving the climate crisis. As the fight against the climate crisis gains momentum, companies as well as countries party to the agreement have started to announce net-zero emissions and carbon neutrality targets.

In 2021, Türkiye ratified the Paris Agreement and committed to achieving net-zero carbon emissions by 2053. In 2022, Türkiye's Declaration of National Contribution was announced at the 27th Conference of the Parties (COP 27) High Level Ministerial Summit. With this declaration, our country revised its reduction target for 2030 upward to 41%, from the 21% announced in 2015.

COP (UN Conference of the Parties)
Short, medium and long-term physical risks and transition risks arising from climate change and their proper management are of great importance. These risks are of concern to governments as well as to all private sector enterprises and industries.

The work carried out in the context of combating the climate crisis is discussed at the annual COP (UN Conference of the Parties) meetings with the participation of governments, and gains are achieved with new decisions agreed upon by the parties. Under these decisions, all governments and businesses are expected to reflect their commitments to emissions cuts in their real performance results.

Environmental Impact Management

Global cooperation in green energy and storage technologies

The COP29 Presidency launched three energy initiatives on Green Energy, Hydrogen and Global Energy Storage and Grids.



The 29th Conference of the Parties, COP29, also called the "Financing COP," which took place in Baku, Azerbaijan between November 11-22, focused on annual financing for climate action by undeveloped and developing countries.

At the conference, where it was decided not to include discussions on the Carbon Border Adjustment Mechanism (CBAM) on the agenda, it was emphasized that the era of fossil fuels is over, and proposals were made to strengthen cooperation with financial markets, enhance innovative financing sources such as pollution taxes, and increase the credit capacity of multilateral development banks.

The COP29 Presidency launched three energy initiatives on Green Energy, Hydrogen and Global Energy Storage and Grids. The transformative role of artificial intelligence and digital technologies in combating climate change was a focal point. The COP29 Green Digital Action Declaration was shared, which encourages the use of digital tools to reduce greenhouse gas emissions, support climate resilience, and advance sustainable development.

At COP29, the declaration on "Methane Reduction from Organic Waste" was approved and signed. With the declaration signed by 35 countries, including Türkiye, it was announced that with a commitment to reduce methane emissions from organic waste by 47% worldwide, it was decided to set sectoral targets for methane reduction from organic waste in future National Contribution Declarations (NDCs).

A series of commitments, declarations, and initiatives aimed at strengthening cooperation and taking concrete steps in various areas to combat climate change were shared with the public. These include the Ceasefire Appeal, the Global Energy Storage and Grids Commitment, the Green Energy Regions and Corridors Commitment, the Hydrogen Declaration, the Climate Migration Declaration, the Human Rights and Climate Declaration, the Peace, Relief and Recovery Declaration, the Culture and Climate Declaration, the Sports and Climate Declaration, the Media and Climate Declaration and the Faith and Climate Declaration, among many others.

Decisions Taken at COP29

- New Collective Quantified Goal (NCQGs) - The 2009 target of USD 100 billion was tripled to USD 300 billion by 2035.
- An agreement was reached on a UN-backed global carbon credit market. It was stated that it has the potential to reduce the cost of implementing countries' climate plans by USD 250 billion annually.
- Article 6 of the Paris Agreement was finalized. After a decade of negotiations, a path was opened for an annual investment of USD 1 trillion in carbon markets by 2050.
- USD 730 million in pledges were collected to make the Loss and Damage Fund operational by 2025.
- The agreement reached at COP28 on transitioning away from fossil fuels was reaffirmed.
- With the Green Digital Action Declaration, 75 countries and 1,000 digital technology leaders decided to collaborate on the use of digital tools to achieve climate goals.
- ISO announced that the Net Zero Standard will be shared at COP30.

Decisions Taken by Türkiye at COP29

- It was announced that the National Green Taxonomy Regulation will be published in 2025 and the Emissions Trading System will be implemented.
- It was stated that a total of 100 million tons of carbon emissions will be reduced by 2030 through a 16% reduction in energy consumption.
- It was announced that energy efficiency investments will be increased to USD 20.2 billion by 2030.
- It was stated that with the Akkuyu Nuclear Power Plant operating at full capacity, an annual reduction of 30 million tons of carbon emissions will be achieved, and nuclear energy capacity will be increased to 7.2 GW by 2035.
- It was declared that renewable energy investments will be increased to USD 59 billion and energy storage investments to USD 2.5 billion by 2035.
- It was announced that by 2053, 69.1% of energy production will be from renewable sources, and the installed solar and wind energy capacity will be quadrupled.
- It was stated that by 2053, carbon emission reductions of 99% in the iron and steel sector, 93% in the cement sector, 75% in the aluminum sector, and 75% in the fertilizer sector will be achieved.

European Green Deal

The "European Green Deal," published by the European Union (EU) Commission in 2019, envisions Europe becoming the first climate-neutral continent by 2050. The goal of the memorandum is to bring the European continent to a cleaner environment, more affordable energy, smarter transportation, new employment opportunities and an overall better quality of life.

Under the "Fit for 55 Package" published by the European Commission in 2021, emissions reporting under the Carbon Border Adjustment Mechanism (CBAM) was launched in 2023 for six carbon-intensive sectors (cement, electricity, fertilizer, iron and steel, aluminum, and hydrogen). As of 2026, it is planned to have the emission reports from previous years verified and to transition to the financial implementation period under this reporting system.

Türkiye, which sends nearly half of its exports to the EU, will inevitably be affected by the EU's green transformation. The carbon border adjustment is expected to create a cost on Türkiye's GDP and increase costs in sectors such as cement, electricity generation, fertilizer, iron and steel, aluminum, and hydrogen. But the real problem is expected to be accessed to finance unless Turkish companies put in place permanent policies and practices to address the climate crisis.

Planning the sectoral impacts of the European Green Deal and a smooth transition to compliance with the deal is of great importance. In this framework, a Green Deal Action Plan containing 32 objectives and 81 actions under 9 main criteria was announced under the leadership of the Ministry of Trade, with the coordination of all public and private sectors.

The plan, which serves as a roadmap, aims to maintain and strengthen Türkiye's competitiveness in the international arena, increase green investments in Türkiye, and also make the country a center of attraction for green investments.

In addition to the projected financial impact of the CBAM on Turkish exporters, it will be beneficial in many ways to consider it as an opportunity for Türkiye's transition to a circular economy.

At Erdemir and İsdemir, we assessed our customers' requests to the best of our ability and calculated the data for 2023 and 2024. We will continue to calculate and share our data with our customers annually, including the 2025 data.

People-Centered Approach

118 Human Resources
126 Occupational Health and Safety
130 Social Contribution

Human Resources

Driving strategic value creation through a development-focused approach to human capital

We provide continuous development opportunities to enable our employees to adapt effectively to rapidly evolving market conditions and ongoing digital transformation.

Related Priorities

- Talent Acquisition
- Digital Transformation
- Competency Management
- Learning and Development

Competency-Based Human Resources Practices Centered on Digitalization and Continuous Learning
At our OYAK Mining Metallurgy Companies, we foster an inclusive corporate culture that brings together diverse perspectives and experiences, guided by shared values and principles. As one of Türkiye's largest employers, our Companies directly employed 12,824 employees as of year-end 2025.

Hourly paid employees account for 69% of our workforce, while monthly paid employees account for 31%. At our Companies, which are among the preferred employers in Türkiye, the employee turnover rate stood at 3% for 2025.

Our human resources practices focus on attracting the right talent, supporting their development, enhancing productivity, and strengthening employee engagement. By generating employment, we contribute to economic and social development in the regions in which we operate.

As OYAK Mining Metallurgy Companies, our human resources approach prioritizes the health and safety of our employees. Aligned with our organizational needs, we focus on attracting the right talent and creating a work environment that emphasizes competency development and continuous learning, supported by digital tools.

We design our operations and business model with a people-centric approach. We take a holistic view of our employees' professional, personal, and social needs and focus on initiatives that support their development and quality of life. We address access to housing and childcare within our organizational framework and sustain our sports and social engagement initiatives within a framework that promotes physical and mental well-being.

Transformation at Work
As OYAK Mining Metallurgy Companies, we position artificial intelligence not merely as a technological tool but as a strategic area of transformation that directly impacts our business processes, decision-making mechanisms, and business outcomes. In line with our vision of adapting to future ways of working, we integrate AI-powered solutions into our processes. We enhance resource utilization through data-driven insights. This enables us to enhance operational efficiency, strengthen our employees' digital literacy, and position our companies to compete effectively in the future competitive landscape. We leverage the outcomes of our transformation process to shape our roadmap for the upcoming period.

Through our "Transformation at Work: Machine Learning and Advanced Data Analytics in Operational Excellence" program—designed to enhance efficiency and foster innovative decision-making in production processes—we support our transformation toward operational excellence by developing our employees' capabilities in data-driven analysis, predictive modeling, machine learning model development, intelligent decision-making, and data-driven value creation. We empower our employees to take an active role in digital transformation and support their development journeys through workshops and end-user seminars.

Digital Integration in Human Resources Processes
We continue to enhance our digital platform, which enables end-to-end management of our Human Resources functions, to create a more effective, flexible, and measurable structure. Through our HR digital platform for employee data management, we carry out performance management, talent acquisition, workforce deployment, organizational management, talent and succession management, compensation and benefits, and learning and development processes in a holistic manner. Operating on a unified system, this structure enables us to manage Human Resources processes within a fully integrated and end-to-end traceable framework.

We base our digital infrastructure supporting our human resources processes on globally recognized ERP systems that represent corporate standards. Integrated with our current ERP infrastructure, our systems enable data-driven and reliable process management. Through our document and information management system, we centrally publish company-wide procedures, regulations, and guidelines, ensuring that all employees have real-time access to up-to-date and accurate information regarding Human Resources processes. Through our intranet platform, we share our human resources practices and announcements, enhancing the visibility of activities across our companies and strengthening internal engagement.

Equal Opportunity and Diversity
At our OYAK Mining Metallurgy Companies, we are committed to providing equitable opportunities to all our employees. We maintain a zero-tolerance approach to discrimination in any of our human resources processes, particularly recruitment, on the basis of gender, language,



race, ethnic origin, political opinion, belief, religion, sect, age, disability, or any similar grounds. We establish impartial and fair criteria to ensure equal conditions to all candidates and to eliminate bias that may lead to discrimination. We believe that respect for different beliefs and opinions enriches us, and we value each one equally. Aiming to prevent all forms of discrimination, we support gender equality and conduct our recruitment activities with this awareness.

Recruitment and Placement
Across our companies, we design our recruitment processes based on workforce analysis and capacity planning, taking into account current and projected organizational needs. We prioritize placing talent in the right positions at the right time, in line with our growth targets, critical competency needs, and new investments and projects. We conduct our hiring processes as part of our annual planning and structure the process steps in a standardized and transparent manner. We adopt a process management approach that enhances the candidate experience by ensuring consistency in the evaluation and decision-making stages.

Our hourly paid employees constitute one of the fundamental elements of our companies' operational continuity and production capability. We recruit candidates in line with the needs of our operations, who comply with occupational health and safety requirements, and meet the technical requirements of the position. We ensure that candidates undergo multi-stage, structured and objective assessments based on defined criteria to assess their suitability for the requirements of our production sites.

In our recruitment processes for monthly paid employees, we evaluate the competencies required for the position and organizational fit from a holistic perspective. Candidates are assessed across multiple dimensions including technical knowledge, general competencies, foreign language proficiency and behavioral competencies through preliminary evaluations, managerial interviews and assessment tools, with multi-dimensional assessment practices applied where required. We structure our assessment processes to take into account the areas of responsibility of our employees on the monthly payroll. Our monthly paid employees play a critical role in establishing a strong connection between production sites and management processes while also supporting the effective functioning of decision-making processes.

Human Resources

Holistic competency development focused on future roles

Through our Young Talent Acquisition Programs, we identify and nurture future talent with the competencies needed to support our evolving business and future workforce requirements.

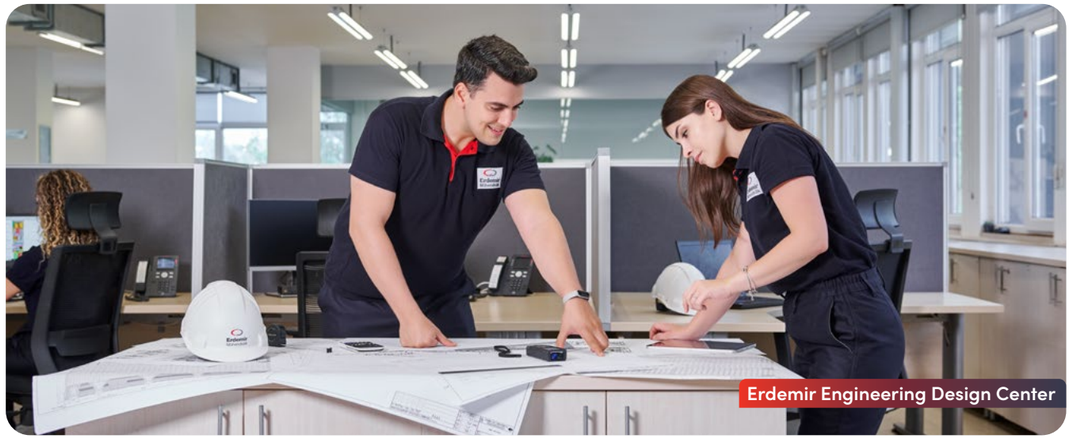
Upon completion of the "Cevher Sensin Part-Time" Long-Term Internship Program, we aim to provide successful interns with career opportunities within OYAK Mining Metallurgy Companies based on organizational needs.

Young Talent Acquisition Programs
We consider young talent acquisition to be a key component of our long-term human capital sustainability. Accordingly, each year the "Vocational High School Internship & Skills Development Program" and "University Internship Programs" are implemented, enabling vocational high school students and university students in various engineering disciplines to gain a multifaceted internship and learning experience.

Through these programs, we aim to strengthen our talent pipeline while supporting the professional, technical, and behavioral development of students and new graduates, helping them gain corporate experience.

Through this approach, we contribute to strengthening the qualified workforce while identifying and developing future talent equipped with the competencies we will need in the future.

Through our "Cevher Sensin Part-Time" Long-Term Internship Program, we offer university students the opportunity to become involved in our business processes through a part-time working model at our İstanbul, Ereğli and İskenderun locations. By working alongside project teams, participants directly contribute to value-creating processes. Upon completion of the program, we aim to provide successful interns for relevant positions within OYAK Mining Metallurgy Companies.



Erdemir Engineering Design Center



Istanbul Technical University Career Fair

The program we designed for recent graduates and young professionals aims to attract qualified candidates to our companies who will meet our future human capital needs. As part of the Young Talent Acquisition program, we participate in university career fairs, which we view as a strategic tool to expand our talent pool and strengthen our direct engagement with students.

Talent Management
At the core of our talent management approach is placing employees in roles aligned with their strengths and potential, strengthening their personal and professional competencies, and enhancing their performance and productivity.

As part of our talent management strategy, we take a multi-dimensional approach to our employees' competencies and potential by leveraging a range of assessment tools and methodologies. By integrating these assessments with the "OYAK Measurement and Assessment Center" approach, we prioritize internal appointments for career opportunities that arise within our Companies. We provide our employees with opportunities to gain experience in different fields and locations, enabling cross-functional and inter-company mobility. This allows our employees to develop their organizational competencies by experiencing various business processes.

As we prepare our companies for the future, we identify critical roles and develop our succession plans. In line with our talent and succession processes, we prioritize internal candidates whose competencies and experience match open positions, offering our employees opportunities to continue their career development. We also leverage the scale of our organization in our succession planning processes.

We regularly monitor our employees' individual development plans and career goals, identify their competency needs, and diversify development opportunities with a planned approach. As a complementary element of this approach, we base our strategies for enhancing motivation and engagement on open and transparent communication. Through internal communication events held throughout the year, we support the strengthening of social bonds among our employees.

Performance Management
Our performance management system is structured as an integrated framework that translates strategic priorities into targeted outcomes through individual performance metrics, and further translates these outcomes into shared organizational success, while supporting competency development and a culture of continuous learning. Within this structure, our monthly paid employees are evaluated annually through a target-based performance management process once a year. We use the data obtained as primary input for identifying individual development needs, planning training programs, and supporting feedback processes.

In the Individual Performance Management process, we assess employees' performance outcomes through our Performance Management System, where annual individual targets are tracked. During the feedback process, we support our employees in identifying development opportunities and making their contributions visible by conducting annual performance reviews with their managers. Following the meeting, in line with our principle of equal treatment, we allow employees who disagree to initiate an appeal process through the system. Accordingly, we conduct an impartial evaluation process and adopt a fair assessment approach at all stages.

We aim to enhance employee motivation by integrating individual performance results with our variable compensation and career planning processes. Using the data obtained, we improve business process efficiency and optimize resource utilization.

Human Resources

Developing future competencies today

We strengthen our employees' career journeys with technical and managerial development programs, ensuring their skill sets are developed in an up-to-date and sustainable manner in line with changing business needs.

We continue to enhance our digital platform, where we manage our Human Resources functions end-to-end, to create a more effective, flexible, and measurable structure.

Learning and Development Activities
As OYAK Mining Metallurgy Companies, we design our learning and development activities by considering the current and future professional, technical, and core competency needs of our employees.

In addition to short and long-term training programs for our monthly paid and hourly paid employees, we implement year-round learning and development programs for our monthly paid, consisting of development, technical training, internal trainer programs, and catalog-based training programs. In line with adult learning principles, we offer various learning opportunities through on-the-job, classroom, virtual classroom, and e-learning applications, as well as local and international congresses, conferences, and seminars.

Through centrally managed leadership development programs, we support the development of leadership competencies for our managers and directors. These programs strengthen our managers' strategic perspective, decision-making and team management competencies, fostering a leadership approach that contributes to corporate goals.

We strengthen our employees' career journeys with technical and managerial development programs, ensuring their competency sets are developed in an up-to-date and sustainable manner in line with changing business needs. We approach our learning and development practices to encompass not only the requirements of current roles but also the competencies that will be needed in the future.

Professional and Technical Development Programs
We develop professional training programs focused on sustainability and environmental responsibility to increase energy efficiency and support the design of environmentally friendly production processes. We conduct training programs that support the integration of engineering solutions into production processes and strengthen the professional and technical competencies of our engineers. Additionally, we design development programs incorporating emerging technologies and solutions to enhance designs for process improvement during the digital transformation.

We conduct training to develop and enhance the effectiveness of our project management approach. In this context, we aim to improve project managers' knowledge and skills in time, cost, quality, human resources, customer satisfaction, and risk management across all project phases.

We primarily conduct orientation training and professional development training for our hourly paid employees on the job, as part of the In-Unit Training System (IUTS). We monitor employees' professional competency certificates and training programs appropriate to their job descriptions through the Equivalency and Remedial Programs carried out in cooperation with the Vocational Training Center. To support the development of qualified human capital and strengthen the link between vocational training and production processes, we engage with students in various events through collaborations with universities and Vocational/Technical Anatolian High Schools.

We conduct professional training, technical training, and awareness programs to strengthen the Operational Excellence (OPEX) projects carried out to optimize business processes, increase efficiency, and improve quality. Some of the training programs provided to our employees in 2025 are as follows:

- ISO/IEC 27001 Information Security Management System Awareness Training
- OPEX Projects Informational Training
- Suggestion System Basic Training
- Basic Kaizen Training
- Suggestion-Kaizen and 5S Training for Hourly Paid Employees
- Single-Minute Exchange of Die (SMED) Informational Training
- Statistical Data Analysis Training
- Measurement Systems Analysis (MSA) Training
- Design of Experiments (DOE) Training
- Statistical Data Analysis (SDA) Training
- Statistical Modeling Training for Managers (SMTM)
- 8D Training
- Machine Learning and Advanced Data Analytics Program in Operational Excellence

Orientation and Training Programs
At our OYAK Mining Metallurgy Companies, we conduct modular orientation programs and training at regular intervals to help new employees get to know the organization, quickly adapt to their roles and responsibilities, and gain awareness of our corporate culture.

Through these programs, we aim for our employees to adapt to the organization from day one.

Our orientation programs include a company introduction, information on our integrated production systems, production processes, and products, as well as training on sustainability activities, occupational health and safety, risk management, and legislation and regulatory requirements. This approach helps our employees internalize our corporate values and work principles, ensuring they become part of a safe, compliant, and responsible work environment.

DijitalİK (DigitalHR) Learning and Development Platform E-Learning
Thanks to our DigitalHR application, which allows employees to effectively access all learning and development activities regardless of time and place, we manage our human resources processes more efficiently. We actively use remote learning platforms and training methods through our DigitalHR Learning and Development platform. The remote learning platforms and some of the e-learning courses we offered to our employees in 2025 are listed below:

- DigitalHR Learning and Development Platform
- Udemy Business Platform
- Busuu Online Language Learning Platform
- MIT Sloan Learning Platform
- OYAK Competency Development Catalog Training
- Personal Data Protection Law (PDPL) Training
- Code of Ethics and Business Principles Training
- Information Security Awareness Training
- Secure E-Mail Usage Training
- E-Orientation Training
- Occupational Health and Safety Training
- Energy Management System and Applications Training
- Environmental Awareness and Environmental Management Training
- Management Systems Awareness Training
- Microsoft Office 365 Training


Erdemir Port

Human Resources

A Transparent and Fair Management Approach to Human Resources

We provide equal and fair opportunities to all our employees and do not tolerate discrimination at any stage of our human resources processes.

We support cross-functional and inter-company mobility by providing employees with opportunities to gain experience in different functions and locations.

Compensation and Benefits
As OYAK Mining Metallurgy Companies, we design our total rewards framework on a fair basis, considering the structure and competitive conditions of the sectors in which we operate, and support them with various practices based on analyses aimed at increasing employee engagement and motivation.

In compensation, we apply a systematic approach based on the job grades determined for positions. While the compensation and benefits of our hourly paid employees are determined by collective bargaining agreements, we use an internationally recognized methodology based on a defined system to determine the compensation of our monthly paid employees.

We offer monthly paid employees benefits such as private health insurance, life insurance, performance-based variable pay, and an employer-funded pension plan, and provide hourly paid employees with benefits such as bonuses and fuel allowances under the collective bargaining agreement.

We also grant our employees' rights such as lodging, daycare, and access to social facilities and health services.

Shaping the Future
In line with our digital transformation focus, we integrate technologies such as artificial intelligence, machine learning and RPA into our business processes to enhance efficiency and strengthen data-driven decision-making. In the coming period, we aim to deepen this transformation, targeting a workforce structure that evolves with technology. In this context, we are increasing our investments in new capabilities and skills set to support our employees' adaptation to evolving business models. While aiming to attract and retain a qualified workforce within our organization, we also strengthen the potential of our high-performing employees. Through our human resources projects that focus on employee experience and engagement, we are advancing our goal of becoming an employer of choice.



Teknofest Istanbul 2025

Occupational Health and Safety

Responsible production shaped by a safe working environment

We consider our employees our most important asset and view occupational health and safety as a fundamental component of our responsible production approach.

Through our OHS practices, we aim to continuously make our working environments and production processes safer, prevent occupational accidents and diseases, and protect employee health and the environment.

As OYAK Mining Metallurgy Companies, we prioritize protecting the health of our employees, business partners, and visitors while conducting our operations; we accept it as our corporate responsibility to create safe, healthy, and sustainable working environments.

The industry in which we operate is classified as very hazardous under the "Communiqué on Workplace Hazard Classes for Occupational Health and Safety." Accordingly, we manage our occupational health and safety approach with a holistic understanding that encompasses not only employee safety but also process safety. Operating on the principle that all accidents are preventable, we aim to reduce accident frequency and severity rates to zero in line with our "Accident-Free Steel" goal. In this context, we promote a behavior-oriented safety culture and systematically manage OHS risks in line with new technologies and current approaches.

Through our OHS practices, we aim to continuously make our working environments and production processes safer, prevent occupational accidents and diseases, and protect employee health and the environment. In line with this, through our occupational health, safety and process safety systems, we identify improvement opportunities and take actions to eliminate unsafe conditions and behaviors by addressing identified deficiencies.

The TS EN ISO 45001 Occupational Health and Safety Management System Standard is implemented at our Companies. Within the scope of our occupational health and safety policy, we aim to produce "Accident-Free Steel" by systematically managing risks; prevent occupational accidents and diseases by ensuring safe working environments and processes; establish a strong safety culture based on employee participation; and effectively implement our Safety Management System to prevent major industrial accidents that may arise from processes and hazardous materials.

OHS Governance and Organizational Structure

At our Mining Metallurgy companies, occupational health and safety activities are managed by senior leadership. The OHS Board is chaired by the Deputy General Manager of Operations at Erdemir and İsdemir, and by the General Manager at Erdemir Maden. Thanks to this structure, OHS processes are conducted under the supervision of senior management, and OHS managers are positioned two reporting levels away from the CEO.

Within our OHS organization, Erdemir employs a total of 22 Occupational Safety Specialists—14 Class A, 6 Class B, and 2 Class C—along with 8 workplace physicians. At İsdemir, there are a total of 22 occupational safety specialists—15 Class A, 5 Class B, and 2 Class C—and 6 workplace physicians.



Erdemir 2nd Cold Rolling Mill

Risk Assessment, Ergonomics, and Proactive Health Approach

As part of our OHS risk assessment efforts, we systematically analyze the risks that may be encountered during our activities and take the necessary precautions. Through these initiatives, we identify areas for improvement in process safety and develop actions to eliminate unsafe conditions. Through accident-sharing presentations held during the year, we share information about occupational accidents and near-miss incidents with our employees to support corporate learning and prevent the recurrence of similar events.

In 2025, to improve workplace ergonomics and protect the physical health of our employees, our workplace physicians conducted job evaluations and analyses specific to various sites and tasks. In this context, we conducted job and environmental assessments for activities including coal cleaning spilled in front of the Coke Plant Directorate; pre-furnace maintenance activities at the Hot Rolling Mill; pre-furnace maintenance activities at the Kangal Rolling Mill; caster job analysis at the Continuous Casting Directorate; hoop operator duties at the Hot Rolling Mill; converter operations and environmental analysis at the Steel Plant; acid etching activities in quality control; and job and environmental assessments at the steel construction workshop within the Mechanical and Auxiliary Workshops. Through these assessments, we analyzed physical strain, working conditions, and operational risks to identify areas for improvement to protect employee health.

To prevent occupational diseases, we implement proactive measures targeting risk areas such as chronic lung diseases, hearing loss, musculoskeletal disorders, upper back and lower back problems, and neck pain.

Emergency Management and Response Capacity

At our Companies, we have established directorate-based Emergency Plans for internal and external emergencies. In line with these plans, we conduct annual directorate-level and company-wide drills. In 2025, we conducted a total of 45 drills at Erdemir and 324 drills at İsdemir.

To strengthen our emergency response capability, Erdemir operates a 34-person fire brigade team, supported by 3 fire tankers and 1 rescue vehicle, while İsdemir operates a 33-person fire brigade team, supported by 5 fire tankers and 1 ladder truck, on a 24/7 basis. Additionally, the Emergency Medical Team affiliated with our Health Directorates provides uninterrupted service with two ambulances.

As of year-end 2025, we provided our employees with a total of 302 Certified First Aid and Refresher Training sessions. Thus, we supported our emergency response capacity not only with equipment and professional teams but also by strengthening our employees' first aid competencies.

At Erdemir, there is a 40-person volunteer ERDAK Team trained by AFAD and equipped with professional equipment; at İsdemir, a 25-person Search and Rescue Team trained by AKUT and certified by INSARAG is on duty.

Across İsdemir, there are automatic gas and water-based fire suppression systems in 195 areas and fire detection systems in 152 areas. We monitor the fire detection and suppression systems 24/7 through the Fire Department Emergency Communication Center. There are 6,900 portable fire extinguishers at our plant sites, all of which are regularly inspected and maintained.

SEVESO and Process Safety Initiatives

At Erdemir and İsdemir, we carry out comprehensive work under the SEVESO III Directive to prevent major industrial accidents and mitigate their effects. In this context, we conduct risk assessments in line with change management processes, revise the Major Accident Scenario Document, review HazOp, FTA, and ETA analyses, and update scenario-based emergency response plans and impact zone models. We also regularly revise Internal Emergency Plans, review the relevant service groups, and provide necessary training to assigned personnel.

Under SEVESO regulations, we conduct scenario-based hazard analyses in critical production areas such as Coke Plants, Blast Furnaces, Power Plants, Steel Plant, Continuous Casting, Hot Rolling Mill, Sinter and Raw Material Handling, Water Treatment Facilities, Air Separation Plants, and Cold Rolling Mills. In this context, we assess process safety risks using methods such as HazOp, Fault Tree Analysis (FTA), and Event Tree Analysis (ETA), and implement the necessary improvements.

Occupational Health and Safety

Behavior-oriented and inclusive corporate training models

We implement numerous training programs tailored to the needs of our operational areas to reduce risks, promote positive behavioral change, and increase awareness.

At Erdemir and İsdemir, within the scope of explosive atmosphere risk management activities, explosion protection documents and conformity assessments of Ex-proof equipment are regularly reviewed in accordance with the "Regulation on the Protection of Employees from the Hazards of Explosive Atmospheres" and the "Regulation on Equipment and Protective Systems Intended for Use in Potentially Explosive Atmospheres." Necessary revisions are carried out in line with changing standards and site conditions.

No adverse findings were identified during audits and inspections conducted by the Ministry and relevant institutions, and the processes were completed successfully.

At İsdemir, all non-conformities identified in the 15 units audited during the internal audits of the Safety Management System, conducted as required by the Safety Report Communiqué, were resolved.

To improve our OHS performance, we continue to implement a range of multi-dimensional practices, including announced and unannounced safety tours, OHS site inspections, internal and external emergency drills, OHS committee meetings, activity-based risk assessments, legal compliance checks, contractor compliance audits, incident sharing presentations, the near-miss reporting system, the 5S system, employee reporting applications, and OHS training.

In 2025, we conducted 826 internal and external safety tours at İsdemir. We remediated 96% of the 36,296 total non-conformities identified through OHS systems. Additionally, under the 5S system, 540 sites were audited at İsdemir; areas for improvement were tracked through the system, ensuring continuous improvement at the sites. During the year, at least one OHS improvement was implemented in each of the 74 chief engineering/ supervisory units at the İsdemir production site.

Under the Explosion Protection Document, we conduct risk-specific safety tours in five critical production areas with explosion risks: the Steel Mill, Continuous Casting, Inventory Management, Electronic Automation, and Port Directorates. We monitor the improvement processes for issues identified during these tours through the OHS Systems Tracking Application and take the necessary actions.

Furthermore, to ensure that subcontractor activities are carried out safely, we conduct regulatory and general audits at the sites and ensure that identified areas for improvement are monitored.

Strengthening Training and Safety Culture
We see training as one of the most important tools for developing our OHS culture. Accordingly, we implement numerous training programs tailored to the needs of our operational areas to reduce risks, promote positive behavioral change, and increase awareness. The main training topics we provide in this context include basic occupational safety, material handling and slinging, certified first aid training, LOTO (Lockout-Tagout), NEBOSH training, explosion protection, use of Ex-proof equipment, gas safety, working at heights, use of personal protective equipment, radiation protection, SEVESO awareness, safety management system training, fire prevention and firefighting, search and rescue and evacuation, safety coaching, and occupational health and safety (OHS) awareness training.

In 2025, we provided an average of 51.6 hours of OHS training per employee at Erdemir. While we conducted a total of 113,009 person-hours of OHS training at Erdemir, we also provided 3,029 person-hours of remote training to our subcontractor companies before they entered the site.

At İsdemir, we provided an average of 33.76 hours of training per employee; we also supported a safe working culture by providing 23,322 person-hours of OHS training to our subcontractors before their work on our sites.

To strengthen our occupational safety culture, we held Occupational Safety Awareness Training sessions with our shift supervisors on January 15, 22, and 31, 2025.

OHS Projects and Digitalization
To increase safety when working at height, we installed 120,000 meters of lifeline compliant with EN795:2012 and EN353-1 standards at Erdemir. This application, one of the longest lifeline projects implemented in Türkiye, helps our employees work safely at heights.

ODAK Software Initiatives
With the ODAK Software we developed to manage OHS, environmental, and health processes in an integrated manner, we support the active participation of our employees in these processes and strengthen our real-time and dynamic reporting infrastructure.

Within the system, where we initially launched the employee reporting module, we continued our efforts in 2025 to launch the Subcontractor and Risk Assessment modules. In addition, development activities for the Risk Assessment, Work Permit, and Regulatory Tracking modules and checklists are ongoing.

Through the ODAK Software, we aim to establish a standard, integrated, and data-driven management structure for occupational health and safety, environmental and health processes across all our companies.

Erdemir Safe Behavior Center
Through the Erdemir Safe Behavior Center and the İsdemir OHS Training and Simulation Center, we enable our employees to learn safe behaviors through experience and implement practices that support behavioral change in the field.

At the İsdemir OHS Training and Simulation Center, a total of 913 employees received training in 2025, enabling hands-on and experiential learning aimed at promoting behavioral change in the field.


İsdemir Coil Rolling Mill

We place importance on ensuring that not only our employees but also our visitors are knowledgeable about occupational health and safety. To ensure the safety of our visitors and protect our employees from external hazards, we provide information through video presentations, distribute brochures, and maintain records of these briefings using the Visitor OHS Information Form.

OHS Performance
Our accident performance indicators for 2025 are as follows:

Company	Accident Frequency Rate	Accident Severity Rate
Erdemir	8.61	0.238
İsdemir	2.07	0.081
Ersem	3.46	0.012
Erdemir Maden	3.95	0.019

Our OHS training hours per person are as follows:

Company	OHS Training Hours per Person
Erdemir	51.6
İsdemir	33.76
Ersem	34.8
Erdemir Maden	15.43

In 2025, we continued our investments in occupational health and safety. In this context, we spent TL 87,651,241 on personal protective equipment. Additionally, we spent TL 2,358,831 on outsourced occupational safety services, TL 29,500,000 on fire projects, and TL 121,494,976 on PPE. These services include Explosion Protection Document preparation, Dangerous Goods Safety Consultancy, Safety Report Consultancy, ODAK Software, installation of fire suppression systems for conveyor lines, repair and maintenance services for fire trucks, and hydrostatic testing of self-contained breathing apparatus (SCBA). Accordingly, we continue to conduct our activities by approaching occupational health and safety not just within a framework of regulatory compliance, but on an axis of continuous improvement, preventive risk management, employee participation, and a strong safety culture.

Social Contribution

Comprehensive support for educational institutions and academic projects

In 2025, Erdemir continued to provide maintenance, repair, materials, and equipment support to eight educational institutions, while also supplying materials to support the academic activities of higher education institutions.

TL 69 million 47 thousand

Social projects

As OYAK Mining Metallurgy companies, we aim not only to generate economic value but also to contribute to social benefits in a long-term, sustainable manner. We consider it an integral part of our business strategies to meet our stakeholders' expectations in a balanced way and to implement inclusive projects and activities that are responsive to community needs in collaboration with them. We strive to contribute to the improvement of social welfare, particularly in the regions where our facilities are located. In 2025, our support for community projects reached TL 69,047,000.

Adding Value to the Future through Education, Culture, and Art

As Erdemir, we prioritize initiatives in the field of education. In this context, we continued to support the construction of faculties affiliated with Zonguldak Bülent Ecevit University in Karadeniz Ereğli in 2025. Under the cooperation protocol signed with Ereğli Vocational and Technical Anatolian High School, primarily for the Metallurgical Technology (Smelting and Rolling) Department, Erdemir contributed to the school's technical infrastructure to help students acquire the qualifications needed by the industry. In this context, an induction furnace was provided to the school to enable hands-on training in iron and steel production processes.

To support vocational education, Erdemir provided equipment to strengthen the metallurgy technology infrastructure of Karadeniz Ereğli Vocational and Technical Anatolian High School, in line with its collaboration with the school. Continuing its annual practice of supporting the needs of educational institutions in the region, Erdemir provided maintenance, repair, material and equipment support to eight educational institutions in 2025, while also supplying materials for the academic activities of higher education institutions. As in 2024, Erdemir also supported the needs of the team from Zonguldak Bülent Ecevit University that conducted archaeological work in İnönü Cave within the borders of Karadeniz Ereğli in 2025.

Our companies continued to meet the electricity, water, heating, and cleaning needs of schools located in and near our housing complexes in Ereğli, İskenderun, and Divriği.

Our collaborations with public institutions and national and local non-governmental organizations are important for ensuring local sustainability and enhancing community impact. As part of our philanthropic activities, we support individuals in need. As part of our traditional Ramadan aid, we distributed shopping cards to families in need in the locations where our companies operate in 2025.



Erdemir 8th Steel and Life Sculpture Exhibition

Erdemir Steel and Life Sculpture Competition

In 2025, we held the eighth edition of the Erdemir Steel and Life Sculpture Competition, which we launched to support young talents who will contribute to the development of sculpture, add value to art education in Türkiye, and highlight the diverse uses of steel through artistic expression.

A total of 64 works from 14 universities across Türkiye participated in the competition, which we organized with the theme "A Green Legacy for the Future: Zero Carbon." At the end of the evaluation process, 35 works were deemed worthy of an award, while 17 works were considered worthy of exhibition. We contributed to establishing a strong bond between industry and art by using steel supplied from our Erdemir and İsdemir facilities in the sculptures produced for the competition.

Traditional Theater Event for Children

As Erdemir Maden, operating within OYAK Mining Metallurgy Companies, we continued our contributions in the fields of education, sports, and social activities to support the social and economic development of Divriği and Sivas, where our facilities are located. While providing regular support to educational institutions, especially in hygiene and cleaning services, we also continue to contribute to the efforts carried out by public institutions and non-governmental organizations to strengthen the educational infrastructure. We continue to introduce children ages 5 to 12 to the arts through children's theater events that have become a tradition at our companies. In this context, the musical children's play "The Sorcerer's Apprentice" was staged in 2025 for children in the Ermaden region of Sivas Divriği, and the performances were watched by a total of 500 children.

As İsdemir, in line with our approach to social responsibility, we continued our support for initiatives that contribute to the development of the İskenderun region in 2025, as we do every year.

"Let Elpek Fabrics be Protected, Let Our Cultural Heritage be Protected" Project

Erdemir, aiming to preserve the cultural values of Karadeniz Ereğli, continued its support by procuring the quantities it needed of the products produced by the women's cooperative established within the scope of the "Let Elpek Fabrics be Protected, Let Our Cultural Heritage be Protected" project.

As İsdemir, we continued our social and economic support activities for the local community in İskenderun, where we operate, in 2025. In this context, we have implemented various projects to revive Hatay Silk, which is listed among the cultural heritages on the verge of being forgotten by the Ministry of Culture and Tourism, and to preserve the traditional art of weaving. With the aim of supporting the greater socioeconomic participation of our employees' spouses, we hosted the first exhibition of the silk weaving course launched in collaboration with the İskenderun Public Education Center in October 2025. As a continuation of the project, we launched the second phase of the Hatay silk weaving courses in January 2026 for the spouses of employees residing in the İsdemir site container area. Through these efforts, we both contribute to the preservation of cultural heritage and support local employment and production capacity.

Corporate Governance

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Corporate Governance Approach

Transparent corporate governance shaped by ethical values

Within our corporate governance model, we uphold the highest standards of ethical values, integrity, transparency, and fairness in all our operations.

We adopt the Corporate Governance Principles published by the Capital Markets Board of Türkiye and continue our efforts to integrate these principles into all our management processes.

We consider corporate governance practices that ensure the effective and complete fulfillment of our responsibilities to our stakeholders to be one of the fundamental elements of all our activities.

As OYAK Mining Metallurgy Companies, aware that we operate in a sector with intense global competition, we believe that one of the most important elements of being a global player is having qualified and strong corporate governance practices.

Within our corporate governance model, shaped by this understanding, we uphold the highest standards of ethical values, integrity, transparency, and fairness in all our operations. Fulfilling our responsibilities to our stakeholders and protecting their rights, the effective use of resources, the adoption of an efficient working approach, and the sustainability of the added value created for our stakeholders are integral parts of our corporate governance approach.

As a corporate citizen, we fulfill all our obligations to society and the state accurately and on time; we adopt the Corporate Governance Principles published by the Capital Markets Board of Türkiye and continue our efforts to integrate these principles into all our management processes.

In the operating period ended December 31, 2023, we fully implemented the corporate governance principles set forth in the annex to the Corporate Governance Communiqué and required to be applied under applicable legislation. While showing utmost care in complying with non-mandatory voluntary principles, no conflicts of interest with stakeholders have arisen to date regarding matters where compliance was not achieved.

Our corporate governance activities are carried out under the direction and management of our Board of Directors. Our Board of Directors consists of a total of nine members, including one woman and three independent members.



Board of Directors and Senior Management

BOARD OF DIRECTORS

Members of the Board of Directors in Office as of the Reporting Date

Board of Directors	Duty	Date of Taking Office
OYTAŞ İç ve Dış Ticaret A.Ş. (Representative: Murat YALÇINTAŞ)	Chairman	27.05.2013 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: Mustafa Serdar BAŞOĞLU)	Board Member and Executive Director	13.09.2012 (*)
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Representative: İsmail DOĞAN)	Board Member and Executive Director	12.09.2012 (*)
OMSAN Lojistik A.Ş. (Representative: Tolga SAYGUN)	Board Member	11.09.2012 (*)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Representative: Ahmet TAŞKIN)	Board Member	12.09.2012 (*)
Republic of Türkiye, Ministry of Treasury and Finance Privatization Administration (Representative: Bekir Emre HAYKIR)	Board Member	20.09.2012 (*)
Emre GÖLTEPE	Independent Board Member	17.03.2022
Kadri ÖZGÜNEŞ	Independent Board Member	31.03.2023
Sezai Afif ENSARİ	Independent Board Member	28.03.2024

(*) *The date of taking office of the legal entity Board Member has been taken as the reference.*

SENIOR MANAGEMENT

Members of the Senior Management in Office as of the Reporting Date

Senior Management	Duty	Date of Taking Office	Education	Professional Experience
Mustafa Serdar BAŞOĞLU	Board Member and Executive Director	3.06.2024	Zonguldak Bülent Ecevit University-Business Administration (Master's Degree) Karadeniz Technical University-Finance (Bachelor's Degree)	22 Years
İsmail DOĞAN	Board Member and Executive Director	18.07.2025	Boğaziçi University-Industrial Engineering (Bachelor's Degree)	17 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Zonguldak Bülent Ecevit University-Business Administration (Master's Degree) Karadeniz Technical University-Finance (Bachelor's Degree)	22 Years
Vacant	Marketing and Sales Financial Affairs Group Vice President	-	-	-
Vacant	Procurement Group Vice President	-	-	-
Vacant	Corporate Architecture and Human Resources Group Vice President	-	-	-
Şaban YAZICI	Ereğli Demir ve Çelik Fabrikaları T.A.Ş. General Manager	23.08.2025	Middle East Technical University-Mechanical Engineering (Master's Degree) Finance and Management (Master's Degree) Middle East Technical University-Mechanical Engineering (Bachelor's Degree)	37 Years
Ayhan AKIN	İskenderun Demir ve Çelik A.Ş. General Manager	23.08.2025	Gazi University-Economics (Bachelor's Degree)	32 Years
Halil YILDIRIM	Erdemir Madencilik Sanayi ve Ticaret A.Ş. General Manager	04.09.2013	Sivas Cumhuriyet University-Geological Engineering (Bachelor's Degree)	31 Years
İbrahim ÖZBUNAR	Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. General Manager	1.04.2022	Ege University-Agricultural Engineering (Bachelor's Degree)	30 Years
Tolga SAYGUN	Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. General Manager	08.12.2025	Eastern Mediterranean University-Civil Engineering (Bachelor's Degree)	30 Years
Atilla Adem AYDIN	Kümaş Manyezit Sanayi A.Ş. General Manager	15.12.2025	İhsan Doğramacı Bilkent University - Business Administration (Master's Degree) Middle East Technical University - Electrical Engineering (Bachelor's Degree)	20 Years

Ethical Compliance and Transparency

Compliance with Ethical Principles
The "Code of Ethics and Business Conduct" and the "Anti-Corruption Policy" define our expectations, standards and ethical practices that form the basis of all business relations and transactions of OYAK Mining Metallurgy Companies.

The Code of Ethics and Business Conduct and the Anti-Corruption Policy cover OYAK Mining Metallurgy Companies, all third parties acting on behalf of these companies, and their employees. All our stakeholders can access these documents on our Companies' websites.

The Code of Ethics and Business Conduct consist of four main sections:
1. Integrity
2. Avoiding Conflicts of Interest
3. Protection of Trade Secrets and Confidentiality
4. Our Responsibilities

Under the "Our Responsibilities" section, within the provision on our responsibilities to society and humanity, we commit to respecting human rights and complying with the Labor Law and the International Labor Organization (ILO) conventions to which the Republic of Türkiye is a party, particularly with regard to the prohibition of child labor. Under the article on Our Responsibilities to Our Competitors, we commit to competing only in legal and ethical domains and avoiding unfair competition.

In our contracts with suppliers and customers, we incorporate the Code of Ethics and Business Conduct and the Anti-Corruption Policy as integral parts of the agreements, and we expect the entities with which we have commercial relationships to comply with these requirements. We consider companies that are found to have violated ethical rules as risky and avoid conducting business with them.

We conduct training programs to raise awareness of the Code of Ethics and Business Conduct and to ensure employee awareness of these principles. At our OYAK Mining Metallurgy companies, we provide training on the Code of Ethics and Business Conduct to new employees as part of their orientation program. Additionally, we conduct annual refresher training for all our employees.

Delivered through the Digital HR application, these training sessions provide information on the Code of Ethics and Business Conduct and reinforce expected behaviors in situations that may be encountered in professional life through various case studies. In 2025, a total of 3,397 employees across OYAK Mining Metallurgy Companies received training on ethical rules.

Following the ethics training, we require our monthly paid employees to declare their compliance with the Code of Ethics and Business Conduct. These declarations are reviewed through the joint efforts of our Human Resources and Internal Audit functions, and we implement corrective and preventive actions where necessary. In cases of potential conflicts of interest, we take measures such as changing areas of responsibility or job rotation.

Ethics Hotline
Employees and all our other stakeholders can submit their questions regarding compliance with the Code of Ethics and Business Conduct and the Anti-Corruption Policy, as well as their reports and complaints regarding non-compliance, through the OYAK Mining Metallurgy ethics reporting line, "SpeakHub."

The ethics hotline is an impartial and independent reporting channel where ethics-related reports can be submitted without a mandatory identity declaration, and it is managed by an independent company, Remed. Our employees and other stakeholders can submit their reports 24/7 through the continuously available live call center (+90 212 924 78 65), by email (erdemir@etikhat.com), or via the website (www.speak-hub.com).

If identity data or personal information is shared during a report, it will not be forwarded to OYAK Mining Metallurgy Companies without the explicit consent of the individuals concerned. Information shared via the ethics hotline is stored in accordance with the Personal Data Protection Law (KVKK) and relevant legislation. In 2025, we received a total of 52 reports through the ethics hotline.

Notifications forwarded by Remed to OYAK Mining Metallurgy Companies for investigation can be accessed by our ethics investigation professionals within the Internal Audit Directorate, which reports directly to the Board of Directors. Ethical investigations are conducted within strict confidentiality rules, ensuring that the notifications and the identities of the persons making the notification are kept confidential. We follow a policy that prevents any potential retaliatory attitudes or actions against employees or individuals who report ethical violations.

Resolution of Ethical Non-Compliance
The Internal Audit Directorate conducts examination and investigation activities regarding the notifications received concerning compliance with the Code of Ethics and Business Conduct and the Anti-Corruption Policy. The Ethics Committee is responsible for the resolution of non-compliances and the application of disciplinary action when deemed necessary.

The Ethics Committee consists of three senior executives: the Chairman of the Board, the Senior Human Resources Executive, and the Senior Legal Executive. The Senior Internal Audit Executive serves as the committee's rapporteur.

Following investigations, we apply disciplinary actions where necessary and take action to strengthen the internal control environment to prevent similar incidents from recurring.

Our Internal Audit Directorate regularly reports on ethics compliance activities and the results of ethics investigations to the Audit Committee, which is composed of Independent Board Members. In this context, we held six meetings in 2025.

We annually review our ethics compliance activities and their results, and we take actions to continuously improve our ethics compliance processes. As part of the development of our ethics compliance program, we hold a corporate membership with the Ethics and Reputation Society of Türkiye (TEİD).

Internal Audit System

INTERNAL AUDIT ACTIVITIES

Internal audit aims to enhance the organization's ability to create, protect, and sustain value by providing risk-based and objective assurance, advice, and insight to the board of directors and management independently.

At OYAK Mining Metallurgy Companies, audit activities are carried out by the Internal Audit Directorate with a systematic, disciplined, and risk-based approach, and with reference to Global Internal Audit Standards.

The Internal Audit Directorate, whose purpose, authority, and responsibilities are defined in the Internal Audit Charter, conducts its audit and advisory activities by reporting directly to the Board of Directors.

The Internal Audit Directorate regularly informs the Audit Committee, which is composed of Independent Board Members, about the results of its audit activities and the effectiveness of the internal control system. In this context, six meetings were held in 2025.

Audit activities are planned and executed with a risk-oriented approach. Data analytics, continuous auditing, and automated control monitoring approaches and technologies are utilized in audit work. Audit activities and their results are tracked through the Audit Management System. Action plans are created for the findings identified as a result of internal audit activities. Audit findings and action plans are monitored through the Audit Management System.

Risk Management

As OYAK Mining Metallurgy Companies, we proactively manage risks and opportunities within the framework of our value-oriented and sustainable business model. Due to the dynamics of the iron and steel industry in which we operate, we are exposed to a variety of risks and opportunities across different areas. We continuously monitor external and internal uncertainties and take appropriate actions to identify, manage, and leverage risks and opportunities, reflecting this awareness. In our risk management processes, we conduct analyses using internal and external data, enhancing both our analytical capabilities and our operational efficiency and speed with various digital tools.

As companies operating in the commodity sector, we are directly affected by macroeconomic fluctuations and geopolitical developments. Among the main risks and opportunities we faced in 2025 were high reciprocal tariffs in international trade, persistently high interest rates set by central banks, and fluctuations in demand and prices driven by China's increasing iron and steel exports. In addition, external risks such as climate change, protectionist policies and cyber threats, as well as financial risks and internal operational risks arising from our commercial activities, are among the key factors affecting our operations.

To identify potential events that could affect our Companies, effectively manage existing risks, and detect emerging risks at an early stage to take appropriate measures, a central Corporate Risk Management Directorate operates within the Financial Management and Financial Affairs Group Vice Presidency. Risk-related issues are brought to the Board of Directors' agenda through the Early Detection of Risk Committee during six meetings held throughout the year. Our risk management activities are regularly reviewed by internal audit, external audits, and independent audit firms.

We conduct comprehensive activities under the Corporate Risk Management Procedure to systematically and holistically identify and assess threats and opportunities that could affect our assets, reputation, and profitability, and to monitor and manage them in order to keep their economic impact under control. We have established this framework in line with international standards and best practices, primarily the ISO 31000 standard.

In addition to internal risks, we closely monitor the potential impacts of geopolitical developments and conflicts in our neighboring regions on supply chains, raw material costs and product demand, and we regularly assess external risks. Furthermore, we continuously monitor developments related to climate change, assess the potential impacts of risks, review the status of our planned actions, update our plans accordingly, and incorporate necessary additional measures into our agenda.

In addition to actions taken for short and medium-term risks, we also carry out strategic planning for critical risk areas that could have long-term effects. To manage risks and reduce external dependency, we implement the investments detailed in the "Investments" and "Risk Management Projects" sections of this report. In addition, we conduct our research and development activities in collaboration with our suppliers, customers, Group companies and research institutions.

In our audit activities, we rely on the Integrated Audit System, which we implemented as part of our digitalization efforts. During the audit of processes, we assess the effectiveness of risk management, control, and governance processes.

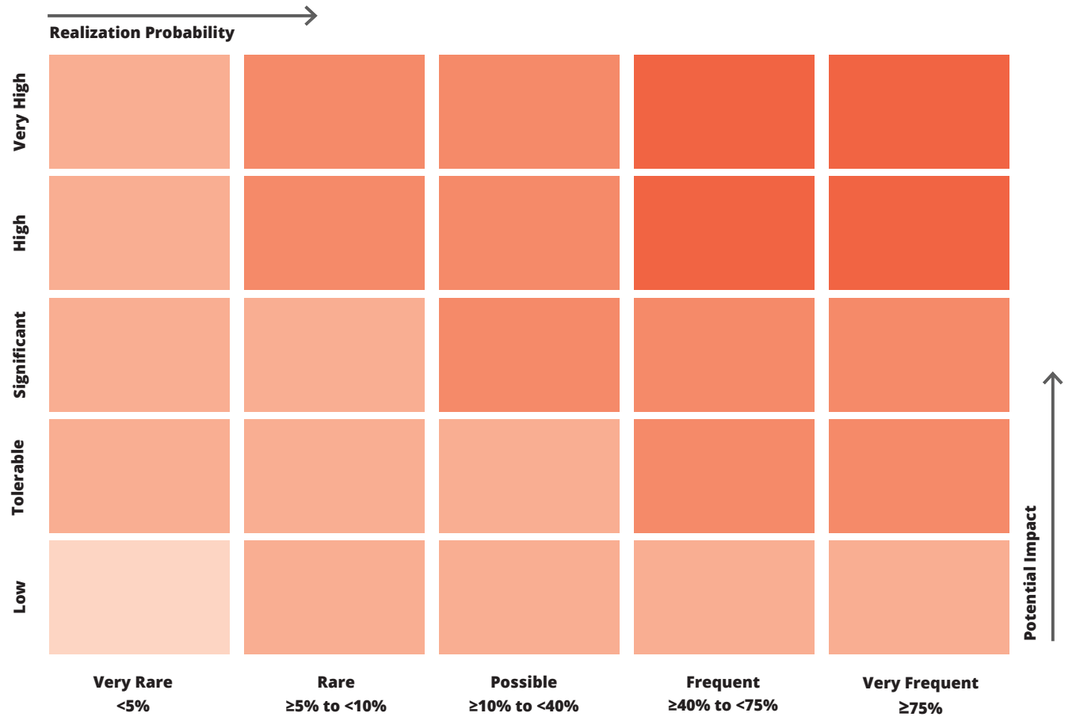
1- Risk Identification
Internal risks are periodically identified by business units with an inclusive approach. Changing external context risks are identified through continuous monitoring. Newly identified risks are added to the risk register.

2- Prioritization
The criticality of risks is determined based on subject-matter expert opinion, scenarios and calculations made through developed models, and impact and probability scales, taking into account existing control measures.

3- Risk Improvement
Detailed action plans, ranging from quick wins to long-term, comprehensive investment plans, are prepared to bring risks that could exceed the tolerance level in any of the impact criteria to an acceptable level.

4- Monitoring & Reporting
The identified risks and the progress of the determined action plan are regularly monitored and reported.

We prioritize, report, and develop action plans for the risks we have identified using the matrix below, and we monitor changes in these risks.



As OYAK Mining Metallurgy Companies, in addition to our risk management activities, we regularly assess the effectiveness of our control and governance processes in this area through risk-oriented audits conducted by the Internal Audit Directorate. The Internal Audit Directorate, whose authority and responsibilities are defined by the Internal Audit Charter, carries out its activities under a structure that reports directly to the Board of Directors.

Our Internal Audit Directorate regularly reports its assessments of audit activities and the effectiveness of the internal control system to the Audit Committee, which is composed of Independent Board Members. In this context, six meetings were held in 2025.

Audits of business processes at our Companies are conducted with a risk-oriented, value-adding, and improvement-focused approach, in accordance with the annual audit plan and the International Standards for the Professional Practice of Internal Auditing.

We carry out our audit activities through the Integrated Audit System. In this process, we assess the effectiveness of control and governance mechanisms related to risk management and formulate concrete recommendations for process improvement. In risk analyses, we consider the potential for errors and efficiency losses arising from processes involving a high degree of human intervention. Taking into account digitalization needs and automation opportunities, we plan actions to automate and enhance controls.

In addition to risk-oriented audit and advisory activities, we also conduct continuous auditing and monitoring activities through the Integrated Audit System infrastructure. Through automated business rules defined within the system, the effectiveness of critical controls in the SAP environment is continuously analyzed; transactions that deviate from established standards are automatically reported by the system, and necessary investigations are conducted for the relevant findings.

We create action plans based on the findings identified as a result of internal audit work. The monitoring of audit findings and actions is carried out through the Integrated Audit System; the completion status of actions is regularly tracked, and the effectiveness of implemented improvements is assessed.

Risk Management

Risk	How We Manage It
Exchange Rate Risk	We categorize currency risk into three main groups: sales-related, payment-related, and non-sales collection-related. To manage this risk, in accordance with our Financial Risk Management Policy, we hedge currency exposures arising from transactions denominated in currencies other than our functional currency using derivative instruments.
Interest Rate Risk	We primarily manage interest rate risk by maintaining a balanced portfolio of financial assets and liabilities in terms of interest rate structure. In addition, any residual interest rate risk arising from the types of interest rates in our existing or potential future financial asset and liability portfolio—due to cost advantages, maturity advantages or similar factors—is managed primarily through natural hedge positions, and where this is not possible, through derivative instruments in accordance with our Financial Risk Management Policy.
Price Risk	Fluctuations in the prices of commodities such as coal, iron ore and steel may affect our Companies due to the nature of the industry in which we operate. We analyze the impact of changes in the prices of our main inputs and products on our financial indicators using internally developed models. Our primary approach to managing these risks is to secure the profitability of contracted and forward sales. In order to protect the agreed sales margin in our Companies' contracted sales from fluctuations in product, raw material and auxiliary material prices, we execute derivative transactions for hedging purposes against commodity price volatility, thereby maintaining risk exposure within defined limits.
Liquidity Risk	We manage liquidity risk by maintaining sufficient readily available resources to meet our financial obligations in a timely manner. To this end, we regularly monitor projected and actual cash flows for short-, medium- and long-term funding and liquidity requirements, and manage liquidity risk by matching the maturities of financial assets and liabilities to ensure the continuation of adequate funding and borrowing capacity.
Counterparty Risk	We define counterparty risk, including credit risk, as the risk that counterparties with whom we have business relationships may fail to meet their financial obligations to us. To manage customer-related counterparty risk, we obtain bank guarantees or credit risk insurance (Trade Credit Insurance). To manage counterparty risk related to financial institutions, we assign limits based on current assessments within the framework of our Financial Institution Counterparty Risk Model and conduct transactions within these limits.
Regulatory Change	We analyze the implications of the Carbon Border Adjustment Mechanism (CBAM) for exports, as well as the impact of the Emissions Trading System (ETS to be introduced in our country), and accordingly carry out our investment feasibility studies and planning. Detailed information on regulatory developments, including CBAM under the European Green Deal heading in the Environmental Performance section of the report, is also provided within the framework of the Turkish Sustainability Reporting Standards (TSRS).
Extreme Weather Events	We assess the physical impacts of the climate crisis and develop action plans accordingly. A sustainable water supply is critical to our production processes. We undertake initiatives to reduce our water footprint and wastewater discharges. We also monitor risks arising from climate crisis—such as extreme rainfall, rising sea levels and water scarcity—which may affect our ports, warehouses, raw material supply and production processes, and take actions accordingly.
Access to Finance	The use of fossil fuels in the current blast furnace production route results in carbon-intensive operations for integrated iron and steel producers. The transition to a low-carbon economy requires not only technological change but also involves significant costs. Given this reality, we actively evaluate opportunities for favorable financing to support investments aimed at addressing climate change and advancing the green transition. We emphasize the critical importance of this issue and share international practices in various meetings with relevant stakeholders regarding regulatory developments in our country.
Carbon Pricing Mechanisms	The non-financial period of the EU's Carbon Border Adjustment Mechanism (CBAM) began in October 2023, and its definitive period started on January 1, 2026. With the Turkish Climate Law published on July 9, 2025, Türkiye has begun to establish its own carbon pricing mechanism, with the years 2026–2027 designated as the pilot period.
Occupational Health and Safety Risk	The sectors in which our Companies operate are classified as very hazardous under applicable legislation. We consider it one of our fundamental responsibilities to ensure that our employees work in a healthy, safe and optimal environment. We conduct all operations within our Companies with due regard for occupational health and safety. To ensure the effective management of occupational health and safety risks, our Companies have dedicated organizational teams specifically focused on these risks. We manage all operations with a zero-accident target and continue to strengthen occupational health and safety as an integral part of our corporate culture. Detailed information on occupational health and safety risk is provided in the Occupational Health and Safety (OHS) section of this report.

We develop quantitative risk models to determine the potential impacts of our critical risks both independently and interactively, and we monitor risk levels through probability-based quantitative calculations. For risks that have the potential to exceed tolerance levels, we ensure a flow of information through rapid reporting and prepare action plans.

Risk Management Projects

Hasançelebi Iron Ore Production Project
Within the scope of the project at the Hasançelebi iron ore mining site, iron ore production, beneficiation, and delivery to the blending area of the Divriği Pellet Plant are carried out. We launched this project on March 9, 2018, with the aim of contributing to the national economy and securing the supply chain by utilizing domestic resources instead of imported products.

As part of a project that represents an industry first in the utilization of low-grade iron ore, 2,535,229 tons of ore produced in 2025 were delivered to the Divriği Pellet Plant, resulting in the production of approximately 859 thousand tons of pellets. As of the end of 2025, our total ore production has reached 14.8 million tons.

Alacaağzı Coal Production Project
At the coal and quartz sand site in the Kandilli Township of Ereğli District, which was commissioned in 2019, the plan is to transition to a nine-year production phase starting in the second half of 2026, following the completion of the preparation and investment period.

All these activities are being carried out within the framework of the Alacaağzı Coal Production Project. According to the project's feasibility study, an annual production of 600,000 tons of run-of-mine (ROM) coal and 411,000 tons of saleable coal is projected during the production period.

The project site contains a quartz sand reserve of 400 million tons, corresponding to approximately 25% of Türkiye's total reserves, according to MTA (Institute of Mineral Survey and Exploration) data. Survey and project studies for the utilization of these quartz sand reserves are ongoing.

The coal to be produced is planned to have PCI (pulverized coal injection) properties, and it is intended for use in the Erdemir and İsdemir blast furnace pulverized coal injection processes and in the coke production blend.

Bingöl Avnik Pellet Project
As part of the activities initiated in 2021 at the Bingöl-Avnik iron ore mine, the mobilization phase has commenced to process the magnetite iron ore potential identified through completed drilling activities in the region and bring it into the Turkish economy. The planned beneficiation plant with a 3.0 million-ton capacity in the region is intended to meet the raw material needs of our iron and steel plants from domestic sources and to increase self-sufficiency in ferrous raw materials. Accordingly, we aim to ensure the security of supply for our companies and make significant contributions to the regional and national economy. The project is expected to create significant economic value, providing employment for approximately 2,000 people during the construction phase and around 1,000 people once the facility becomes operational.

Corporate Governance Principles Compliance Statement

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Company), one of the public companies in Turkey with the broadest base, enjoys a leading position in its field in the Turkish industry, and is well aware of its responsibilities towards its stakeholders. In this context, the Company has adopted the concepts of "equality", "transparency", "accountability" and "responsibility", which form the basis of corporate governance in its activities, and has taken maximum care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board (CMB).

In line with the corporate governance efforts, the Company has started to operate corporate governance mechanisms in accordance with the principles since 26.06.2012. Our Company, which is included in the BIST Corporate Governance Index (XKURY) as of 29.07.2015 and also is subject to corporate governance rating every year by the rating agency KOBİRATE Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., which is authorized to perform activities in Turkey in accordance with the rating methodology approved by the CMB. Corporate Governance Rating Reports are available on our Corporate Website (www.erdemir.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. believes in the importance of ensuring full compliance with the Principles of the Corporate Governance. In the activity period ended on 31 December 2025, the Company has continued to adopt the mandatory corporate governance principles that are included in the Corporate Governance Communiqué annexed to the relevant legislation.

The Company pays utmost attention to compliance with voluntary principles that are not fully complied yet with in the relevant legislation and there is no conflict of interest between the stakeholders so far.

For the period ended at 31 December 2025, compliance with the corporate governance principles included in the Corporate Governance Communiqué and the explanations of those who have not yet achieved compliance are included in the annual report; Corporate Governance Compliance Report, Corporate Governance Information Form, Sustainability Report and other related sections of the report.

In the future, corporate governance practices of the Company, efforts to improve our corporate governance practices, including non-mandatory principles that have not been put into practice in a limited number, will be continued.

In case of a significant change in the Sustainability Report during the period, the relevant change will be published in the interim activity reports. When there is a change in the Corporate Governance Compliance Report or Corporate Governance Information Form, there will be a material event disclosure and it will be published in the interim activity reports as well.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this manner.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	In 2025 fiscal year, there was no participation demand from the media.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				Company's capital is divided into shares Group A and Group B. 1 (one) share of certificate, issued to the bearer amounting to 1 Kr (one Kuruş) is A group. The right of usufruct shall be established in favor of and to the name of Privatization Administration on the shares of A Group with all rights appertaining thereto unless otherwise decided by Supreme Board of Privatization.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross-shareholding relations exist in the capital of the Company.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.			X			Even though minority rights are not determined less than one in twenty by the Articles of Association, paralell with the general practices, in accordance with Article 38 of the Articles of Association, provisions of Turkish Commercial Code and Capital Market Law shall be applied to the issues that are not written in the Articles of Association in regard to minority rights. On the other hand, the Company recognizes equal rights to each shareholder and comply with relevant regulations regarding the exercise of shareholder rights. There is no plan to regulate and expand minority rights in the Articles of Association.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Although there is no provision in the articles of association, employees are encouraged to participate in management through internal practices.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			Although there is no policy regarding the target of minumum 25% for the ratio of female members in the board of directors, there is one female member in the current board of directors structure.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1- Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the Board Member's work and industry experience and contribution to the board of directors, there is no restriction for the Board Members to assume any other duties outside the company. The duties undertaken by the members of the board of directors outside the company were presented to the shareholders at the general assembly meeting. Since this current practice does not create any negative situation in terms of corporate governance, no change is expected in 2026.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The company's board of directors consists of 9 members and operates with 3 committees. 3 of our 9 members take part in committees as independent board members. Due to the number of Board members, each board member is assigned to more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In 2025, any committee did not receive consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors was not evaluated.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				In line with the general practices, salaries, bonuses and other benefits of the key management are shared in the annual report as total. Remuneration for the members of the board on an individual basis are shared with the public in the minutes of the general assembly.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	177
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1398724
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction under Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1392295
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Corporate Governance / Policies and Regulations / Donations and Contribution Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/194744
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There was no participation in the General Assembly meeting regarding 2024 activities except for the shareholders. However, there is no restriction on participation of stakeholders in the General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Privatization Administration / 0.0% / One share of certificate, issued to the bearer amounting to one kurus.
The percentage of ownership of the largest shareholder	49.54%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance / Policies and Regulations / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26.03.2025	0	57.00%	0.22%	57.00%	Investor Relations / General Assembly / Minutes of General Assembly	Investor Relations / General Assembly / The questions asked on General Assembly Meetings	-	207	https://www.kap.org.tr/tr/Bildirim/1398724

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations / Corporate Governance, Reports and Presentations, Integrated Annual Reports, Disclosures and Announcements, General Assembly, FAQ
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Corporate Governance / Ownership Structure
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Investor Relations / Reports and Presentations / Interim Financial Reports / Declarations of Independent Board Members
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Investor Relations / Reports and Presentations / Interim Financial Reports / Number of Meetings of the Board of Directors and Attendance of the Board Members
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Investor Relations / Reports and Presentations / Interim Financial Reports / Information about Amendments in Legislation That May Significantly Affect the Company's Activities
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Investor Relations / Integrated Annual Reports / Notes to the Consolidated Financial Statements / Provision for Lawsuits
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Investor Relations / Integrated Annual Reports / Other Issues
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	No cross ownership subsidiaries that the direct contribution to the Company's capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Investor Relations / Integrated Annual Reports / A People-Centered Approach

Corporate Governance Information Form

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Corporate Governance / Policies and Regulations / Staff Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	203
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	Mail: erdemir@etikhat.com, Phone: +90 212 924 78 65
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Short, long and medium term succession plans are prepared for key positions within the scope of talent management studies carried out within our Company. Succession plans and assignments to key roles are submitted for the approval of the Board of Directors, when necessary, in line with defined procedures.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Career / Our Human Resources Policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct / Responsibilities to Our Employees
The number of definitive convictions the company is subject to in relation to health and safety measures	2
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate / Values and Corporate Culture / CSR Policy
Any measures combating any kind of corruption including embezzlement and bribery	Board members and employees of OYAK Mining Metallurgy Companies and all third parties acting on behalf of OYAK Mining Metallurgy Companies should avoid any act or behaviour that may bring OYAK Mining Metallurgy under suspicion of corruption. Regardless of being in public or private sector, accepting or giving any cash/ non-cash benefit that may be in the scope of corruption is forbidden.

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Murat YALÇINTAŞ - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş), Ahmet TAŞKIN - Deputy Chairman and Executive Director (Representative of OMSAN Lojistik A.Ş.),Mustafa Serdar BAŞOĞLU - Board Member and Executive Director (Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.), İsmail DOĞAN - Board Member and Executive Director (Representative of OYKA Kağıt Ambalaj Sanayi ve Ticaret A.Ş.)
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	6
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Investor Relations / Integrated Annual Reports / Internal Audit System
Name of the Chairman	Murat YALÇINTAŞ - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş)
Name of the CEO	Şaban YAZICI
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	CEO and Chairman are not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	1, 11%

Corporate Governance Information Form

Composition of Board of Directors							
Name, Surname of Board Member	**Whether Executive Director or Not**	**Whether Independent Director Or Not**	**The First Election Date To Board**	**Link To PDP Notification That Includes The Independency Declaration**	**Whether the Independent Director Considered By The Nomination Committee**	**Whether She/He is the Director Who Ceased to Satisfy The Independence or Not**	**Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not**
OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Murat YALÇINTAŞ)	Non-executive	Not Independent Board	27.05.2013		Not applicable	Not applicable	Yes
OMSAN Lojistik A.Ş. (Represented by: Ahmet TAŞKIN)	Executive	Not Independent Board	11.09.2012		Not applicable	Not applicable	Yes
OYAK Pazarlama ve Hizmet Turizm A.Ş. (Represented by: Mustafa Serdar BAŞOĞLU)	Executive	Not Independent Board	13.09.2012		Not applicable	Not applicable	Yes
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Represented by: İsmail DOĞAN)	Executive	Not Independent Board	12.09.2012		Not applicable	Not applicable	Yes
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Non-executive	Not Independent Board	20.09.2012		Not applicable	Not applicable	Yes
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	Non-executive	Not Independent Board	12.09.2012		Not applicable	Not applicable	Yes
Emre GÖLTEPE	Non-executive	Independent director	17.03.2022	https://www.kap.org.tr/tr/Bildirim/1392293	Considered	No	Yes
Kadri ÖZGÜNEŞ	Non-executive	Independent director	31.03.2023	https://www.kap.org.tr/tr/Bildirim/1392293	Considered	No	Yes
Sezai Afif ENSARİ	Non-executive	Independent director	28.03.2024	https://www.kap.org.tr/tr/Bildirim/1392293	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	7
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-5 Days
The name of the section on the corporate website that demonstrates information about the board charter	There are internal regulations in which the working principles of the Board of Directors meetings are determined, but they are not published on the corporate website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the Committee are available on our corporate website. (Investor Relations / Corporate Governance / Policies and Regulations)

Composition of Board Committees-I				
Names Of The Board Committees	**Name Of Committees Defined As "Other" In The First Column**	**Name-Surname of Committee Members**	**Whether Committee Chair Or Not**	**Whether Board Member Or Not**
Corporate Governance Committee	-	Kadri ÖZGÜNEŞ	Yes	Board member
Corporate Governance Committee	-	Emre GÖLTEPE	No	Board member
Corporate Governance Committee	-	İdil ÖNAY ERGİN	No	Not board member
Audit Committee	-	Emre GÖLTEPE	Yes	Board member
Audit Committee	-	Sezai Afif ENSARİ	No	Board member
Committee of Early Detection of Risk	-	Sezai Afif ENSARİ	Yes	Board member
Committee of Early Detection of Risk	-	Kadri ÖZGÜNEŞ	No	Board member

Corporate Governance Information Form

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Investor Relations / Integrated Annual Reports / Other Issues
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Corporate Governance / Policies and Regulations / Compensation Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Investor Relations / Integrated Annual Reports / Notes to the Consolidated Financial Statements / Related Party Disclosures / Salaries, bonuses and other benefits of the key management

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	100%	67%	4	2
Committee of Early Detection of Risk	-	100%	100%	6	6

Sustainability Compliance Report

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
A. General Principles							
A1. Strategy, Policy and Goals							
A1.1	The preferred environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Board of Directors.	X				Risks and opportunities within the scope of ESG issues have been determined.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Labour Rights Policy) have been set out by the Board of Directors and disclosed to public.	X				Our policies within the scope of ESG issues have been determined and disclosed to the public on the company website.	https://www.erdemir.com.tr/en/corporate/values-and-corporate-culture
A1.2	The short-term and long-term ESG goals have been disclosed to public.	X				Strategy and objectives are explained in the "Strategic Approach" section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2. Execution/Supervision							
A2.1	The committies and/or boards responsible for the supervision of ESG policies and the seniors directors to execute the ESG issues have been disclosed to public including their duties.	X				Departments such as Strategic Planning and Sustainability, Occupational Safety and Environment etc., which are responsible for the execution of ESG policies, are included in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The activities carried out within the scope of the policies by the responsible committee and/or department have been reported to the Board of Directors at least once a year.	X				The duties of the relevant departments include reporting their activities which are within the scope of ESG policies to the Board of Directors at least once a year.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2.2	The action plan in accordance with the ESG goals have been formed and disclosed to public.	X				The investments and activities planned in line with the targets are explained in the integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2.3	The key performance indicators regarding the ESG and the achievement rates per years have been disclosed to public.	X				Key performance indicators have been determined and detailed follow-ups are carried out within the company on a daily, monthly and annual basis. Indicators that come to the fore are presented in the Environmental and Social Performance Indicators section of our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2.4	The improvement activities for sustainability performance regarding business processes or product and services have been disclosed to public.	X				In the integrated report and net zero roadmap, activities to improve the sustainability performance of products and services have been disclosed.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
A3. Reporting							
A3.1	The annual report covers the sustainability performance, KPIs and actions understandable, right and qualified.	X				Sustainability performance is constantly reviewed and reported. Information on sustainability activities is explained in the relevant sections of the Integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A3.2	The information on the activities implemented in line with the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to public.	X				Our activities' connection and contribution to the SDGs are explained in the "Strategic Approach" and "Prioritization Analysis" sections of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A3.3	The lawsuits in progress against the Company regarding the ESG isuues that effect the material business lines and the legal sanctions in regard of the sustainability policies have been disclosed to public.		X			Lawsuits brought against and / or concluded to our company, those that are deemed necessary / important are disclosed on the Public Disclosure Platform (PDP)	https://www.kap.org.tr/en/sirket-bilgileri/ozet/944-eregli-demir-ve-celik-fabrikalari-t-a-s

Sustainability Compliance Report

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
A4. Verification							
A4.1	The KPI measurements have been verified by an independent third and disclosed to public.		X			Some of the parameters related to sustainability are approved by the verifier (independent third party) and are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B. Environmental Principles							
B1	The company has disclosed its policies and practices on environmental management, action plans, environmental management systems (known as ISO 14001 standard) and programmes.	X				Policies and practices, action plans, environmental management systems and programs created within the scope of environmental management are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B2	The scope, period, date and the constraints of conditions of the environmental reporting regarding environmental management have been disclosed to public.	X				There is information about the period, date, limits and limitations of the environmental report included in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B4	The environmental KPIs counted for remuneration criteria for stakeholders (e.g. board members, executives and employees) within frame of the performance incentives have been diclosed to public.	X				Employee goals also include environmental goals. Realizations of the targets are supported by incentives and are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B5	The integration of the environmental difficulties, which are peferably determined, with the business goals and strategy have been disclosed to public.	X				Environmental problems and risks were taken into account in the analyzes and studies carried out while determining the targets and strategies, and they are explained in the Risk Management section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B7	The integration of environmental management issues covering the customers and suppliers throughout the value chain of the company including the operational process with the business model and strategy have been disclosed to public.	X				Our stakeholder relations are explained in our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B8	The cooperation with the non-governmental organizations and the environmental institutions and taking (or not) a part of the policy-making processes with those institutions have been disclosed to public.	X				It is explained in the "Corporate Memberships" section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B9	The environmental figures (Greenhouse gas emmissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and waste water management, waste management, biodiversity impacts) and the environmental impacts have been disclosed to public with periodic comparison.		X			Environmental indicators are explained in our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B10	The standard, protocol, methodology and the base year details for collection and calculation of the data have been disclosed to public.		X			The standard and methodology used in the integrated annual report are mentioned in general terms.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B11	The comparable increase or decrease rates with the previous years have been disclosed to public in the current period's report.	X				Prominent indicators are presented in the "Environmental Performance Indicators" section of our integrated annual report in comparison with previous years.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B12	The short-term and long-term targets are determined to decrease the environmental impacts; the called targets and the progress status in comparison to the previous years' targets have been disclosed to public.		X			Although the targets are followed within the company, numerical targets are not included in the integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Compliance Report

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
B13	The strategy for fight against climate crises is set out and the action plan has been disclosed to public.	X				Activities carried out in the context of combating the climate crisis are mentioned in net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B14	The programmes or procedures to prevent or to decrease to the minimum level of the negative environmental effects of the products and/or services have been disclosed to public.	X				The efforts spent in order to prevent or minimize the negative potential impacts of our products on the environment are explained in our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The actions taken to make the third parties' (e.g. supplier, subcontractor, dealer, etc.) decrease their greenhouse gas emission figures have been disclosed to public.		X			Actions to reduce greenhouse gas emissions of third parties are in progress but have not been disclosed to the public yet.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B15	The environmental benefits/ gainings and cost savings provided by the initiatives/ projects to decrease the environmental impacts have been disclosed to public.	X				Important projects and actions are included in our integrated annual report, especially energy savings in the context of energy efficiency are explained.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B16	Energy comsumption (natural gas, diesel, gas, LPG, coal, electricity, heating, cooling, etc.) figures as Scope-1 and Scope-2 have been disclosed to public.		X			Our total energy consumption are presented in the "Environmental Performance Indicators" section of our integrated annual report in comparison with previous years.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B17	The information about the produced electricity, heat, steam and cooling for the reporting period have been disclosed to public.		X			Within the scope of the "Energy Efficiency Law" numbered 5627, the energy production and consumption data of the previous year are entered annually as data in the "Energy Efficiency Portal" according to the criteria determined by the Department of Energy Efficiency and Environment of the Ministry of Energy and Natural Resources	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
B18	The actions taken to increase renewable energy consumption, transit to zero or law carbon electricity have been disclosed to public.	X				Our renewable energy works are explained in the integrated report and net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B19	The renewable energy production and consumption figures have been disclosed to public.	X				Relevant datas are disclosed in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B20	Energy productivity projects have been carried out and the decrease rates on energy consumption and emission based on those projects have been disclosed to public.	X				It is explained in the integrated report and net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B21	Water consumption, underground or aboveground drawn water, recycled or discharged water figures, sources and procedures have been disclosed to public.	X				It is presented in comparison with previous years in the Environmental Performance Indicators section of our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B22	It has been disclosed to public if the operations or activities included to any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) or not.				X	The Emissions Trading System (ETS) Regulation in our country is still under preparation. At present, the country does not participate in any carbon pricing mechanism.	
B23	The information on accumulated or purchased carbon credit in the reporting period has been disclosed to public.				X	The Emissions Trading System (ETS) Regulation in our country is still under preparation. At present, the country does not participate in any carbon pricing mechanism.	
B24	The details have been disclosed to public if there is a carbon pricing mechanism at the company.				X	The Carbon Crediting and Offsetting Regulation in our country is still under preparation.	
B25	The platforms, which the environmental figures of the company are announced, have been disclosed to public.	X				The platforms such as EIA public participation meetings, website, social media, one-to-one meetings with suppliers, sectoral organizations, associations and NGOs, collaborations, memberships, participation in working groups are described in the integrated report	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Compliance Report

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
C. Social Principles							
C1. Human Rights and Labour Rights							
C1.1	The Human Rights and Labour Rights Policy has been set out covering the United Nations Universal Declaration of Human Rights and the International Labour Organization principles, the responsible directors for execution of the policy are assigned and disclosed to public.	X				Our commitment is stated in the code of ethics and working principles and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.2	The labour rights policy covers the fair workforce, improving work conditions, women's employment and inclusion (no discrimination on gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identitiy, family responsibilities, trade union activities, political view, disability, social and culturel differences, etc.) considering the supply and value chain impacts.	X				Our policy is stated in the code of ethics and working principles and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.3	The measures taken throughout the value chain to watch over the susceptible segments to certain economic, environmental, social factors (e.g. low income group, women, etc.) or minority rights/ opportunity equality.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.4	The preventive and improver practices on discrimination, inequality, human rights violation, forced labour, and child labour have been disclosed to public.		X			There are internal (in-company) reports.	Internal (in-company) reports
C1.5	The labour rights policy covers investment in employees (training, improvement policies), remuneration, side rights, right to unionize, work/life balance and skill management issues.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The mechanism regarding the employee complaints and the dispute resolution process is determined.	X				Mechanisms for the resolution of employee complaints and disputes have been established, and dispute resolution processes have been specified in the code of ethics and working principles.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
	The reported employee satisfaction activities in the period have been disclosed to public.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.6	Occupational Health and Safety Policy has been set out and disclosed to public.	X				Occupational health and safety policies have been established and shared on our website.	https://www.erdemir.com.tr/en/corporate/values-and-corporate-culture
	The measures taken to prevent the work accidensts, health protection and accident statistics have been disclosed to public.	X				It is explained in the Occupational Health and Safety section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.7	Protection of the personal data and information security policy has been disclosed to public.	X				Personal data protection and data security policies have been established and shared on our website.	https://www.erdemir.com.tr/en/personal-data-protection-law-kvkk
C1.8	Code of Ethics has been set out and disclosed to public.	X				Ethics policy has been established and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.9	The studies related to social investment, social responsibility, finansal inclusivity and access to finance have been explained.	X				It is explained in the Social Contribution section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Compliance Report

		COMPLIANCE STATUS				EXPLANATION	REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
		YES	PARTIAL	NO	NOT APPLICABLE		
C1.10	The informative meetings and training programmes on ESG practices organised for the employees	X				Regular trainings are provided to the employees within the framework of the developmental plans.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2. Stakeholders, International Standards and Initiatives							
C2.1	Customer satisfaction policy covering the management and solution of the customer complaints has been set out and disclosed to public.	X				The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.2	The information on communication with the stakeholders (whom, topic and frequency) has been disclosed to public.	X				Details on stakeholder communication are described in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.3	The international reporting standards adopted have been disclosed to public.	X				Adopted international reporting standards are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.4	The adopted principles, being a signatory or a member of an international institution, committee on sustainability have been disclosed to public.	X				Signatory or member international organizations or principles are publicly disclosed in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.5	Improvement activities have been realized to be included Borsa İstanbul Sustainability Index and/or international index providers' sustainability indices.	X				It is included in the Borsa Istanbul Sustainability Index.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
D. Corporate Governance Principles							
D1	It has been consulted with the stakeholders regarding the determination of the sustainability measures and strategy.	X				Opinions of stakeholders are sought in determining measures and strategies in the field of sustainability.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
D2	CSR projects, awareness activities and training programmes have been realized to increase the awareness of on sustainability.	X				Studies are carried out to raise awareness on the issue of sustainability and the importance of sustainability through social responsibility projects, awareness activities and trainings.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Affiliated Company Report 2025

During the 2025 reporting period, no legal transactions were carried out for the benefit of the Company's controlling shareholder, Ordu Yardımlaşma Kurumu (OYAK), its affiliated companies, or any third parties acting under its direction, nor were any measures taken or refrained from for their benefit.

All commercial transactions conducted between the Company and its controlling shareholder and its affiliated companies during the 2025 reporting period were carried out at arm's length.

Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

Pursuant to the Board of Directors resolution of the Company and within the framework of the provisions of the Corporate Governance Communiqué (No. II-17.1) of the Capital Markets Board of Türkiye (CMB), the following appointments were made to the relevant committees:

- To appoint Independent Board Members Emre GÖLTEPE and Sezai Afif ENSARİ to serve as the Audit Committee and Emre GÖLTEPE to be the committee's chairman;
- To appoint Independent Board Members Kadri ÖZGÜNEŞ and Emre GÖLTEPE and Investor Relations Director İdil ÖNAY ERGİN to serve as the Corporate Governance Committee and Kadri ÖZGÜNEŞ to be the committee's chairman;
- To appoint Independent Board Members Sezai Afif ENSARİ and Kurtuluş Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Sezai Afif ENSARİ to be the committee's chairman.

Considering the structure of the Company's Board of Directors, the authorities, duties and responsibilities assigned to the Nomination Committee and the Remuneration Committee under the Board of Directors resolution dated 29 June 2012 and numbered 9148 were delegated to the Corporate Governance Committee.

The meeting frequency, activities and procedures of the committees are set out in the regulations available on our website (www.erdemir.com.tr). Decisions resulting from the committees' independent work are submitted to the Board of Directors as recommendations, with the final decision being taken by the Board.

During 2025, the Board of Directors' committees fulfilled their duties and responsibilities in accordance with corporate governance principles and their own regulations, and convened in line with their annual meeting schedules as set out below:

- The Audit Committee convened four times, on February 12, 2025, April 29, 2025, August 6, 2025, and October 20, 2025,
- The Corporate Governance Committee convened four times, on February 12, 2025, April 29, 2025, July 1, 2025, and October 20, 2025,
- The Early Detection of Risk Committee convened six times, on January 6, 2025, February 12, 2025, April 29, 2025, July 1, 2025, August 4, 2025, and October 20, 2025, and submitted their reports containing information about their activities and the results of the meetings held during the year to the Board of Directors.

Within the scope of their responsibilities;

- The Audit Committee oversaw the Company's accounting system, the public disclosure of its financial information, its independent audit, and the functioning and effectiveness of the Company's internal control and internal audit systems.
- The Corporate Governance Committee's activities are summarized as follows:
  - Contributed to the development and implementation of the Company's corporate governance principles, submitted solution-oriented recommendations to the Board of Directors in this regard, monitored whether corporate governance principles were implemented within the Company, and, where not implemented, identified the reasons for non-implementation and conflicts of interest arising from non-compliance or full non-compliance with these principles, and provided recommendations to the Board of Directors to improve corporate governance practices,
  - Monitored the activities of the Investor Relations Department,
  - Worked on establishing a transparent system for the identification, evaluation and training of suitable candidates for the Board of Directors and executive management positions, and for defining related policies and strategies,
  - Conducted regular assessments regarding the structure and efficiency of the Board of Directors and submitted recommendations on possible improvements in this regard to the Board of Directors,
  - Determined and monitored the principles, approaches and practices regarding the performance evaluation and career planning of Board members and executive managers, and ensured their supervision,
  - Developed recommendations regarding the remuneration principles of Board members and executive managers, taking into account the Company's long-term objectives.
- The Early Detection of Risk Committee carried out activities within the framework of applicable regulations and legislation related to the early identification of risks that could endanger the Company's existence, development and continuity, the implementation of necessary measures regarding identified risks, and the management of such risks.

İskenderun Demir ve Çelik A.Ş.

Pursuant to the Board of Directors resolution of the Company and within the framework of the provisions of the Corporate Governance Communiqué (No. II-17.1) of the Capital Markets Board of Türkiye (CMB), the following appointments were made to the relevant committees:

- To appoint Independent Board Members Emre GÖLTEPE and Sezai Afif ENSARİ to serve as the Audit Committee and Emre GÖLTEPE to be the committee's chairman;
- To appoint Independent Board Members Kadri ÖZGÜNEŞ and Emre GÖLTEPE and Investor Relations Director İdil ÖNAY ERGİN to serve as the Corporate Governance Committee and Kadri ÖZGÜNEŞ to be the committee's chairman;
- To appoint Independent Board Members Sezai Afif ENSARİ and Kurtuluş Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Sezai Afif ENSARİ to be the committee's chairman.

Considering the structure of the Company's Board of Directors, the authorities, duties and responsibilities assigned to the Nomination Committee and the Remuneration Committee were delegated to the Corporate Governance Committee pursuant to the Board of Directors resolution dated 22 March 2019 and numbered 523.

The meeting frequency, activities and procedures of the committees are set out in the regulations available on our website (www.isdemir.com.tr). Decisions resulting from the committees' independent work are submitted to the Board of Directors as recommendations, with the final decision being taken by the Board.

During 2025, the Board of Directors' committees fulfilled their duties and responsibilities in accordance with corporate governance principles and their own regulations, and convened in line with their annual meeting schedules as set out below:

- The Audit Committee convened four times, on February 12, 2025, April 29, 2025, August 6, 2025, and October 20, 2025,
- The Corporate Governance Committee convened four times, on February 12, 2025, April 29, 2025, July 1, 2025, and October 20, 2025,
- The Early Detection of Risk Committee convened six times, on January 6, 2025, February 12, 2025, April 29, 2025, July 1, 2025, August 4, 2025, and October 20, 2025, and submitted their reports containing information about their activities and the results of the meetings held during the year to the Board of Directors.

Within the scope of their responsibilities;

- The Audit Committee oversaw the Company's accounting system, the public disclosure of its financial information, its independent audit, and the functioning and effectiveness of the Company's internal control and internal audit systems.
- The Corporate Governance Committee's activities are summarized as follows:
  - Contributed to the development and implementation of the Company's corporate governance principles, submitted solution-oriented recommendations to the Board of Directors in this regard, monitored whether corporate governance principles were implemented within the Company, and, where not implemented, identified the reasons for non-implementation and conflicts of interest arising from non-compliance or full non-compliance with these principles, and provided recommendations to the Board of Directors to improve corporate governance practices,
  - Monitored the activities of the Investor Relations Department,
  - Worked on establishing a transparent system for the identification, evaluation and training of suitable candidates for the Board of Directors and executive management positions, and for defining related policies and strategies,
  - Conducted regular assessments regarding the structure and efficiency of the Board of Directors and submitted recommendations on possible improvements in this regard to the Board of Directors,
  - Determined and monitored the principles, approaches and practices regarding the performance evaluation and career planning of Board members and executive managers, and ensured their supervision,
  - Developed recommendations regarding the remuneration principles of Board members and executive managers, taking into account the Company's long-term objectives.
- The Early Detection of Risk Committee carried out activities within the framework of applicable regulations and legislation related to the early identification of risks that could endanger the Company's existence, development and continuity, the implementation of necessary measures regarding identified risks, and the management of such risks.

Other Issues

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

- Necessary arrangements have been made in the "Code of Ethics and Business Conduct" to prevent conflicts of interest between the Company and its employees and the organizations with which it does business. Furthermore, potential conflicts of interest with institutions from which it receives services such as investment advisory and credit rating services are mitigated and addressed through contractual arrangements. No conflicts of interest were experienced with these organizations during 2025.
- Our Company did not issue any forward-looking statements in 2025.
- Except for the matters disclosed in Notes 13 and 14 to the Company's consolidated financial statements as of December 31, 2025, the Company did not engage in any significant asset acquisitions or disposals during 2025.
- No Extraordinary General Assembly meeting was held during the year.
- Other than the developments mentioned above, there have been no significant subsequent events after December 31, 2025.

İskenderun Demir ve Çelik A.Ş.

- Necessary arrangements have been made in the "Code of Ethics and Business Conduct" to prevent conflicts of interest between the Company and its employees and the organizations with which it does business. Furthermore, potential conflicts of interest with institutions from which it receives services, such as investment advisory and credit rating agencies, are mitigated and safeguarded through contractual arrangements. No conflicts of interest were experienced with these organizations during 2025.
- Our Company did not issue any forward-looking statements in 2025.
- Except for the matters disclosed in Note 13 to the Company's financial statements as of December 31, 2025, the Company did not engage in any significant asset acquisitions or disposals during 2025.
- No Extraordinary General Assembly meeting was held during the year.
- Other than the developments mentioned above, there have been no significant subsequent events after December 31, 2025.

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD OF TÜRKİYE'S COMMUNIQUÉ II-14.1 ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 17.02.2026
RESOLUTION NUMBER: 10065

We hereby submit for your information, in accordance with the regulations of the Capital Markets Board of Türkiye ("CMB"), the consolidated financial statements of our Company for the accounting period between January 1, 2025 and December 31, 2025, which are subject to independent audit and prepared in compliance with the Capital Markets Board Communiqué No. II-14.1 on the Principles of Financial Reporting in Capital Markets (the "Communiqué"), Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS"), and the formats prescribed by the CMB, together with the annual report prepared in accordance with the Turkish Commercial Code and the CMB Communiqué, and hereby declare our responsibility for the statements made herein;

- Have been reviewed by us,
- To the best of our knowledge within the scope of our duties and responsibilities within the Company, does not contain any omission that could result in an untrue or misleading statement as of the date of disclosure with respect to material matters,
- To the best of our knowledge within the scope of our duties and responsibilities within the Company, the financial statements prepared in accordance with the Communiqué, including the entities within the scope of consolidation, fairly present the Company's assets, liabilities, financial position, and profit or loss, and the annual report prepared in accordance with the Turkish Commercial Code and the CMB Communiqué fairly presents the development and performance of the business and, together with the entities within the scope of consolidation, the financial position of the Company, along with the significant risks and uncertainties it faces.

Kind regards,

Mustafa Serdar BAŞOĞLU Financial Management and Financial Affairs Group Vice President	**Sezai Afif ENSARİ** Audit Committee Member	**Emre GÖLTEPE** Chairman of the Audit Committee

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD OF TÜRKİYE'S COMMUNIQUÉ II-14.1 ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT

RESOLUTION DATE: 17.02.2026
RESOLUTION NUMBER: 905

We hereby submit for your information, in accordance with the regulations of the Capital Markets Board of Türkiye ("CMB"), the consolidated financial statements of our Company for the accounting period between January 1, 2025 and December 31, 2025, which are subject to independent audit and prepared in compliance with the Capital Markets Board Communiqué No. II-14.1 on the Principles of Financial Reporting in Capital Markets (the "Communiqué"), Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS"), and the formats prescribed by the CMB, together with the annual report prepared in accordance with the Turkish Commercial Code and the CMB Communiqué, and hereby declare our responsibility for the statements made herein;

- Have been reviewed by us
- To the best of our knowledge within the scope of our duties and responsibilities within the Company, does not contain any omission that could result in an untrue or misleading statement as of the date of disclosure with respect to material matters,
- To the best of our knowledge within the scope of our duties and responsibilities within the Company, the financial statements prepared in accordance with the Communiqué fairly present the Company's assets, liabilities, financial position, and profit or loss in a true and fair manner, and the annual report prepared in accordance with the Turkish Commercial Code and the CMB Communiqué fairly presents the development and performance of the business and the financial position of the Company, together with the significant risks and uncertainties it faces, in a true and fair manner.

Kind regards,

Mustafa Serdar BAŞOĞLU
Financial Management and Financial Affairs Group Vice President

Sezai Afif ENSARİ
Audit Committee Member

Emre GÖLTEPE
Chairman of the Audit Committee

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH- SEE NOTE 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

Consolidated Financial Statements for the Period 1 January - 31 December 2025 and Independent Auditor's Report

Shape the future with confidence

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi;

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Shape the future with confidence

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

Key Audit Matters	**How Key Audit Matters are Addressed in the Audit**
Revenue Recognition	
The Group 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 Group's revenue arises from performance obligations that are satisfied at a point in time. The Group recognized revenue amounting to TRY 208.909.904 thousand in its consolidated 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. 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. Revenue is a key financial indicator in assessing the Group'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 consolidated statement of profit or loss for the year ended 31 December 2025, it has been identified as a key audit matter for our audit. The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.8.1 and Note 25.	During our audit, the following audit procedures were performed regarding the recognition of revenue: - The Group'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 Group'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 consolidated 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. In addition to the above procedures, the adequacy of the disclosures in Note 25 was evaluated in accordance with TFRS.

Shape the future with confidence

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

Key Audit Matters	How Key Audit Matters are Addressed in the Audit
Accounting for Property, Plant, Equipment, and Construction in Progress	
As disclosed in Notes 14 and 11, as of 31 December 2025, the carrying amount of the Group's property, plant, and equipment (PP&E) and advances given for investments classified under prepaid expenses amounts to TRY 289.676.099 thousand, representing 52% of total assets. Additionally, as of the same date, the Group has capital expenditures under construction amounting of TRY 59.765.872 thousand recorded under PP&E. The Group 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. 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. Disclosures related to PP&E, construction in progress, and prepaid expenses are provided in Notes 2.8.3, 14, and 11.	During our audit, the following procedures were applied concerning the recognition of PPE and construction in progress: - 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 consolidated 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. In addition to the above procedures, the adequacy of the disclosures in the notes to the financial statements was evaluated in accordance with TFRS.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

ASSETS	Note	(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
CURRENT ASSETS		**5.849.533**	**250.627.343**	**5.182.957**	**182.856.284**
Cash and Cash Equivalents	4	2.695.176	115.476.723	1.566.313	55.259.993
Financial Investments	5	-	-	44.960	1.586.209
Trade Receivables		640.617	27.447.677	750.105	26.463.914
Due From Related Parties	*34*	*17.503*	*749.930*	*17.116*	*603.847*
Other Trade Receivables from Third Parties	*8*	*623.114*	*26.697.747*	*732.989*	*25.860.067*
Other Receivables		6.446	276.186	5.546	195.675
Due From Related Parties	*34*	*632*	*27.062*	*532*	*18.767*
Other Receivables from Third Parties	*9*	*5.814*	*249.124*	*5.014*	*176.908*
Financial Derivative Instruments	6	646	27.657	7.061	249.118
Inventories	10	2.086.220	89.385.563	2.232.475	78.762.398
Prepaid Expenses		47.873	2.051.174	88.128	3.109.169
Prepaid Expenses to Related Parties	*34*	*6.667*	*285.659*	*706*	*24.900*
Other Prepaid Expenses to Third Parties	*11*	*41.206*	*1.765.515*	*87.422*	*3.084.269*
Other Current Assets	22	372.555	15.962.363	488.369	17.229.808
NON CURRENT ASSETS		**7.186.342**	**307.903.852**	**6.867.932**	**242.302.690**
Financial Investments	5	4.347	186.245	5.048	178.085
Other Receivables		4.309	184.625	3.748	132.211
Due From Related Parties	*34*	*4.046*	*173.372*	*3.430*	*121.006*
Other Receivables from Third Parties	*9*	*263*	*11.253*	*318*	*11.205*
Financial Derivative Instruments	6	1	59	-	-
Investments Accounted for Using Equity Method	12	34.337	1.471.206	36.283	1.280.062
Investment Properties	13	32.549	1.394.573	166.318	5.867.749
Property, Plant and Equipment	14	6.472.056	277.299.787	5.864.827	206.912.853
Right of Use Assets	16	33.649	1.441.694	27.302	963.217
Intangible Assets		258.497	11.075.488	264.823	9.343.042
Goodwill	*17*	*18.781*	*804.696*	*18.781*	*662.608*
Other Intangible Assets	*15*	*239.716*	*10.270.792*	*246.042*	*8.680.434*
Prepaid Expenses		300.817	12.888.711	456.080	16.090.669
Prepaid Expenses to Related Parties	*34*	*1.306*	*55.958*	*5.015*	*176.923*
Other Prepaid Expenses to Third Parties	*11*	*299.511*	*12.832.753*	*451.065*	*15.913.746*
Deferred Tax Assets	32	9.089	389.430	7.248	255.704
Other Non Current Assets	22	36.691	1.572.034	36.255	1.279.098
TOTAL ASSETS		**13.035.875**	**558.531.195**	**12.050.889**	**425.158.974**

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

LIABILITIES	Note	(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
CURRENT LIABILITIES		**2.723.795**	**116.913.185**	**2.158.479**	**76.288.847**
Short Term Borrowings	7	558.032	23.952.367	743.215	26.268.031
Short Term Portion of Long Term Borrowings	7	374.269	16.064.704	295.470	10.443.033
Trade Payables		1.601.989	68.762.035	849.469	30.023.470
Due to Related Parties	*34*	*168.435*	*7.229.719*	*51.989*	*1.837.483*
Other Trade Payables to Third Parties	*8*	*1.433.554*	*61.532.316*	*797.480*	*28.185.987*
Payables for Employee Benefits	19	56.129	2.409.225	139.388	4.926.492
Other Payables	9	11.399	489.281	27.964	988.348
Financial Derivative Instruments	6	4.978	213.680	-	-
Deferred Revenue	23	43.001	1.845.732	32.855	1.161.228
Current Tax Liabilities	32	11.766	505.046	8.987	317.625
Short Term Provisions	20	33.060	1.419.013	30.770	1.087.544
Other Current Liabilities	22	29.172	1.252.102	30.361	1.073.076
NON CURRENT LIABILITIES		**3.362.732**	**144.338.226**	**2.955.135**	**104.445.716**
Long Term Borrowings	7	2.756.660	118.323.824	2.392.984	84.577.132
Long Term Provisions		157.099	6.743.142	174.610	6.171.382
Long term provisions for employee benefits	*19*	*157.099*	*6.743.142*	*174.610*	*6.171.382*
Deferred Tax Liabilities	32	448.332	19.243.720	386.901	13.674.548
Other Non Current Liabilities	22	641	27.540	640	22.654
EQUITY		**6.949.348**	**297.279.784**	**6.937.275**	**244.424.411**
Equity Attributable to Equity Holders of the Parent		**6.723.092**	**287.771.905**	**6.721.145**	**236.947.401**
Share Capital	24	1.918.505	7.000.000	1.918.505	7.000.000
Treasury Shares (-)	24	(108.569)	(1.315.022)	(108.569)	(1.315.022)
Share Issue Premium (Discounts)		55.303	106.447	55.303	106.447
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)		(191.570)	118.701.456	(199.521)	95.552.077
Actuarial (Loss) Gain funds		*(175.885)*	*(2.593.253)*	*(183.836)*	*(2.961.205)*
Foreign Currency Translation Reserves		*(15.685)*	*121.294.709*	*(15.685)*	*98.513.282*
Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)		(300.714)	(12.907.506)	(275.142)	(9.724.549)
Foreign Currency Translation Reserves		*(299.805)*	*(12.868.507)*	*(276.487)*	*(9.772.072)*
Cash Flow Hedging Gain (Loss)		*(909)*	*(38.999)*	*1.345*	*47.523*
Restricted Reserves Assorted from Profit	24	1.520.777	11.864.692	1.499.365	10.973.470
Retained Earnings	24	3.816.379	163.810.037	3.419.939	120.873.630
Net Profit (Loss) for the Period		12.981	511.801	411.265	13.481.348
Non-Controlling Interests		**226.256**	**9.507.879**	**216.130**	**7.477.010**
TOTAL LIABILITIES AND EQUITY		**13.035.875**	**558.531.195**	**12.050.889**	**425.158.974**

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

	Note	(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
Revenue	25	5.298.745	208.909.904	6.225.097	204.059.940
Cost of Sales	25	(4.827.875)	(190.345.229)	(5.614.833)	(184.055.336)
GROSS PROFIT		**470.870**	**18.564.675**	**610.264**	**20.004.604**
Marketing Expenses	27	(65.487)	(2.581.904)	(62.763)	(2.057.384)
General Administrative Expenses	27	(163.909)	(6.462.327)	(163.408)	(5.356.542)
Research and Development Expenses	27	(9.253)	(364.793)	(10.238)	(335.591)
Other Operating Income	28	64.086	2.526.618	298.504	9.785.016
Other Operating Expenses	28	(43.890)	(1.730.404)	(30.015)	(983.883)
OPERATING PROFIT		**252.417**	**9.951.865**	**642.344**	**21.056.220**
Income from Investing Activities	29	32.061	1.264.047	15.924	521.994
Expenses from Investing Activities	29	(8.895)	(350.702)	(8.437)	(276.571)
Share of Investments' Profit (Loss) Accounted by Using The Equity Method	12	2.714	107.017	6.244	204.668
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)		**278.297**	**10.972.227**	**656.075**	**21.506.311**
Finance Income	30	153.216	6.040.734	153.110	5.018.986
Finance Expense	31	(360.393)	(14.208.946)	(380.504)	(12.473.048)
Net Monetary Gain/(Loss)	35	22.230	876.440	(16.166)	(529.928)
PROFIT BEFORE TAX		**93.350**	**3.680.455**	**412.515**	**13.522.321**
Tax (Expense) Income	32	(75.739)	(2.986.110)	20.461	670.725
Current Corporate Tax (Expense) Income		(18.551)	(731.393)	(16.908)	(554.233)
Deferred Tax (Expense) Income		(57.188)	(2.254.717)	37.369	1.224.958
NET PROFIT (LOSS) FOR THE PERIOD		**17.611**	**694.345**	**432.976**	**14.193.046**
Non-Controlling Interests		4.630	182.544	21.711	711.698
Equity Holders of the Parent		12.981	511.801	411.265	13.481.348
EARNINGS PER SHARE (LOSS) (TRY 1 Nominal value per share)	33		0,0761		2,0056

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

	Note	(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
PROFIT (LOSS) FOR THE PERIOD		**17.611**	**694.345**	**432.976**	**14.193.046**
OTHER COMPREHENSIVE INCOME (LOSS)					
Not to be reclassified subsequently to profit or loss					
Actuarial Gain (Loss) of Defined Benefit Plans	19	10.878	503.231	(20.940)	(693.104)
Tax Effect of Actuarial Gain (Loss) of Defined Benefit Plans	32	(2.719)	(125.808)	5.235	173.276
Foreign Currency Translation Gain (Loss)		-	54.293.265	-	40.367.505
To be reclassified subsequently to profit or loss					
Gain (Loss) in Cash Flow Hedging Reserves		(3.012)	(115.649)	4.892	154.817
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	32	753	28.912	(1.223)	(38.704)
Foreign Currency Translation Gain (Loss)		(22.648)	(3.096.435)	6.596	(1.355.845)
OTHER COMPREHENSIVE INCOME (LOSS)		**(16.748)**	**51.487.516**	**(5.440)**	**38.607.945**
TOTAL COMPREHENSIVE INCOME (LOSS)		**863**	**52.181.861**	**427.536**	**52.800.991**
Distribution of Total Comprehensive Income					
Non-controlling Interests		5.503	1.827.484	26.087	1.969.317
Equity Holders of the Parent		(4.640)	50.354.377	401.449	50.831.674

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

(Audited)	Note	Share Capital	Inflation Adjustment to Capital	Treasury Shares (-)	Share Issue Premium (Discounts)	Other comprehensive income (expense) not to be reclassified subsequently to profit or loss	Other comprehensive income (expense) to be reclassified subsequently to profit or loss			Retained Earnings			Equity Attributable to the Parent	Non-controlling Interests	Total Shareholders' Equity
						Actuarial Gain (Loss)	Cash Flow Hedging Gain (Loss)	Foreign Currency Translation Reserves	Restricted Reserves Assorted from Profit	Retained Earnings	Net Profit For The Period				
1 January 2025		**7.000.000**	**-**	**(1.315.022)**	**106.447**	**98.513.282**	**(9.772.072)**	**10.973.470**	**120.873.630**	**13.481.348**	**236.947.401**	**7.477.010**	**244.424.411**
Inflation effect (**)	2.1	-	-	-	-	-	-	651.954	1.498.642	-	**2.150.596**	240.554	**2.391.150**
Net profit for the period		-	-	-	-	-	-	-	-	511.801	**511.801**	182.544	**694.345**
Other comprehensive income (loss)		-	-	-	-	52.657.581	-	-	-	-	**49.842.576**	1.644.940	**51.487.516**
Total comprehensive income (loss)		-	-	-	-	52.657.581	(86.522)	(3.096.435)	-	511.801	**50.354.377**	1.827.484	**52.181.861**
Dividends (*)		-	-	-	-	-	-	-	(1.680.469)	-	**(1.680.469)**	(37.169)	**(1.717.638)**
Transfers		-	-	-	-	-	-	-	239.268	13.242.080	(13.481.348)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	(29.876.154)	-	-	-	29.876.154	-	-	-	-
31 December 2025		**7.000.000**	**-**	**(1.315.022)**	**106.447**	**121.294.709**	**(86.522)**	**(3.096.435)**	**-**	**511.801**	**287.771.905**	**9.507.879**	**297.279.784**
(Audited)													
1 January 2024		**3.500.000**	**156.613**	**(640.504)**	**106.447**	**82.963.998**	**(2.455.521)**	**(67.036)**	**(8.416.227)**	**9.302.588**	**97.708.043**	**4.033.089**	**186.191.490**	**5.337.392**	**191.528.882**
Inflation effect (**)	2.1	-	-	-	-	-	-	-	-	646.823	1.632.401	-	**2.279.224**	244.638	**2.523.862**
Net profit for the period		-	-	-	-	-	-	-	-	-	-	13.481.348	**13.481.348**	711.698	**14.193.046**
Other comprehensive income (loss)		-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	-	-	**37.350.326**	1.257.619	**38.607.945**
Total comprehensive income (loss)		-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	-	13.481.348	**50.831.674**	1.969.317	**52.800.991**
Dividends (*)		-	-	-	-	-	-	-	-	(1.680.469)	-	-	**(1.680.469)**	(74.337)	**(1.754.806)**
Increase (Decrease) through Treasury Share Transactions (***)		-	-	(674.518)	-	-	-	-	674.518	(674.518)	-	-	**(674.518)**	-	**(674.518)**
Transfers		-	-	-	-	-	-	-	349.541	3.683.548	(4.033.089)	-	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	(23.548.012)	-	-	-	23.548.012	-	-	-	-	-
Capital increase		3.500.000	(156.613)	-	-	-	-	-	-	(3.343.387)	-	-	-	-	-
31 December 2024		**7.000.000**	**-**	**(1.315.022)**	**106.447**	**98.513.282**	**(2.961.205)**	**47.523**	**(9.772.072)**	**10.973.470**	**120.873.630**	**13.481.348**	**236.947.401**	**7.477.010**	**244.424.411**

(*) At Annual General Assembly dated 26 March 2025, dividend distribution (gross dividend per share: TRY 0,25 (2024: TRY 0,50)) amounting to TRY 1.750.000 thousand (28 March 2024: TRY 1.750.000 thousand) from 2024 net profit was approved by majority of votes. As of 26 March 2025, which is the dividend distribution decision date pertaining to the shares owned by the Company due to the ownership of 3,97% of its own shares with a nominal value of 1 TRY, is shown by netting off the amount of dividends to be distributed. Dividend payments began on 2 July 2025. Group approved TRY 37.169 thousand (2024: TRY 74.337 thousand) dividend to non-controlling shares on Isdemir, which is subsidiary of the Group.

(**) Inflation adjustments were made in accordance with TAS 29 in the financial statements of subsidiaries that were subject to consolidation and whose functional currency was Turkish Lira.

(***) Within the scope of the "Share Buy-back Program", which was approved at the Company's Ordinary General Assembly Meeting on 31 March 2023, 14.820.000 shares were repurchased in exchange for TRY 674.518 thousand. As of the previous period, the repurchased shares have been classified under equity as restricted reserves, with a reserve set aside equal to the repurchase price, in accordance with the Repurchased Shares Communiqué (II-22.1).

(****) Retained earnings, in the consolidated financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the consolidated 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 consolidated financial statements.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

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

	Note	(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		**1.567.953**	**65.055.563**	**947.604**	**31.257.701**
Profit (Loss) for The Period		**17.611**	**694.345**	**432.976**	**14.193.046**
Adjustments to Reconcile Profit (Loss)		**459.419**	**17.899.381**	**179.487**	**5.863.471**
Adjustments for Depreciation and Amortisation Expenses	25/27/28	286.501	11.295.623	269.590	8.837.234
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(40.915)	(1.613.122)	2.010	65.897
Adjustments for Provision (Reversal of Provision) for Receivables	*8*	*739*	*29.137*	*(72)*	*(2.355)*
Adjustments for Provision (Reversal of Provision) for Inventories	*10*	*(25.622)*	*(1.010.173)*	*6.171*	*202.278*
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	*14*	*(16.032)*	*(632.086)*	*(4.089)*	*(134.026)*
Adjustments for Provisions		69.531	2.741.364	69.202	2.268.436
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	*19*	*48.947*	*1.929.850*	*50.106*	*1.642.457*
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	*20*	*20.584*	*811.514*	*19.096*	*625.979*
Adjustments for Interest (Income) and Expenses		90.888	3.583.359	151.146	4.954.594
Adjustments for Interest Income	*30*	*(152.571)*	*(6.015.329)*	*(151.279)*	*(4.958.958)*
Adjustments for Interest Expense	*31*	*255.067*	*10.056.358*	*321.178*	*10.528.286*
Unearned Financial Income from Credit Sales		*(11.608)*	*(457.670)*	*(18.753)*	*(614.734)*
Adjustments for Unrealised Foreign Exchange Differences		(9.621)	(372.326)	(29.210)	(959.501)
Adjustments for Fair Value (Gains) Losses		12.797	504.542	(1.312)	(42.994)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	*30/31*	*12.797*	*504.542*	*(1.312)*	*(42.994)*
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	12	(2.714)	(107.017)	(6.244)	(204.668)
Adjustments for Tax (Income) Expenses	32	75.739	2.986.110	(20.461)	(670.725)
Other Adjustments from Non-Cash Items	28	-	-	(260.000)	(8.522.852)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(4.749)	(187.235)	5.586	183.097
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment	*29*	*7.504*	*295.874*	*5.586*	*183.097*
Adjustments for Losses (Gains) on Disposal of Investment Properties		*(12.253)*	*(483.109)*	-	-
Other Adjustments for Reconciliation of Profit (Loss)		(18.038)	(931.917)	(820)	(45.047)
Changes in Working Capital		**1.072.373**	**45.996.650**	**183.703**	**6.488.487**
Adjustments for Decrease (Increase) in Trade Receivables		125.556	5.379.535	(42.439)	(1.497.260)
Decrease (Increase) in Trade Receivables from Related Parties		*(387)*	*(16.581)*	*6.274*	*221.349*
Decrease (Increase) in Trade Receivables from Third Parties		*125.943*	*5.396.116*	*(48.713)*	*(1.718.609)*
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(744)	(31.878)	(994)	(35.069)
Decrease (Increase) in Other Receivables from Operations from Third Parties		*(744)*	*(31.878)*	*(994)*	*(35.069)*
Decrease (Increase) in Derivative Financial Instruments		6.414	274.812	(6.674)	(235.461)
Adjustments for Decrease (Increase) in Inventories		186.577	7.994.022	53.319	1.881.110
Decrease (Increase) in Prepaid Expenses		57.630	2.469.198	(30.090)	(1.061.584)
Adjustments for Increase (Decrease) in Trade Payables		752.520	32.300.341	55.097	1.947.338
Increase (Decrease) in Trade Payable to Related Parties		*116.446*	*4.998.200*	*13.661*	*482.832*
Increase (Decrease) in Trade Payable to Third Parties		*636.074*	*27.302.141*	*41.436*	*1.464.506*
Adjustments for Increase (Decrease) in Other Payables Related from Operations		(101.948)	(4.375.904)	67.026	2.368.954
Increase (Decrease) in Other Payables to Third Parties Related from Operations		*(101.948)*	*(4.375.904)*	*67.026*	*2.368.954*
Increase (Decrease) in Derivative Liabilities		(10.832)	(464.941)	2.045	72.278
Adjustments for Other Increase (Decrease) in Working Capital		57.200	2.451.465	86.413	3.048.181
Decrease (Increase) in Other Assets Related from Operations		*48.242*	*2.066.962*	*94.070*	*3.318.809*
Increase (Decrease) in Other Payables Related from Operations		*8.958*	*384.503*	*(7.657)*	*(270.628)*
Cash Flows Provided by Operating Activities		**1.549.403**	**64.590.376**	**796.166**	**26.545.004**
Payments Related to Provisions for Employee Termination Benefits	19	(20.929)	(825.164)	(50.283)	(1.648.262)
Payments Related to Other Provisions	20	(9.213)	(363.239)	(8.419)	(275.989)
Income Taxes Refund (Paid)	32	(15.508)	(611.405)	(14.160)	(459.898)
Other Cash Inflows (Outflows)		64.200	2.264.995	224.300	7.096.846
CASH FLOWS FROM INVESTING ACTIVITIES		**(434.051)**	**(17.286.937)**	**(1.070.361)**	**(35.007.825)**
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		87.572	3.396.143	94.712	3.104.668
Cash Outflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(42.320)	(1.565.147)	(104.054)	(3.332.076)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		(208)	(8.255)	(911)	(29.854)
Cash Inflow from Sales of Property, Plant and Equipment		*(208)*	*(8.255)*	*(911)*	*(29.854)*
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets	*11/14/15*	(390.185)	(15.338.376)	(1.070.239)	(35.082.667)
Cash Outflow from Purchase of Property, Plant and Equipment		*(384.506)*	*(15.114.456)*	*(1.069.207)*	*(35.048.847)*
Cash Outflow from Purchase of Intangible Assets		*(5.679)*	*(223.920)*	*(1.032)*	*(33.820)*
Cash Inflow from Sales of Investment Property	13	147.913	5.600.000	-	-
Cash Outflow from Purchase of Investment Property	13	-	-	(1.041)	(34.125)
Cash Advances		(241.241)	(9.551.600)	(13.294)	(435.780)
Other Cash Advances to Related Parties		-	-	*1.199*	*5.999*
Other Cash Advances		*(241.241)*	*(9.551.600)*	*(14.493)*	*(441.779)*
Dividends Received	12	4.418	180.298	-	-
Other Cash Inflow (Outflows)		-	-	*24.466*	*802.009*
CASH FLOWS FROM FINANCING ACTIVITIES		**15.528**	**587.291**	**864.455**	**28.376.935**
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		-	-	(21.388)	(674.518)
Cash Outflows from Acquisition of Own Shares of the Entity		-	-	*(21.388)*	*(674.518)*
Cash Inflow from Borrowings		1.067.904	42.103.489	3.042.548	99.735.343
Cash Inflow from Loans	*7*	*1.067.904*	*42.103.489*	*2.092.548*	*68.411.628*
Cash Inflow from Issued Debt Instruments	*7*	-	-	*950.000*	*31.323.715*
Cash Outflow from Repayments of Borrowings		(817.411)	(32.161.178)	(1.986.438)	(65.115.807)
Cash Outflow from Loan Repayments	*7*	*(817.411)*	*(32.161.178)*	*(1.986.438)*	*(65.115.807)*
Cash Outflow from Debt Payments for Leasing Contracts	7	(12.064)	(475.639)	(6.830)	(223.884)
Dividends Paid		(43.185)	(1.717.467)	(54.159)	(1.754.519)
Interest Paid	7	(319.364)	(12.657.672)	(252.461)	(8.275.722)
Interest Received		139.648	5.495.758	143.183	4.686.042
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**1.149.430**	**48.355.917**	**741.698**	**24.626.811**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(22.071)	11.781.289	5.649	6.512.678
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1.127.359**	**60.137.206**	**747.347**	**31.139.489**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1.564.322	55.189.748	816.975	24.050.259
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**2.691.681**	**115.326.954**	**1.564.322**	**55.189.748**

- As of reporting date, the Group's total amount of time deposit interest accrual is TRY 149.769 thousand (USD 3.495 thousand) (31 December 2024: TRY 70.245 thousand (USD 1.991 thousand)).
- Due to the earthquake that occurred on 6 February 2023, the insurance income accrual of TRY 2.264.995 thousand (USD 64.200 thousand) related to the damage compensation to be collected under the insurance coverage of İsdemir, one of the Company's subsidiaries, was collected in cash as of the reporting date and reported under "Other Cash Inflows (Outflows)" in the consolidated cash flow statement. The total amount of receivables agreed upon under the earthquake-related insurance coverage was collected as of the reporting date.

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 1 – GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Erdemir Group ("Group"), is composed of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir" or "the Company"), and its subsidiaries which it owns the majority of their shares or has a significant influence on their management structure.

The main parent and ultimate controlling party of the Group are ATAER Holding A.Ş. and Ordu Yardımlaşma Kurumu, respectively.

Ordu Yardımlaşma Kurumu ("OYAK") was incorporated on 1 March 1961 under the Act No. 205 as a private entity under its own law subject to Turkish civil and commercial codes and autonomous in financial and administrative matters. OYAK, being an "aid and retirement fund" for Turkish Armed Forces' members, provides various services and benefits within the framework of social security concept anticipated by Turkish Constitution. OYAK has direct and indirect subsidiaries in industry, finance and service sectors. The detailed information about OYAK can be found on its official website (www.oyak.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. was incorporated in Türkiye as a joint stock company in 1960. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, cast and pressed steel, coke and their by-products.

The Company's shares have been traded in Istanbul Stock Exchange since the establishment of the Istanbul Stock Exchange (year 1986).

The main operations of the companies included in the consolidation and the share percentage of the Group for these companies are as follows:

Name of the Company	Country of Operation	Operation	2025 Effective Share Rate %	2024 Effective Share Rate %
İskenderun Demir ve Çelik A.Ş.	Türkiye	Integrated Steel Production	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Türkiye	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Türkiye	Steel Service Center	100	100
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	Türkiye	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Electrical Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Türkiye	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Türkiye	Magnesite Ore, Refractor	100	100
Yenilikçi Yapı Malz. ve Üretim San. Tic. A.Ş.	Türkiye	Recycling, Special Purpose Entity	100	100

The joint venture of the Group, İsdemir Linde Gaz Ortaklığı A.Ş., is accounted for using the equity method in the accompanying consolidated financial statements.

The registered address of the Company is Barbaros Mahallesi Ardıç Sokak No:6 Ataşehir / İstanbul.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 1 – GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (cont'd)

The number of the personnel employed by the Group as of reporting date are as follows:

	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2025 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	4.166	1.801	5.967
İskenderun Demir ve Çelik A.Ş.	3.560	1.369	4.929
Erdemir Madencilik San. ve Tic. A.Ş.	193	175	368
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	235	80	315
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	305	305
Erdemir Romania S.R.L.	186	40	226
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	553	137	690
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	14	3	17
Erdemir Enerji Üretim A.Ş.	-	6	6
	8.907	3.917	12.824

	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2024 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	3.516	1.758	5.274
İskenderun Demir ve Çelik A.Ş.	3.711	1.437	5.148
Erdemir Madencilik San. ve Tic. A.Ş.	178	169	347
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	240	74	314
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	325	325
Erdemir Romania S.R.L.	194	41	235
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	553	146	699
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	15	3	18
Erdemir Enerji Üretim A.Ş.	-	5	5
	8.407	3.959	12.366

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Group's subsidiaries incorporated in Türkiye maintain their legal books of account and prepare their 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.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

In addition, the consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 3 July 2024 by POA and the format and mandatory information recommended by CMB.

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

Functional and reporting presentation 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 financial statements of each entity of the Group are presented in the currency (functional currency) valid in the basic economic environment in which they operate. The functional currency of the Company and its subsidiaries' İskenderun Demir ve Çelik A.Ş. "İsdemir" and Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş "Ersem" and Kümaş Manyezit Sanayi A.Ş. "Kümaş" are US Dollar while the functional currency of Erdemir Madencilik San. ve Tic. A.Ş. "Ermaden" and Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş. are Turkish Lira.

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 for the subsidiaries abroad

The functional currency of the foreign subsidiaries Erdemir Asia Pacific Private Limited "EAPPL" and Erdemir Romania S.R.L is US Dollars and EUR respectively.

Functional currency of the joint venture

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

Adjustment of financial statements during periods of high inflation

The Public Oversight, Accounting and Auditing Standards Authority ("POA") made a statement regarding the scope and application of TAS 29 on 23 November 2023. It has been stated that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TAS 29.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Adjustment of financial statements during periods of high inflation (cont'd)

In accordance with CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards, starting from the annual financial reports for the accounting period ending as of 31 December 2023, has been decided to apply inflation accounting by applying articles of TAS 29.

TAS 29 applies to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy, including consolidated financial statements. If hyperinflation exists in an economy, TAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be expressed in the measurement unit valid at the end of the reporting period.

The company and its subsidiaries, İskenderun Demir ve Çelik A.Ş., Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. and Kümaş Manyezit Sanayi A.Ş., operating in Türkiye and whose functional currency is the US Dollar, do not need to make any adjustments within the scope of TAS 29 since their functional currencies are US Dollars, a non-inflationary currency, in their financial statements to be prepared in accordance with TFRS.

Accordingly, inflation adjustments were made in accordance with TAS 29 in the financial statements of Erdemir Madencilik San. ve Tic. A.Ş., Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş., which were subject to consolidation and whose functional currency is Turkish Lira.

All non-monetary assets and liabilities and profit or loss statements of subsidiaries whose functional currency of the Group is Turkish Lira have been adjusted using the Consumer Price Index. As a result of the correction made according to the inflation effect; The effect of TAS 29 indexation until 1 January 2023 is accounted under equity, and the effect of TAS 29 indexation of equity items after 1 January 2023, excluding the indexation effect, are accounted for in the consolidated statement of profit or loss.

Since the Company's functional currency is a non-inflationary currency; no adjustments made within the scope of inflation accounting for the amounts for the comparative periods presented in the attached consolidated financial statements in accordance with TAS 29.

Presentation currency translation

In accordance with the Public Oversight, Accounting and Auditing Standards Authority's ("POA") announcement "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards" dated 15 March 2021, the Group carried out a valuation for the assets and liabilities in the consolidated financial statements based on the current buying and selling rates effective as of the end of the reporting period, and translated them into the presentation currency at the same exchange rates.

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

2.1 Basis of Presentation (cont'd)

Translation to presentation currency (cont'd)

Presentation currency of the consolidated financial statements is Turkish Lira. According to TMS 21 ("The Effects of Changes in Foreign Exchange Rates") financial statements, that are prepared in US Dollars for the Company, İsdemir, Ersem, Kümaş and EAPPL; in EUR for Erdemir Romania, have been translated in Turkish Lira as the with following method:

a) The assets in the consolidated statement of financial position as of 31 December 2025, has been translated into TRY using the foreign exchange buying rates effective as of 31 December 2025 announced by the Central Bank of the Republic of Türkiye, TRY 42,8457 = US $ 1 and TRY 50,2859 = EUR 1 and the liabilities has been translated into TRY using the foreign exchange selling rates effective as of 31 December 2025, which is also announced by the Central Bank of the Republic of Türkiye, TRY 42,9229 = US $ 1 and TRY 50,3765 = EUR 1 (31 December 2024: for asset balances: TRY 35,2803 = US $ 1, TRY 36,7362 = EUR 1, for liability balances: TRY 35,3438 = US $ 1, TRY 36,8024 = EUR 1).
b) For the year ended 31 December 2025, consolidated statements of profit or loss are translated from for twelve month period of year 2025 January to December average TRY 39,4263 = US $ 1 and TRY 44,6269 =EUR 1 (31 December 2024: TRY 32,7802 = US $ 1 TRY 35,4737 = 1 EUR).
c) Retained earnings and foreign currency translation reported under other comprehensive income (loss) to be reclassified subsequently to be profit or loss are carried in US Dollar in the consolidated financial statements after being translated into US Dollar at the historical currency rates as per TAS 21, in the statement of consolidated financial position as of 31 December 2025 are presented by being translated at the TRY 42,9229 = US $ 1 rate, which is the effective foreign currency selling rate as of 31 December 2025 as announced by the Central Bank of the Republic of Türkiye (31 December 2024: TRY 35,3438 = US $ 1).
d) Exchange differences arising from translation to TRY presentation currency are shown in other comprehensive income as of foreign currency translation reserve.
e) Share capital and restricted legal reserves are presented in the accompanying financial statements at their values in the statutory records and other equity items at their historical cost values. The differences between the values arising from translation of the historical values of these items into the presentation currency and their carrying values from statutory records are recognized as foreign currency translation differences in the statement of other comprehensive income.

The Group's foreign currency translation differences arising from the consolidation of subsidiaries whose functional currency is other than the US Dollar in the consolidated financial statements in accordance with TAS 21, converted at historical exchange rates to US Dollars and presented under "Foreign Currency Translation Reserves" within the "Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)". The exchange rates used to convert the presentation currency of the relevant item in the consolidated statement of financial position to Turkish Lira are disclosed above as of reporting periods.

USD amounts presented in the financial statements

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

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

2.1 Basis of Presentation (cont'd)

Going concern

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

Approval of the consolidated financial statements

The consolidated financial statements have been approved and authorized to be published 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, if any, is made either retrospectively or prospectively. Changes without any transition requirement, material changes in accounting policies or material errors are corrected retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period 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 Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Ereğli Demir ve Çelik Fabrikaları T.A.Ş., and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/TFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

Subsidiaries are the Companies controlled by Erdemir when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group, and are excluded from the scope of consolidation on the date when control disappears.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company;

(i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee; (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The statement of financial position and statements profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Erdemir and its subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Erdemir and its subsidiaries are eliminated on consolidation.

The carrying value of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

2.3 Consolidation Principles (cont'd)

The table below sets out all subsidiaries included in the scope of consolidation and discloses their direct and indirect ownership, which are identical to their economic interests, (%) and their functional currencies as of reporting date.

	31 December 2025			31 December 2024		
	Functional Currency	Ownership Interest	Effective Shareholding	Functional Currency	Ownership Interest	Effective Shareholding
İsdemir	US Dollars	94,87	94,87	US Dollars	94,87	94,87
Ersem	US Dollars	100	100	US Dollars	100	100
Ermaden	Turkish Lira	90	90	Turkish Lira	90	90
Erdemir Mühendislik	Turkish Lira	100	100	Turkish Lira	100	100
Erdemir Romania S.R.L.	Eur	100	100	Eur	100	100
Erdemir Asia Pacific	US Dollars	100	100	US Dollars	100	100
Erdemir Enerji	Turkish Lira	100	100	Turkish Lira	100	100
İsdemir Linde Gaz	US Dollars	50	47	US Dollars	50	47
Kümaş Manyezit	US Dollars	100	100	US Dollars	100	100
Yenilikçi	Turkish Lira	100	100	Turkish Lira	100	100

2.4 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods

The Group's consolidated 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 statement. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period consolidated financial statements.

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies

The Group, according to TFRS makes estimates and assumptions prospectively while preparing its consolidated 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.

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

The Group calculates depreciation for the property, plant and equipment by taking into account their production amounts on the basis of cash flow unit set by independent valuation firm and useful lives that are stated in Note 2.8.3 and 2.8.4 (Note 14, Note 15).

2.5.2 Deferred tax

The Group 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 statutory and TFRS financial statements.

The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. During the evaluation, the expiry dates of future profit projections, financial losses in the current period, unused carried forward financial losses and other tax assets are taken into consideration (Note 32).

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

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont'd)

2.5.3 Fair values of derivative financial instruments

The Group evaluates 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 reporting date (Note 6).

2.5.4 Provision for expected credit losses

Provision for expected credit losses reflect the future loss that the Group 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 credibility in the current market, their performance after the reporting date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. As of reporting date the provision for expected credit losses is presented in Note 8.

2.5.5 Provision for impairment of inventories

During the assessment of the provision for impairment of inventories the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to provision for inventories accounting policy of the Company. Sales prices listed and related data by sales prices of realized sales after reporting 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 these studies, provision is made for inventories whose net realizable value is below the cost value and for slow moving inventories are presented in Note 10.

2.5.6 Provisions for employee benefits

The Group makes various actuarial assumptions such as the discount rate, inflation rate, real salary increase rate, and the voluntarily leave the job in the calculation of its liabilities regarding benefits provided to employees. The details related to employee benefits plans are stated in Note 19.

2.5.7 Provision for lawsuits

The Group reliably determines the probability of losing the lawsuits and the liabilities that will arise in case of loss, based on the possible cash outflows based on the best estimation of the Management, taking into account the opinions of the Group Legal Directorate and external expert lawyers for ongoing lawsuits. As of reporting date, provision for lawsuits is stated in Note 20.

2.5.8 Impairments on assets

The Group, 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 grouped at the lowest levels which there are separately identifiable cash flows for evaluation of impairment (cash generating units). As a result of the impairment tests performed by the Group, additional impairment is estimated in the accompanying financial statements for the non-financial assets recognized in expenses from investment activities (Note 29). The Group recognized the amount of provisions released in income from investment activities (Note 29).

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

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont'd)

2.5.9 Impairment on financial assets

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

2.5.10 Calculation of loss allowance

When measuring ECL the Group 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.

2.6 Offsetting

Financial assets and liabilities are offset and the net amounts are reported with their net values in the financial position statement 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.

2.7 Adoption of New and Revised Financial Reporting Standards

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

a) Amendments that are mandatorily effective from 1 January 2025

Amendments to TAS 21 : Lack of exchangeability

The effects of these standards and interpretations on the Group's consolidated financial statements and performance are explained in the relevant paragraphs.

Amendments to TAS 21 Lack of Exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information.

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

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

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

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

Amendments to TFRS 10 and TAS 28	:Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
TFRS 17	:The New Standard for Insurance Contracts
Amendments to TFRS 9 and TFRS 7	:Classification and measurement of financial instruments
Amendments to TFRS 9 and TFRS 7	:Contracts Referencing Nature-dependent Electricity
TFRS 18	:The New Standard for Presentation and Disclosure Financial Statements
TFRS 19	:Subsidiaries without Public Accountability:Disclosures
Annual Improvements to TFRS Accounting Standards – Volume 11	

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of these amendments to TFRS 10 and TAS 28 indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 The New Standard for Insurance Contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after 1 January 2027 with the announcement made by the POA.

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.

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

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective and not early adopted (cont'd)

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.

TFRS 18 The new Standard for Presentation and Disclosure in Financial Statements

In May 2025, POA issued TFRS 18 which replaces TAS 1. TFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. TFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as TAS 7, TAS 8 and TAS 34. TFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. TFRS 18 will be applied retrospectively.

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.

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

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective and not early adopted (cont'd)

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 TFRS 7 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, the lessee is required to apply derecognition requirement of TFRS 9 and recognise any resulting gain or loss in profit or loss. TFRS 9 has been also amended to remove the reference to 'transaction price".

- TFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between TFRS 10 paragraphs.

- TAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

c) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements.

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

2.8 Valuation Principles / Significant Accounting Policies Applied

Accounting policies implemented during preparation of financial statements as follows:

2.8.1 Revenue recognition

Group recognizes revenue when the goods or services are transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products and their by-products.

Group 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.

Group 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) Group can identify each party's rights regarding the goods or services to be transferred,
c) Group can identify the payment terms for the goods or services to be transferred;
d) The contract has commercial substance,
e) It is probable that Group 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. Interest income from the Group's time deposit investments are recognized under finance income, maturities sales interest income from trade receivables are recognized in revenue.

2.8.2 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.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.3 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. Lands are not subject to depreciation and are shown over the amount after accumulated impairment is deducted from their cost values.

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.

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. Provision for impairment are recognized in the consolidated statement of profit or loss.

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 or production amount, using the straight-line method. 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 property, plant and equipment 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%
Exploration costs and other fixed assets with special useful lifes	5-10% and units of production level
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. Property, plant and equipment 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 (cash-generating unit).

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.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.3 Property, plant and equipment (cont'd)

Maintenance and repair expenses are recorded as expense to the consolidated statement of profit or loss of the related period. The Group 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 deprecation 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 construction in progress.

Research and valuation costs

Research and valuation assets should be reflected at cost. When a legal right for research is obtained, if Management concludes that it will not provide future economic benefits, exploration and evaluation expenditures are recognized in the income statement as incurred.

Mining research and development expenses

If the current results and circumstances indicate that the recoverable amount of the net book value of research and valuation assets may exceed their carrying amount, an impairment assessment is performed on the research and valuation assets. In this case, the Group measures and discloses the amount of the impairment loss in accordance with TMS 36.

2.8.4 Intangible assets

Out of the purchased intangible fixed assets, those with a finite life are presented at cost less accumulated amortization and accumulated impairment losses.

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 customer relationships acquired as a part of the business combinations are reflected in the financial statements at fair value at the acquisition date. The customer relationships have finite useful lives and are measured at cost less accumulated amortization. The amortization of the customer relationships is calculated on a straight-line basis over their estimated useful lives.

The amortization rates of the intangible assets are stated below:

	Amortization Rates
Rights	2-33%
Other intangible fixed assets	20-33%
Customer relationship	6,6%

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.5 Investment properties

Investment properties, which are held to earn rental income and/or for capital appreciation are measured initially at cost less any accumulated impairment losses. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss under income (expense) from investment activities.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

	Amortization Rates
Buildings	2%

2.8.6 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group 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 Group 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 Group 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.6 Leases (cont'd)

The Group as lessee (cont'd)

The lease liability is presented as a separate line in the consolidated 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 Group 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 Group has disclosed the changes made in the consolidated financial statements during the periods presented in Note 16 with details.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments incurred on or before the lease actually commences, and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group 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. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

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 Group 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 consolidated statement of financial position. (Note 16).

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.6 Leases (cont'd)

The Group as lessor(cont'd)

Leases for which the Group 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 Group 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 Group's net investment in the leases.

2.8.7 Impairment on 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 at the lowest level 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.

2.8.8 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 consolidated statement of profit or loss of the period in which they are incurred.

2.8.9 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a part of the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. 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.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments(cont'd)

Financial assets

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

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

(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:

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method (cont'd)

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 30).

(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 recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

Equity instruments designated as at FVTOCI (cont'd)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

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 amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. 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 Group 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 Group recognizes 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 Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

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 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 (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group 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 Group 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.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial liabilities (cont'd)

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 Group 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 Entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Group 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 6.

Derivatives are recognized 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 recognized 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 recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group 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 realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group 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.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial liabilities (cont'd)

Hedge accounting (cont'd)

At the inception of the hedge relationship, the Group 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 Group 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 Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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 Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

The Group 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 6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 6.

2.8.10 The effects of foreign exchange rate changes

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Each subsidiary's financial conditions and performance results stated as Turkish Lira in presentation currency in consolidated financial statements.

The Group 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 consolidated statement of profit or loss. All monetary assets and liabilities are evaluated with exchange rates of the reporting date and related foreign currency translation differences are transferred to consolidated statement of profit or loss.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.10 The effects of foreign exchange rate changes (cont'd)

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.

2.8.11 Earnings per share

Earnings/loss per share, disclosed in the consolidated 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.

2.8.12 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 Group 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.

2.8.13 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past legal or subtle event, where it is probable that the Group 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 Group's contingent liabilities' availability is possible but the amount of resources containing the economic benefits cannot be measured reliably, then the Group discloses this fact in the notes.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.14 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).

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.

2.8.15 Taxation and deferred income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense represents the sum of the current tax and deferred tax.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.15 Taxation and deferred income taxes (cont'd)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss 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 Group'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 Group 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.

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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.15 Taxation and deferred income taxes (cont'd)

Deferred tax (cont'd)

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 Group 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 consolidated statement of profit or loss, 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.

2.8.16 Employee benefits

According to the Turkish and Romanian 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 revised TAS 19 Employee Benefits.

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 of termination indemnities are recognized in the consolidated statement of other comprehensive income. Actuarial gains and losses of seniority incentive premium are recognized in the profit or loss.

The Group 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 profit or loss. The details related with the defined benefit plans are stated in Note 19.

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

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

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.17 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 Group 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.

2.8.18 Statement of cash flows

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

Cash flows arising from operating activities represent the cash flows that are used in or provided by the Group's steel products and metal 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 Group.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group 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.

2.8.19 Share capital and dividends

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

2.8.20 Treasury shares (Erdemir shares)

When share capital recognized as equity is reacquired, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity. Reacquired shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings or accumulated losses.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.21 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the consolidated profit or loss on disposal.

2.8.22 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

2.8.22 Business Combinations (cont'd)

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed 1 year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

NOTE 3 – SEGMENT REPORTING

The operations of the Group in İskenderun and Ereğli have been defined as geographical segments. However, 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.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of reporting date the detail of cash and cash equivalents as follows:

	31 December 2025	31 December 2024
Cash	74	58
Banks – demand deposits	1.373.893	761.365
Banks – time deposits	114.102.756	53.386.165
Other liquid assets	-	1.112.405
	115.476.723	55.259.993
Time deposit interest accruals (-)	(149.769)	(70.245)
Cash and cash equivalents in the statement of cash flows	115.326.954	55.189.748

The details of demand deposits are presented below:

	31 December 2025	31 December 2024
US Dollars	1.137.243	416.508
Turkish Lira	150.383	274.357
EUR	48.092	56.818
Romanian Lei	27.737	4.871
Other	10.438	8.811
	1.373.893	761.365

The details of time deposits in banks as follows:

	31 December 2025	31 December 2024
US Dollars	107.805.233	41.246.829
Turkish Lira	6.087.757	11.343.125
EUR	209.766	794.731
Romanian Lei	-	1.480
	114.102.756	53.386.165

Group's bank deposits consist of deposits with maturity from 1 day to 3 months depending on immediate cash needs. Interest is received based on current short-term rates on the market.

Liquid funds recorded in the financial statements at fair value are reported under other liquid assets as of the reporting period due to their high liquidity and insignificant risk of change in value in the short term.

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NOTE 5 – FINANCIAL INVESTMENTS

As of reporting date the detail of financial investments as follows:

Current financial assets shown at amortized value and fair value fair value through profit or loss:

	31 December 2025	31 December 2024
Bonds	-	1.586.209
	-	1.586.209

Group, has made securities investment in prior period in order to obtain the return fixed income issued by the private sector in Türkiye. These fixed income securities held by the Group under the business model for collection of contractual cash flows that includes principal and interest payments related with principal amount.

As of reporting period the non-current financial investments as follows:

	31 December 2025	31 December 2024
Financial investment without an active market	1.584	1.304
Venture capital investment fund	184.661	176.781
	186.245	178.085

As of reporting date, financial investments, investment ratios and amounts as follows:

Company	Ratio %	31 December 2025	Ratio %	31 December 2024
Financial investments without an active market				
Teknopark Hatay A.Ş.	5	1.161	5	956
Seramik Araştırma Merkezi A.Ş.	4	423	4	348
		1.584		1.304

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NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

As of reporting date the detail of financial derivative instruments as follows:

	31 December 2025		31 December 2024	
	Asset	Liability	Asset	Liability
Fair value hedging derivative financial assets				
Forward contracts for fair value hedges of currency risk of sales	2.470	155.497	155.454	-
	2.470	155.497	155.454	-
Cash flow hedging derivative financial assets				
Forward contracts for cash flow hedges of currency risk of sales	6.158	43.042	63.613	-
Cross currency swap contracts for cash flow hedges of currency risk of borrowings	-	15.141	-	-
Commodity swap contracts for cash flow hedges of price fluctuations of raw material purchases	19.088	-	30.051	-
	25.246	58.183	93.664	-
	27.716	213.680	249.118	-

Derivative instruments for fair value hedge

As of reporting date, the details of forward transactions for fair value hedge are as follows:

		Assets		Liabilities	
31 December 2025		Nominal value	Fair Value	Nominal value	Fair Value
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	533.259	2.470	2.514.883	155.497
		533.259	2.470	2.514.883	155.497

		Assets		Liabilities	
31 December 2024		Nominal value	Fair Value	Nominal value	Fair Value
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	2.151.675	155.183	-	-
Buy USD/Sell EUR	Between 3 - 6 months	6.528	271	-	-
		2.158.203	155.454	-	-

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NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Derivative instruments for cash flow hedge

Forward contracts for cash flow hedges of currency risk of sales:

Buy USD – Sell EUR forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in EUR. These forecast transactions are highly probable and their maturities vary between January 2026 and March 2027.

In respect of these contracts which has a nominal value of TRY 3.554.835 thousand for the purpose of hedging cash flow risk, with related deferred tax effect TRY (100.497) thousand was included in consolidated other comprehensive income (31 December 2024: TRY 154.610 thousand).

In the current period, TRY (689.010) thousand resulting from the sales related forward contracts was accounted under the revenue account of the consolidated the profit or loss statement (31 December 2024: TRY 141.116 thousand).

The terms and conditions of the forward contracts match the terms and conditions of the expected highly probable forecast sales in EUR. As a result, no hedge ineffectiveness arises requiring recognition and is tracked under other comprehensive income accounts since the aforementioned derivative transaction is a cash flow hedge derivative transaction until the sales is realized in accordance with hedge accounting. After the revenue is recognized, those derivative transactions are recognized in the profit or loss table as fair value hedges until the receivable amounts are collected.

Cross currency and interest rate swap contracts for cash flow hedges of floating interest rate and currency risk of borrowings:

The derivative contracts made in order to fix the principal and interest rates of the Group's bank loans with foreign currency in the future periods of TRY (15.141) thousand except from the deferred tax effect recognized in the consolidated other comprehensive income.

Commodity swap contracts for hedges of price risk of raw material purchases:

The Group purchases iron ore and coal on an ongoing basis as its operating activities. The Group has concluded iron ore swap contracts in order to be protected from price risk of iron ore which shall be supplied in future and shall be used in the production of related sales in line with its contracted sales. Group's iron ore forward contracts measured at fair value through other comprehensive income/expense match iron ore price risk associated with future long term sales contracts. The terms and conditions of the iron ore swap contracts made for these sales transactions match the terms and conditions of the sales transactions. Therefore, it is not possible to record any income or expense arising from the ineffectiveness of the protection process.

As of 31 December 2025, reflected TRY (15.152) thousand from consolidated other comprehensive income to inventory cost thousand (31 December 2024: TRY 22.209 thousand).

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NOTE 7 – BORROWINGS

As of reporting date details of borrowings disclosed at amortized are as follows:

	31 December 2025	31 December 2024
Short term bank borrowings	23.952.367	26.268.031
Short term portion of long term bank borrowings	12.263.172	7.333.542
Long term bank borrowings	78.525.865	51.957.630
Total bank borrowings	114.741.404	85.559.203
Short term portion of short term corporate bonds issued	3.329.658	2.779.280
Long term corporate bonds issued	38.932.382	32.036.796
Total corporate bonds issued	42.262.040	34.816.076
Short term portion of long term lease payables	516.190	360.781
Cost of short term portion of long term lease payables (-)	(44.316)	(30.570)
Long term lease payables	3.781.321	1.945.026
Cost of long term lease payables (-)	(2.915.744)	(1.362.320)
Total lease payables	1.337.451	912.917
Total borrowings	158.340.895	121.288.196

The bond issued abroad, with a nominal value of USD 750 million, a maturity of 5 years, a redemption date of 23 July 2029, priced over a resale yield of 8,625%, and a coupon rate of 8,375%, was completed as of 23 July 2024. In addition to aforementioned bond, another bond issued abroad, with a nominal value of USD 200 million, a maturity of 5 years, a redemption date of 23 July 2029, an annual yield rate of 8,125%, and an annual coupon rate of 8,375% with payment per 6 month, was completed as of 30 July 2024. As of the reporting date, the Group has fulfilled its financial ratio obligations related to the bond.

As of 31 December 2025, the breakdown of the Group's loans and issued corporate bonds with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	31 December 2025
Fixed	TRY	44,94	9.129.599	-	9.129.599
Fixed	US Dollars	7,81	21.491.416	87.075.966	108.567.382
Fixed	EUR	5,10	1.955.182	-	1.955.182
Floating	US Dollars	TERM SOFR+3	6.320.491	27.797.432	34.117.923
Floating	EUR	Euribor+0,47	648.509	2.584.849	3.233.358
			39.545.197	117.458.247	157.003.444

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NOTE 7 – BORROWINGS (cont'd)

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

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	31 December 2024
Fixed	TRY	49,13	7.977.158	-	7.977.158
Fixed	US Dollars	7,92	22.856.911	62.580.718	85.437.629
Floating	US Dollars	TERM SOFR+2,79	5.060.543	19.076.389	24.136.932
Floating	EUR	Euribor+0,47	486.241	2.337.319	2.823.560
			36.380.853	83.994.426	120.375.279

Maturity distribution of financial borrowings is as follows:

	31 December 2025			
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	36.215.539	3.329.658	471.874	40.017.071
Between 1-2 years	47.013.522	3.067.203	150.613	50.231.338
Between 2-3 years	19.055.458	2.825.124	71.956	21.952.538
Between 3-4 years	6.819.680	33.040.055	27.907	39.887.642
Between 4-5 years	1.599.783	-	24.253	1.624.036
Five years or more	4.037.422	-	590.848	4.628.270
	114.741.404	42.262.040	1.337.451	158.340.895

	31 December 2024			
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	33.601.573	2.779.280	330.211	36.711.064
Between 1-2 years	6.808.039	2.557.212	158.593	9.523.844
Between 2-3 years	34.525.580	2.352.887	90.503	36.968.970
Between 3-4 years	5.115.597	2.170.455	31.971	7.318.023
Between 4-5 years	2.133.901	24.956.242	18.115	27.108.258
Five years or more	3.374.513	-	283.524	3.658.037
	85.559.203	34.816.076	912.917	121.288.196

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NOTE 7 – BORROWINGS (cont'd)

Movement of net financial borrowings of bank loans and issued bonds as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	120.375.279	67.400.757
Interest expenses	9.804.229	10.410.853
Interest paid	(12.657.672)	(8.275.722)
Unrealised foreign exchange differences	(226.497)	(958.112)
Capitalized borrowing costs	3.082.594	930.159
Cash inflow from loans	42.103.489	68.411.628
Bonds issued	-	31.323.715
Cash outflow from loan repayments	(32.161.178)	(65.115.807)
Translation difference	26.683.200	16.247.808
Closing balance	157.003.444	120.375.279

Reconciliation of net financial borrowings of financial leases as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	912.917	339.945
The effect of the increase (decrease) in the lease contract liability	622.321	589.520
Cash outflow effect	(475.639)	(223.884)
Increase in interest expenses	252.129	117.433
Foreign exchange effect	25.723	89.903
Closing balance	1.337.451	912.917

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's trade receivables are as follows:

	31 December 2025	31 December 2024
Short term trade receivables		
Trade receivables	26.893.350	25.998.098
Due from related parties (Note 34)	749.930	603.847
Expected credit loss provision (-)	(195.603)	(138.031)
	27.447.677	26.463.914

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES (cont'd)

Movement of short term receivables credit loss provision as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	138.031	123.462
Provision for the period	37.635	1.673
Doubtful receivables collected (-)	-	(96)
Provision released (-)	(8.498)	(3.932)
Translation difference	28.435	16.924
Closing balance	195.603	138.031

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 40-45 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost 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 Group 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 Group does not provide for any further provision beyond the expected credit losses provisions that the Group has already provided for in the consolidated 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. Other disclosures as to the Group's credit risk are given in Note 36. The Group provides provision according to the balances of all unsecured receivables under legal follow up.

Group's past due but not impaired receivable amount is TRY 176.021 thousand and the maturities of them are between 0 and 90 days (31 December 2024: TRY 233.953 thousand) (Note 36).

As of the balance sheet date, the details of the Group's trade payables are as follows:

Short term trade payables	31 December 2025	31 December 2024
Trade payables	61.428.265	28.145.294
Due to related parties (Note 34)	7.229.719	1.837.483
Expense accruals	104.051	40.693
	68.762.035	30.023.470

Trade payables consist of payables to sellers for products, services purchased and tangible asset investments in the ordinary course of business. The average credit period on purchases of certain goods is between 80-90 days (31 December 2024: 35-45 days).

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's short and long term other receivables are as follows:

Short term other receivables	31 December 2025	31 December 2024
Due From Related Parties (Note 34)	27.062	18.767
Receivables from water system construction	1.312	1.364
Deposits and guarantees given	32.365	25.426
Receivables from Privatization Authority	215.447	150.118
	276.186	195.675

Long term other receivables	31 December 2025	31 December 2024
Due From Related Parties (Note 34)	173.372	121.006
Receivables from water system construction	4.659	4.902
Deposits and guarantees given	6.594	6.303
	184.625	132.211

As of the reporting date, the details of the Group's short term other payables are as follows:

Short term other payables	31 December 2025	31 December 2024
Taxes payable	423.404	922.399
Deposits and guarantees received	55.507	55.745
Dividend payables to shareholders (*)	10.370	10.204
	489.281	988.348

(*) Dividend payable represents the uncollected balances by shareholders related to the prior years.

NOTE 10 – INVENTORIES

As of the reporting date, the details of the Group's inventories are as follows:

	31 December 2025	31 December 2024
Raw materials	24.199.305	20.511.938
Work in progress	15.662.542	15.716.887
Finished goods	13.735.590	13.830.828
Spare parts	17.304.164	13.719.314
Goods in transit	12.924.967	11.025.208
Other inventories	7.978.590	6.853.416
Allowance for impairment on inventories (-)	(2.419.595)	(2.895.193)
	89.385.563	78.762.398

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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NOTE 10 – INVENTORIES (cont'd)

The movement of the allowance for impairment on inventories:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	2.895.193	2.234.866
Allowance for the period	6.218	466.262
Allowance released (-)	(1.016.391)	(263.984)
Translation difference	534.575	458.049
Closing balance	2.419.595	2.895.193

The Group has provided the provision for the impairment on the inventories of finished goods and work in progress within the scope of aging reports in the cases when their net realizable values are lower than their costs or for slow moving inventories. The provision released has been recognized under cost of sales (Note 25). There is no stock impairment provision in the financial statements of subsidiaries whose functional currency is Turkish Lira subject to consolidation as of the reporting date.

NOTE 11 – PREPAID EXPENSES

As of the reporting date, the details of the Group's short term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Insurance expenses	1.053.499	2.161.669
Advances given for inventories	280.281	622.613
Due to related parties (Note 34)	285.659	24.900
Prepaid utility allowance to employees	181.158	126.461
Mine site permit fee	165.756	116.641
Other prepaid expenses	84.821	56.885
	2.051.174	3.109.169

As of the reporting date, the details of the Group's long term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Advances given for fixed assets	12.320.354	14.885.114
Due to related parties (Note 34)	55.958	176.923
Insurance expenses	116.678	683.890
Mining preparation expenses	342.878	302.096
Other prepaid expenses	52.843	42.646
	12.888.711	16.090.669

Of the cash outflows related to the Group's purchases of tangible and intangible fixed assets in the current period, TRY 15.227.791 thousand was offset with the advances given for fixed assets.

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NOTE 12 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The details of the Group's financial investments accounted for using equity method are as follows:

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

The movement of the carrying value of the investments accounted for using equity method movement is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	1.280.062	884.293
Net profit (loss)	107.017	204.668
Dividend	(180.298)	-
Translation difference	264.425	191.101
Closing balance	1.471.206	1.280.062

The summary of the financial information and shares on assets of investments accounted for using equity method are as follows:

	31 December 2025	31 December 2024
Total assets	3.116.147	2.869.854
Total liabilities	173.736	309.731
Net assets	2.942.411	2.560.123
Group's share on net assets	1.471.206	1.280.062

	31 December 2025	31 December 2024
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş, as an affiliate of the Group under joint management, 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 Group 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 resolution regarding the distribution of a cash dividend of TRY 360.596 thousand (with an impact of TRY 180.298 thousand on the Group's cash flow statement) from the net profit for the year 2024 was approved by majority of votes. The dividend payment was completed on 19 August 2025.

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NOTE 12 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont'd)

Group's share on profit of investments accounted for using equity method 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	214.033	409.336
Group's share on net profit (loss)	107.017	204.668

NOTE 13 – INVESTMENT PROPERTIES

The details of the Group's investments properties are as follows:

	Land	Buildings	Total
Cost			
Opening balance as of 1 January	1.432.502	4.763.779	6.196.281
Translation difference	268.017	575.474	843.491
Disposals	(451.581)	(5.143.111)	(5.594.692)
Closing balance as of 31 December 2025	1.248.938	196.142	1.445.080
Accumulated Depreciation			
Opening balance as of 1 January	-	(328.532)	(328.532)
Translation difference	-	(42.639)	(42.639)
Charge for the period	-	(41.222)	(41.222)
Disposals	-	361.886	361.886
Closing balance as of 31 December 2025	-	(50.507)	(50.507)
Net book value as of 31 December 2024	1.432.502	4.435.247	5.867.749
Net book value as of 31 December 2025	1.248.938	145.635	1.394.573

The fair value of the Group's investment properties is TRY 6.747.225 thousand (31 December 2024: TRY 11.137.146 thousand) according to the most recent valuation reports. The fair values of the investment properties have been determined in reference to the valuations of independent valuation firms authorized by the CMB. The valuations are undertaken predominantly by using the precedent values of similar properties as references under market approach.

The Group has carried out a fixed asset sale amounting to TRY 5.600.000 thousand from the "Investment Properties" item in the consolidated financial position statement to its ultimate parent, the Ordu Yardımlaşma Kurumu, as of the sale date. The amount related to the sale of investment property was collected in cash as of the reporting date and reported under "Cash Inflow from Sales of Investment Property" in the consolidated statement of cash flow.

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NOTE 13 – INVESTMENT PROPERTIES (cont'd)

All investment properties of the Group consist of land and buildings. The fair value level of these real estates is evaluated as level 2.

The Group does not have contractual obligations regarding the purchase, construction or development of investment properties or maintenance, repair or improvement. For the year ended 31 December 2025, the Group generated rent income amounting to TRY 147.751 thousand (31 December 2024: TRY 233.862 thousand) from rented investment properties under operating leases (Note 29). The Group also has investment properties that do not generate rental income.

The Group has recognized TRY (11.527) thousand (31 December 2024: TRY (29.835) thousand) of estate tax expenses related to investment properties for the year ended 31 December 2025 under investment expenses (Note 29).

	Land	Buildings	Total
Cost			
Opening balance as of 1 January	858.113	3.630.778	4.488.891
Translation difference	198.931	749.768	948.699
Addition	-	34.125	34.125
Transfers (*)	375.458	349.108	724.566
Closing balance as of 31 December 2024	1.432.502	4.763.779	6.196.281
Accumulated Depreciation			
Opening balance as of 1 January	-	(81.246)	(81.246)
Translation difference	-	(32.505)	(32.505)
Charge for the period	-	(158.492)	(158.492)
Transfers (*)	-	(56.289)	(56.289)
Closing balance as of 31 December 2024	-	(328.532)	(328.532)
Net book value as of 31 December 2023	858.113	3.549.532	4.407.645
Net book value as of 31 December 2024	1.432.502	4.435.247	5.867.749

(*) At the prior period, TRY 375.458 thousand was transferred from buildings to land within investment properties, a net amount of TRY 668.277 thousand was transferred from property, plant and equipments to investment properties.

Amortization distribution of investment properties is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Associated with cost of production	4.512	3.752
General administrative expenses	36.710	154.740
	41.222	158.492

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	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	3.464.571	35.417.877	53.205.473	239.656.586	15.198.450	7.824.237	3.286.685	81.057.649	439.111.528
Inflation Effect	109.744	358.931	198.993	897.020	966.143	618.025	502.783	2.204.006	5.855.645
Translation difference	687.757	7.852.830	13.444.966	54.251.777	2.657.003	1.311.893	393.201	12.924.711	93.524.138
Additions (*)	-	5.973	4.917	1.288.206	359.681	112.504	118.791	31.534.769	33.424.841
Transfers from CIP (**)	-	5.679.174	24.564.285	36.808.390	9.327	445.073	8.373	(67.586.357)	(71.735)
Disposals	-	(5.836)	-	(949.548)	(54.284)	(35.086)	(9.629)	(2.188)	(1.056.571)
Closing balance as of 31 December 2025	4.262.072	49.308.949	91.418.634	331.952.431	19.136.320	10.276.646	4.300.204	60.132.590	570.787.846
Accumulated Depreciation / Impairment									
Opening balance as of 1 January	-	(25.941.489)	(40.266.937)	(147.518.019)	(11.191.678)	(5.545.945)	(1.433.057)	(301.550)	(232.198.675)
Inflation Effect	-	(252.548)	(165.307)	(500.292)	(966.016)	(594.235)	(79.343)	-	(2.557.741)
Translation difference	-	(5.467.364)	(8.689.034)	(32.070.723)	(1.802.954)	(825.901)	(280.487)	(65.168)	(49.201.631)
Charge for the period	-	(1.031.105)	(1.629.016)	(7.193.216)	(497.896)	(398.729)	(182.458)	-	(10.932.420)
Impairment released (losses) (***)	-	238.432	37.381	341.355	13.593	1.325	-	-	632.086
Disposals	-	4.496	-	670.363	54.020	31.838	9.605	-	770.322
Closing balance as of 31 December 2025	-	(32.449.578)	(50.712.913)	(186.270.532)	(14.390.931)	(7.331.647)	(1.965.740)	(366.718)	(293.488.059)
Net book value as of 31 December 2024	3.464.571	9.476.388	12.938.536	92.138.567	4.006.772	2.278.292	1.853.628	80.756.099	206.912.853
Net book value as of 31 December 2025	4.262.072	16.859.371	40.705.721	145.681.899	4.745.389	2.944.999	2.334.464	59.765.872	277.299.787

(*) The amount of capitalized borrowing cost is TRY 3.082.594 thousand for the current period, average borrowing rate is %7,2.
(**) TRY 71.735 thousand is transferred to intangible assets (Note 15).
(***) Group has reviewed the recoverable amounts of tangible fixed assets that will be decommissioned and will not generate independent cash flows during the period. Following the review, the impairment released of TRY 632.086 thousand has been accounted for in the profit or loss statement under other income from investment activities (Note 29).

As of 31 December 2025, the Group has no collaterals or pledges upon its property, plant and equipment.

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NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
Opening balance as of 1 January	2.844.441	28.147.071	43.431.128	194.400.023	11.929.140	6.289.454	2.395.164	44.476.013	333.912.434
Inflation Effect	118.672	387.840	207.374	890.520	1.045.407	660.783	533.919	1.367.916	5.212.431
Translation difference	503.890	5.517.101	8.591.067	38.633.841	1.919.718	946.572	245.859	9.879.620	66.237.668
Additions (*)	-	4.018	50.103	1.399.791	295.732	186.710	116.019	33.926.633	35.979.006
Transfers from CIP (**)	-	1.382.831	1.600.386	5.437.592	15.616	74.697	4.031	(8.592.533)	(77.380)
Transfers to investment properties (****)	-	(7.898)	-	(609.086)	-	(107.348)	(234)	-	(724.566)
Disposals	(2.432)	(13.086)	(674.585)	(496.095)	(7.163)	(226.631)	(8.073)	-	(1.428.065)
Closing balance as of 31 December 2024	3.464.571	35.417.877	53.205.473	239.656.586	15.198.450	7.824.237	3.286.685	81.057.649	439.111.528
Accumulated Depreciation									
Opening balance as of 1 January	-	(20.976.313)	(33.262.550)	(118.073.583)	(8.526.351)	(4.245.542)	(1.040.748)	(372.210)	(186.497.297)
Inflation Effect	-	(247.179)	(167.161)	(500.623)	(1.045.130)	(639.685)	(63.448)	-	(2.663.226)
Translation difference	-	(4.096.931)	(6.543.002)	(23.637.485)	(1.251.714)	(564.827)	(187.079)	(8.022)	(36.289.060)
Charge for the period	-	(657.429)	(978.166)	(5.736.319)	(376.912)	(322.781)	(149.170)	-	(8.220.777)
Impairment (***)	-	23.548	86.613	(56.898)	1.761	320	-	78.682	134.026
Disposals	-	12.549	597.329	444.353	6.668	213.317	7.154	-	1.281.370
Transfers to investment properties (****)	-	266	-	42.536	-	13.253	234	-	56.289
Closing balance as of 31 December 2024	-	(25.941.489)	(40.266.937)	(147.518.019)	(11.191.678)	(5.545.945)	(1.433.057)	(301.550)	(232.198.675)
Net book value as of 31 December 2023	2.844.441	7.170.758	10.168.578	76.326.440	3.402.789	2.043.912	1.354.416	44.103.803	147.415.137
Net book value as of 31 December 2024	3.464.571	9.476.388	12.938.536	92.138.567	4.006.772	2.278.292	1.853.628	80.756.099	206.912.853

(*) The amount of capitalized borrowing cost is TRY 930.159 thousand for the prior period, average borrowing rate is 7,6%.
(**) TRY 77.380 thousand is transferred to intangible assets (Note 15).
(***) Group has reviewed the recoverable amounts of tangible fixed assets that will be decommissioned and will not generate independent cash flows during the period. Following the review, the impairment released of TRY 134.026 thousand has been accounted for in the profit or loss statement under other income from investment activities (Note 29).
(****) A net book value of TRY 668.277 thousand was transferred to investment properties (Note 13).

As of 31 December 2024, the Group has no collaterals or pledges upon its tangible assets.

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NOTE 14 – 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	10.196.119	7.633.708
General administrative expenses	294.249	245.256
Marketing, sales and distribution expenses	364.715	281.084
Research and development expenses	77.337	60.729
	10.932.420	8.220.777

NOTE 15 – INTANGIBLE ASSETS

The details of the Group's intangible assets as of the reporting period are as follows:

	Rights	Customer Relationships	Other Intangible Assets	Total
Cost				
Opening balance as of 1 January	10.002.012	3.769.440	362.351	14.133.803
Inflation Effect	15.829	-	7.229	23.058
Translation difference	2.170.794	808.307	78.639	3.057.740
Additions	221.859	-	2.061	223.920
Transfers from CIP	71.730	-	5	71.735
Disposals	(3.296)	-	(2.539)	(5.835)
Closing balance as of 31 December 2025	12.478.928	4.577.747	447.746	17.504.421
Accumulated amortization				
Opening balance as of 1 January	(4.111.338)	(984.242)	(357.789)	(5.453.369)
Inflation Effect	(11.592)	-	(7.149)	(18.741)
Translation difference	(902.750)	(235.414)	(77.945)	(1.216.109)
Charge for the period	(266.659)	(280.827)	(2.389)	(549.875)
Disposals	1.926	-	2.539	4.465
Closing balance as of 31 December 2025	(5.290.413)	(1.500.483)	(442.733)	(7.233.629)
Net book value as of 31 December 2024	5.890.674	2.785.198	4.562	8.680.434
Net book value as of 31 December 2025	7.188.515	3.077.264	5.013	10.270.792

As of 31 December 2025, the Group has no collaterals or pledges upon its intangible assets.

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NOTE 15 – INTANGIBLE ASSETS (cont'd)

	Rights	Customer Relationships	Other Intangible Assets	Total
Cost				
Opening balance as of 1 January	8.241.406	3.145.255	297.589	11.684.250
Inflation Effect	18.863	-	7.825	26.688
Translation difference	1.639.379	624.185	55.564	2.319.128
Additions	32.502	-	1.318	33.820
Transfers from CIP	77.297	-	83	77.380
Disposals	(7.435)	-	(28)	(7.463)
Closing balance as of 31 December 2024	10.002.012	3.769.440	362.351	14.133.803
Accumulated amortization				
Opening balance as of 1 January	(3.228.491)	(611.577)	(290.896)	(4.130.964)
Inflation Effect	(12.106)	-	(7.654)	(19.760)
Translation difference	(655.685)	(139.177)	(54.858)	(849.720)
Charge for the period	(215.943)	(233.488)	(4.409)	(453.840)
Disposals	887	-	28	915
Closing balance as of 31 December 2024	(4.111.338)	(984.242)	(357.789)	(5.453.369)
Net book value as of 31 December 2023	5.012.915	2.533.678	6.693	7.553.286
Net book value as of 31 December 2024	5.890.674	2.785.198	4.562	8.680.434

As of 31 December 2024, the Group has no collaterals or pledges upon its intangible assets.

Customer relationships acquired as a part of business combinations are reflected in the consolidated financial statements over their fair values as of the acquisition date. Amortization of customer relationships is accounted for using the straight-line method over their estimated useful lives.

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

	31 December 2025	31 December 2024
Associated with cost of production	524.074	426.901
General administrative expenses	24.734	24.394
Research and development expenses	1.067	2.545
	549.875	453.840

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NOTE 16 – RIGHT OF USE ASSETS

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

	Right to Use Land	Vehicle Leases	Total
Cost			
Opening balance as of 1 January	469.061	801.150	1.270.211
Inflation Effect	-	32.934	32.934
Additions to assets of operating lease	376.773	268.977	645.750
Disposals	-	(246.621)	(246.621)
Translation difference	133.261	151.746	285.007
Closing balance as of 31 December 2025	979.095	1.008.186	1.987.281
Accumulated Amortization			
Opening balance as of 1 January	(57.719)	(249.275)	(306.994)
Inflation Effect	-	(12.088)	(12.088)
Charge for the period	(30.059)	(322.884)	(352.943)
Disposals	-	197.665	197.665
Translation difference	(14.984)	(56.243)	(71.227)
Closing balance as of 31 December 2025	(102.762)	(442.825)	(545.587)
Net book value as of 31 December 2024	411.342	551.875	963.217
Net book value as of 31 December 2025	876.333	565.361	1.441.694

	Right to Use Land	Vehicle Leases	Total
Cost			
Opening balance as of 1 January	313.101	390.147	703.248
Inflation Effect	-	21.382	21.382
Additions to assets of operating lease	137.319	533.690	671.009
Disposals	(50.144)	(235.572)	(285.716)
Translation difference	68.785	91.503	160.288
Closing balance as of 31 December 2024	469.061	801.150	1.270.211
Accumulated Amortization			
Opening balance as of 1 January	(40.137)	(217.584)	(257.721)
Inflation Effect	-	(8.606)	(8.606)
Charge for the period	(22.805)	(197.207)	(220.012)
Disposals (-)	13.870	212.640	226.510
Translation difference	(8.647)	(38.518)	(47.165)
Closing balance as of 31 December 2024	(57.719)	(249.275)	(306.994)
Net book value as of 31 December 2023	272.964	172.563	445.527
Net book value as of 31 December 2024	411.342	551.875	963.217

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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NOTE 16 – RIGHT OF USE ASSETS (cont'd)

The items right of use assets recognized in profit or loss is as follows:

	31 December 2025	31 December 2024
Amortization of assets to operating lease	352.943	220.012
Interest expense from lease transactions (Note 31)	252.129	117.433

The Group has usage permit agreements regarding the port areas of the General Directorate of National Real Estate. The values of tangibles with usage permit periods expiring in 2048 and 2071 are measured at their present value by reducing the borrowing rate by 11% - 31% at the initial calculation.

The area where Erdemir's location and port facilities are located has been declared as the "Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Zonguldak Özel Endüstri Bölgesi" pursuant to the Presidential Decree No. 8861 dated 28 August 2024, within the scope of Law No. 4737. According to Article 34 of the Industrial Zones Regulation and Article 12 of the Regulation on the Management of Treasury Immovables, the port usage permits within the boundaries of Erdemir Zonguldak ÖEB, which are under the jurisdiction and control of the state, have been revised for a period of 49 years in terms of duration and cost. The usage permits for the remaining reclaimed areas and registered Treasury lands under the jurisdiction and control of the state have been established for 49 years as of 26 December 2024.

The area where İsdemir's location and port facilities are located; Within the scope of Law No. 4737, İskenderun Demir ve Çelik A.Ş. Hatay Özel Endüstri Bölgesi has been declared as "İsdemir ÖEB". 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 of the ports and filling areas within the borders of İsdemir ÖEB, which are under the jurisdiction and disposal of the state, have been revised in terms of time and cost for 49 years from contract revision date.

The Group has a usage permit agreement of regarding the forest land and energy transmission line of the General Directorate of Forestry. Forest land use permit will expire in 2039 - 2074, and the energy transmission line use permit will expire in 2064. The values of the immovable assets were measured at present value by reducing the borrowing rate in the first calculation with 10%-31% .

In addition, car lease contracts with useful lives between 2025 - 2028 and with borrowing rate reduced by 1% - 51% are measured at their present value.

Lease agreements are accounted for in the consolidated statement of financial position in the notes of right of use assets and borrowing in accordance with the above explanations (Note 7).

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	154.127	61.521
General administration expenses	180.479	145.809
Marketing, sales and distribution expenses	18.337	4.620
Other operating expenses	-	8.062
	352.943	220.012

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NOTE 17 – GOODWILL

The purchase of the all shares of Kümaş Manyezit Sanayi A.Ş and its subsidiaries was completed on 3 February 2021. The share price dated 3 February 2021 has been subject to ultimate adjustment in accordance with the financial statements prepared as of the transfer date, and as a result of the adjustment, the ultimate share price has amounted to USD 295.943 thousand (TRY 2.112.206 thousand). As a result of the purchase; the part of the fair value of the acquired assets and liabilities amounting to USD 277.162 thousand (TRY 1.978.161 thousand) below the purchase price is recognized as goodwill amounting to USD 18.781 thousand (TRY 134.045 thousand).

As of the reporting date the movement of goodwill is as follows:

	31 December 2025	31 December 2024
Goodwill	804.696	662.608
	804.696	662.608

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	662.608	552.886
Translation difference	142.088	109.722
Closing balance	804.696	662.608

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis. Value in use is determined by discounting the expected future cash flows to be generated by the cashgenerating unit.

The below key assumptions are used in the calculation of the value in use as of 31 December 2025:

The projection period for the purposes of goodwill impairment testing is approved by the management as 10 years between 1 January 2026 and 31 December 2035. Cash flows for further periods (perpetuity) were extrapolated using long term bond rate of 4,1% in US dollars. Weighted average cost of capital rate of 11,50% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. As of the reporting period, no impairment has been determined in the amount of goodwill associated with the Group's activities.

NOTE 18 – 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 (100% corporate tax exemption etc.)
- ✓ Support in cash from Tubitak – Teydeb, in return for research and devolopment expenditures,
- ✓ Inward processing permission certificates,
- ✓ Social Security Institution incentives
- ✓ Insurance premium employer share incentive.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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NOTE 18 – GOVERNMENT GRANTS AND INCENTIVES (cont'd)

Research and development incentive premiums received amounts to TRY 150.966 thousand (31 December 2024: TRY 92.716 thousand) which are considered as a deduction subject in the calculation of corporate tax calculation.

NOTE 19 – EMPLOYEE BENEFITS

The Group's short term payables for employee benefits are as follows:

	31 December 2025	31 December 2024
Due to personnel	1.668.168	2.256.354
Social security premiums payable	741.057	2.670.138
	2.409.225	4.926.492

As of the reporting date long term provisions of the employee benefits of the Group are as follows:

	31 December 2025	31 December 2024
Provisions for employee termination benefits	5.326.510	5.121.104
Provisions for seniority incentive premium	707.462	361.262
Provision for unpaid vacations	709.170	689.016
	6.743.142	6.171.382

According to the articles of Turkish Labor Law in force, the Group have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life by completing at least one year of service, leaving for military services and deceased.

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) for each year of service. As of the reporting date, the employment termination benefit, which has been taken into account in the calculation of provision and will be applicable as of 1 January 2026, has been updated to TRY 64.948,77 per month.

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

The employment termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees TMS 19 ("Employee Benefits") requires the Group's obligations to be developed using actuarial valuation methods within the scope of defined benefit plans.

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NOTE 19 – EMPLOYEE BENEFITS (cont'd)

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%

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 0%-2% 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	5.121.104	4.761.820
Service cost	399.824	378.705
Interest cost	973.018	788.176
Actuarial loss/(gain)	(503.231)	693.104
Termination benefits paid	(635.721)	(1.420.056)
Translation difference	(28.484)	(80.645)
Closing balance	5.326.510	5.121.104

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 follows:

	Interest rate	
Change in rate	1% increase	1% decrease
Change in employee benefits liability	(222.332)	260.997
	Inflation rate	
Change in rate	1% increase	1% decrease
Change in employee benefits liability	270.337	(232.553)

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NOTE 19 – EMPLOYEE BENEFITS (cont'd)

According to the current collective labor agreement, employees completing their 5th, 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	361.262	296.149
Service cost	93.020	51.464
Interest cost	117.059	66.959
Actuarial loss/(gain)	232.552	32.603
Termination benefits paid	(93.430)	(83.331)
Translation difference	(3.001)	(2.582)
Closing balance	707.462	361.262

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	689.016	524.506
Provision for the period	957.026	754.103
Vacation paid during the period (-)	(96.013)	(144.875)
Provisions released (-)	(842.649)	(429.553)
Translation difference	1.790	(15.165)
Closing balance	709.170	689.016

NOTE 20 – PROVISIONS

The Group's short term provisions are as follows:

	31 December 2025	31 December 2024
Provision for lawsuits	1.197.012	880.160
Penalty provision for employment shortage of disabled personnel	24.030	9.505
Provision for state right on mining activities	190.407	149.949
Provision for land occupation	7.564	47.930
	1.419.013	1.087.544

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NOTE 20 – 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	880.160	895.303	(153.915)	(297.478)	(127.058)	1.197.012
Penalty provision for employment shortage of disabled personnel	9.505	26.288	(7.480)	(4.176)	(107)	24.030
Provision for state right on mining activities	149.949	196.012	(159.529)	(3.324)	7.299	190.407
Provision for land occupation	47.930	5.464	(42.315)	(6.575)	3.060	7.564
	1.087.544	1.123.067	(363.239)	(311.553)	(116.806)	1.419.013

	1 January 2024	Change for the period	Payments	Provision released	Translation difference	31 December 2024
Provision for lawsuits	534.502	417.392	(63.273)	(45.094)	36.633	880.160
Penalty provision for employment shortage of disabled personnel	6.637	4.157	-	(1.499)	210	9.505
Provision for state right on mining activities	129.992	157.825	(76.197)	(66.958)	5.287	149.949
Provision for land occupation	27.474	160.433	(136.519)	(277)	(3.181)	47.930
	698.605	739.807	(275.989)	(113.828)	38.949	1.087.544

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NOTE 20 – PROVISIONS (cont'd)

Provision for lawsuits

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

	31 December 2025	31 December 2024
Lawsuits filed by the Group	1.981.681	1.469.097

	31 December 2025	31 December 2024
Lawsuits filed against the Group	701.000	587.296
Provision for lawsuits filed against the Group	1.197.012	880.160

As reported in detail in the Company's footnotes to the consolidated financial statements as of December 31, 2024; at the Ordinary General Assembly Meeting held on March 30, 2006, for the fiscal year 2005, the decision regarding the profit distribution and the approval of the 2005 balance sheet and profit-loss accounts based on the consolidated financial statements dated December 31, 2005 and prepared in accordance with IFRS, were requested to be annulled by Privatization Administration. As a result of the lawsuit filed by the Privatization Administration, the court annulled the profit distribution decision and the approval of the 2005 balance sheet and profit-loss statement.

Accordingly at the Ordinary General Assembly Meeting held on March 26, 2025, the fourteenth item on the agenda regarding "The Discussion, Submission to Voting and Resolving the Proposal of Board of Directors regarding the General Assembly Resolution dated March 30, 2006, which was annulled by the Court Decision" was voted on by the General Assembly, and the following decisions were taken:

- Approval of the Company's 2005 balance sheet and profit-loss statement, which was prepared and publicly disclosed by the Capital Markets Board on August 15, 2006.

- Since it was understood that, in accordance with the Board of Directors' decision dated March 14, 2006, numbered 8810, TRY 91.854.806 had been distributed as the first dividend from the net profit of TRY 345.722.321 as stated in the Company's 2005 financial statements, which were prepared and publicly disclosed by the Capital Markets Board on August 15, 2006, and considering the Company's regulations and financial status, it was decided that no additional profit distribution would be made, and no further action would be taken regarding the profits distributed in previous periods.

If the Company had started preparing the consolidated financial statements subject to the lawsuit according to IFRS after December 31, 2005, it would have also prepared comparative consolidated financial statements in accordance with IFRS, as required by IFRS 1 'First-time Adoption of International Financial Reporting Standards,' and according to IFRS 3 'Business Combinations,' negative goodwill would have been directly transferred to retained earnings of previous years and would not have been associated with the consolidated profit or loss statement. Therefore, the net profit for the years ending on December 31, 2025, and December 31, 2024, as presented in the consolidated financial statements, has not been affected by the matters explained in the above paragraphs.

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NOTE 20 – PROVISIONS (cont'd)

Provision for lawsuits (cont'd)

Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.). located at Illinois state of United States of America and the Company executed a contract in 2008. The company fulfilled all its performances arisen from this contract in January and February in 2009. Corus International Trading Ltd. Co. sold to third parties the products supplied from Company but thereafter alleged that they directed claim to some compensation and that these claims must be covered by Company. Parties could not reach an exact agreement about this matter and then Corus International Trading Ltd. Co filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company in Illinois State District Court of USA. It is learnt through a notification made to the Company on 21 July 2010. After the subject case is dismissed by the court from jurisdiction aspect; this time a lawsuit is re-filed by Tata Steel International (North America) Ltd.) in Texas State District Court. This case is also dismissed by the court from jurisdiction aspect.

It is learnt through a notification made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company before Ankara 14. Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ereğli Commercial Court of First Instance in Duty when the judgement becomes definite and in case of request. The case continued on file no. 2013/63 in Karadeniz Ereğli 2nd Civil Court of First Instance. At the hearing of the ongoing case dated 28 November 2017, Kdz. Ereğli 2. Civil Court of First Instance has decided to partially accept the case against Company. Company has applied for the appeal against the decision. With the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice, the decision of the Karadeniz. Ereğli 2nd Civil Court of First Instance has been annulled. The file was sent to the Karadeniz. Ereğli 2nd Civil Court of First Instance to be send back to the Regional Court of Justice after the reasoned decision was written. At the hearing dated February 22, 2022, it was decided that the case was partially accepted and partially rejected, subject to appeal. Our company has appealed against this decision on April 13, 2022. 22nd Civil Chamber of the Ankara Regional Court of Justice has decided to revoke the court's decision without consideration of merits and to send the file back to the court in order to be written appropriate grounds in the judgment part. On 27 March 2023 Kdz. Ereğli 2nd Civil Court of First Instance has partially accepted the case subject to appeal. Our company has applied for the appeal against the decision on 27 April 2023. 22. Civil Chamber of the Ankara Regional Court of Justice has sent the file back to the Kdz Ereğli 2. Civil Court of First Instance and requested from the court to send the file back to itself for re-examination after the court's evaluation of the Company's petition of correction. Therefore, Kdz. Ereğli 2. Civil Court of First Instance decided to make the hearing on 11 July 2023. At the hearing dated 11 July 2023, Kdz. Ereğli 2. Civil Court of First Instance has decided to correct the decision. The file was sent to Regional Court of Justice fort he appeal. On 14 June 2024 22. Civil Chamber of the Ankara Regional Court of Justice has partially accepted the case subject to appeal. The Company appealed against the decision on 5 September 2024. The 11th Civil Chamber of the Court of Cassation, by its decision dated July 9, 2025, has definitively approved the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice dated June 14, 2024, numbered 2023/1365 E. and 2024/847 K. In accordance with the final decision, TRY 74.835 thousand was paid on November 21, 2025, to the enforcement file initiated under number 2022/2583 E at the Kdz. Ereğli 2nd Enforcement Office.

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NOTE 20 – PROVISIONS (cont'd)

Resolution of Constitutional Court on Electricity and Coal Gas Consumption Tax

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Consumption 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 to individual application at the Constitutional Court on 16 March 2015. In the General Assembly Resolution of Constitutional Court notified to the Company on 27 December 2018, it is decided that the property rights of the Company were violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 15 cases which were brought together within the scope of Company's individual application.

Similarly, the Constitutional Court that the Company's property right was violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 21 cases which were brought together within the scope of the Company's individual application.

There are 3 applications for which the decisions are awaited from the Constitutional Court.

The cases which the Constitutional Court has sent to Zonguldak Tax Court to be retrialed, have been retrialed by Zonguldak Tax Court and the Court has resolved in favor of the Company. 69 cases have been finalized in favor of the Company.

Lawsuit against The Municipality of Kdz. Ereğli's Tax Penalty Notifications

A real estate tax review was carried out by the Municipality of Kdz Ereğli under the name of "Real Estate Tax Determination Field Study" at Company's Ereğli facilities in August 2019. As a result of this tax inspection, 1.924 tax penalty notifications were notified to the company on 23 December 2019. With the 1.924 tax penalty notices, the building tax and related cultural assets contribution share has been levied for 2014 to 2019, as well as the tax loss penalty for the same periods. The amount of tax and related cultural assets contribution assessment is TRY 25.586 thousand and TRY 23.888 thousand tax loss penalty has been imposed.

6 lawsuits were filed against the notifications for penalty in the Zonguldak Tax Court by the Company on 20 January 2020. Zonguldak Tax Court has accepted the lawsuits and decided to cancel such notifications. Karadeniz Ereğli Municipality appealed against the decisions. Ankara Regional Administrative Court rejected the appeal of Kdz. Ereğli Municipality subject to appeal. Kdz. Ereğli Municipality appealed to the Council of State. The Council of State rejected the appeal of Kdz. Ereğli Municipality. The cases have been finalized in favor of the Company on 6 December 2022.

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli

The Municipality of Kdz. Ereğli has sealed 15 buildings in Company factory site with cease and desistorders. Subsequently, with Municipal Committee's decisions, administrative fines amounting to TRY 258.683 thousand have been notified to Company. 15 lawsuits with suspension of execution request have filed against aforementioned cease and desist orders and administrative fines at the Zonguldak Administrative Court.

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NOTE 20 – PROVISIONS (cont'd)

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli (cont'd)

In all cases, the court decided to cancel the proceedings that were the subject of the lawsuit. The Municipality has appealed against these decisions. In one of this case, the Regional Administrative Court has definitely decided to annul the decision and partially accepted the case. In 14 of the cases, the Regional Administrative Court decided to reject the appeal of Karadeniz Ereğli Municipality.

In 11 cases the Municipality has appealed to the Council of State against these decisions. 3 cases were finalized in favor of the Company without appeal. Council of State has decided to approve definitely the 7 cases out of 11 cases in favor of the Company. In 4 cases The Council of State accepted the appeal request and reversed the judgement and decided to send the cases to the Regional Administrative Court to be redecided. Regional Administrative Court has decided to accept the appeals in 4 cases and has sent them back to the local court for a new decision to be given after a merits review. In three of these cases the local court has partially accepted the cases. The Company has appealed to the Regional Administrative Court against these decisions. The Regional Administrative Court accepted the appeal request and decided to cancel the proceedings that were the subject of the lawsuit. The Municipality has appealed to the Council of State against these decisions. In one of these 4 cases the local court has accepted the case. The Municipality of Kdz. Ereğli has appealed to the Regional Administrative Court against the decision. The Regional Administrative Court accepted the appeal request and decided to send the case to the Zonguldak Administrative Court.

No provision has been made in the consolidated financial statements due to the fact that no significant cash outflow is expected in line with the Group Management's assessments.

Provision for state right on mining activities

According to "Mining Law" numbered 3213 and regulation on "Mining Law Enforcement" published in the Official Gazette, numbered 25716 on 3 February 2005, the Group is calculated state right on mining activities based on the sales and recognized provision on financial statements.

Land occupation

The Group owns and operates properties within and outside its factory grounds that are parking lots, parks, and roads, all under the ownership and control of the Municipality. In accordance with Article 75 of the State Tender Law No. 2886 and Article 85 of the Regulation on the Administration of Treasury Immovable Properties published in the Official Gazette dated 19/06/2007, No. 26557, compensation for unauthorized use of these properties is accrued as determined by the valuation committee.

In the current period, land occupation provision is recognized in the consolidated financial statements, considering property fair values presented land occupation notifications, their probable annual increases, and the discount rates applicable in the case of early payment and non-objection.

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NOTE 21 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The guarantees received by the Group are as follows:

	31 December 2025	31 December 2024
Letters of guarantees received	22.567.810	23.234.769
	22.567.810	23.234.769

The Collaterals, pledges and mortgages (CPM) given by the Group are as follows:

	31 December 2025	31 December 2024
A. Total CPM given for the Company's own legal entity	32.511.931	29.342.141
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	8.127.414	3.999.371
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	-	-
	40.639.345	33.341.512

Total CPM given by the Group in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 8.127.414 thousand has been given as collateral for financial liabilities explained in Note 7, tax receivables and for raw material procurements. As of 31 December 2025, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2024: 0%).

The foreign currency distribution of the collaterals given by the Group is as follows:

	31 December 2025	31 December 2024
US Dollars	10.524.647	11.575.520
Turkish Lira	28.034.062	19.990.720
EUR	2.080.636	1.775.272
	40.639.345	33.341.512

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NOTE 22 – OTHER ASSETS AND LIABILITIES

As of the reporting date, the details of the Group'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	11.573.880	8.989.807
Deferred VAT	3.103.740	4.804.529
Prepaid taxes and funds	890.844	944.183
Other current assets	393.899	226.294
	15.962.363	17.229.808

Prior period insurance income accruals; it consists of the amount of receivables for which an agreement was made within the scope of insurance of İsdemir, one of the subsidiaries of the Company, due to the earthquake that occurred on 6 February 2023.

Other non-current assets

	31 December 2025	31 December 2024
Other VAT receivable	1.572.034	1.279.098
	1.572.034	1.279.098

Other current liabilities

	31 December 2025	31 December 2024
VAT payable	1.229.397	1.050.821
Other current liabilities	22.705	22.255
	1.252.102	1.073.076

Other non-current liabilities

	31 December 2025	31 December 2024
Other non-current liabilities	27.540	22.654
	27.540	22.654

NOTE 23 – DEFERRED INCOME

As of the reporting date, the details of the Group's short term deferred income are as follows:

	31 December 2025	31 December 2024
Advances received	1.745.533	1.057.726
Deferred income	100.199	103.502
	1.845.732	1.161.228

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NOTE 24 – EQUITY

As of the Group's reporting date the capital structure is as follows:

Shareholders	(%)	31 December 2025	(%)	31 December 2024
ATAER Holding A.Ş.	49,54	3.467.965	49,29	3.449.965
Quoted in Stock Exchange	46,49	3.253.911	46,74	3.271.911
Erdemir's own shares	3,97	278.124	3,97	278.124
Historical capital	100,00	7.000.000	100,00	7.000.000
Restated capital		7.000.000		7.000.000
Treasury shares (-)		(1.315.022)		(1.315.022)
		5.684.978		5.684.978

On 17 June 2025, the Company's main parent, ATAER Holding A.Ş., purchased a total nominal amount of TRY 18.000.000 of the Company's publicly traded shares. Following this transaction, ATAER Holding A.Ş.'s shareholding increased from 49,29% to 49,54%.

The capital of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. is subject to the registered capital limit. The board of directors may, at any time it may think necessary, increase the capital by means of issuing bearer shares each with a nominal value of 1 Kr (one Kurus) up to the amount of the registered capital, which is TRY 7.000.000.000.

The issued capital of the Company consists of 700.000.000.000 lots of shares (2024: 700.000.000.000 lots). The nominal value of each share is 1 Kr (Kurus) (2024: 1 Kr). This capital is split between A and B group shares. Group A shares consist of 1 share with a share value of 1 Kr and Group B shares consist of 6.999.999.999,99 shares representing TRY 699.999.999.999 of the issued capital.

The Board of Directors consists of 9 members 3 of which are independent. The number and qualifications of independent members are ascertained in compliance with the CMB's Communique numbered II-17,1 on Corporate Governance Principles.

The General Assembly has to choose one member to the Board of Directors from the nominees of the Privatization Administration as the beneficiary owner representing A Group shares. In case, the Board member representing the A Group shares leaves the board within the chosen period, a new board member is obliged to be chosen from the nominees of the Privatization Administration as the beneficiary owner. For decisions to be taken about the rights assigned to A Group shares, the board member representing A Group shares is also obliged to use an affirmative vote.

The decisions to change the Articles of Association of the Company that will have an effect on the board of directors' meeting and decision quorum, rights assigned to A Group shares, rights assigned to A Group shares in relation to investments and employment decisions and any other changes in the Articles of Association of the Company which will directly or indirectly affect the rights of A Group shares, have to receive an affirmative vote of the beneficiary owner representing the A Group shares. Otherwise, the decisions are accepted as invalid.

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NOTE 24 – EQUITY (cont'd)

Article IV-K of Articles of Association "According to Turkish Commercial Code Article 329, transactions of an entity's own shares" Erdemir, as of 31 December 2025, holds its own shares with a nominal value of TRY 278.124 thousand (31 December 2024: TRY 278.124 thousand).

Other Equity Items	31 December 2025	31 December 2024
Share Premium	106.447	106.447
Cash Flow Hedging Reserves	(38.999)	47.523
Foreign Currency Translation Reserves Not to be Reclassified to Profit or Loss	121.294.709	98.513.282
Foreign Currency Translation Reserves to be Reclassified to Profit or Loss	(12.868.507)	(9.772.072)
Actuarial (Loss)/ Gain Fund	(2.593.253)	(2.961.205)
Restricted Reserves Assorted from Profit	11.864.692	10.973.470
Retained Earnings	163.810.037	120.873.630
	281.575.126	217.781.075

However, in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") on 13 June 2013 which is published on Official Gazette numbered 28676, "Paid-in capital", "Restricted profit reserves" and "Share premium" should be presented by using their registered amounts in the statutory records. The restatement differences (e.g. inflation restatement differences) arising from the application of this Communiqué should be associated with the:

- "Capital restatement differences" item following the "paid-in capital" line item in the financial statements, if the differences are caused by "paid-in capital" and have not been added to capital yet;
- "Retained earnings", if the differences are arising from "restricted profit reserves" and "share premium" and have not been associated with either profit distribution or capital increase yet.

Other equity items are carried at the amounts that are valued based on the TFRS. Capital restatement differences may only be considered as part of the paid-up capital.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate for the publicly-held subsidiaries. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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NOTE 24 – EQUITY (cont'd)

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used as an internal source of capital increase, dividend distribution in cash or the net off from prior period losses. In case of usage of the inflation adjustment differences in dividend distribution in cash, it is subject to corporate tax.

The legal reserves and the share premium, which is regarded as legal reserve in accordance with TCC Article 466, are presented using their amounts in statutory records. In this context, the difference of inflation restatements in accordance with TFRS framework, that are not subject to profit distribution or capital increase as of the date of financial statements, is associated with the prior periods' profit or loss.

According to the first paragraph of Article 519 numbered 6102 of the Turkish Commercial Code ("TCC"), 5% of the profit shall be allocated as the first legal reserves, up to 20% of the paid/ issued capital. First dividend is appropriated for shareholders after deducting from the profit. Following the deduction of the amounts from the "profit", General Assembly of Shareholders is authorized to decide whether shall be the remaining balance shall be fully or totally placed in extraordinary legal reserves or whether it is distributed, also taking into consideration the Company's profit distribution policy. According to the sub-clause 3 of the clause 2 of Article 519 of the Turkish Commercial Code, after deducting dividends amounting to 5% of the paid/issued capital from the part decided to be allocated; ten percent of the remaining balance shall be appropriated to second legal reserves. If it is decided to distribute the profit as bonus share, through the method of adding the profit to the capital, second legal reserves is not appropriated.

According to the CMB Communiqué, until the Company's Article of Association was revised on 31 March 2008, an amount equal to the first dividend distributed to shareholders is allocated as status reserves in order to be used in the plant expansion. Also, according to the 13th Article of Association before the revision on 31 March 2008, 5% of the net profit for the period after taxation is estimated to be allocated as legal reserves up until reaching 50% of the paid/issued capital. The reserve amount that exceeds the 20% of the legal reserves, defined by the Article 519 of TCC, is recorded as status reserve. Status reserves could be used for free capital increases and profit distribution.

As of the reporting period, the amount of resources available for profit distribution in the Company's statutory records is TRY 10.923.321 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 profit or loss. 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 Group's foreign operations in reporting currency TRY by using exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are recognized under translation reserve in equity.

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NOTE 25 – SALES AND COST OF SALES

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines. The amount of performance obligations in the ongoing contracts of the Group will be eligible for recognition in the future is TRY 1.745.533 thousand (Note 23). The Company plans to recognize related revenue amount as a revenue in a year.

As of the reporting date the detail of the sales revenue is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Domestic sales	146.728.333	156.718.987
Export sales	39.828.844	36.070.501
Other revenues	20.737.748	9.638.614
Interest income from sales with maturities	1.911.003	1.924.500
Sales returns (-)	(148.386)	(100.619)
Sales discounts (-)	(147.638)	(192.043)
	208.909.904	204.059.940
Cost of sales (-)	(190.345.229)	(184.055.336)
Gross profit	18.564.675	20.004.604

The total amount of product exports in other revenues is TRY 4.706.603 thousand (31 December 2024: TRY 4.416.958 thousand). Total interest income from export sales with maturities is TRY 8.273 thousand (31 December 2024: TRY 29.745 thousand).

As of Group's reporting date, the detail of cost of sales is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Raw material usage	(127.468.572)	(132.891.342)
Personnel costs	(18.752.175)	(14.714.827)
Energy costs	(14.456.588)	(11.974.512)
Depreciation and amortization expenses	(10.143.868)	(7.848.474)
Manufacturing overheads	(10.345.184)	(7.657.065)
Other cost of goods sold	(4.744.577)	(4.131.596)
Non-operating costs (*)	(1.701.481)	(760.667)
Freight costs for sales delivered to customers	(2.527.943)	(2.035.567)
Allowance expenses for impairment on inventories (Note 10)	(6.218)	(466.262)
Inventory provision released (Note 10)	1.016.391	263.984
Amortization of right of use assets	(154.127)	(61.521)
Other	(1.060.887)	(1.777.487)
	(190.345.229)	(184.055.336)

(*) Non-operating part costs amounting to TRY (1.701.481) thousand incurred due to planned and/or unplanned halt production in the Group's production facilities is not associated with the product cost and is directly recognized in the cost of sales.

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NOTE 26 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of Group's reporting date, the detail of operating expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Marketing expenses (-)	(2.581.904)	(2.057.384)
General administrative expenses (-)	(6.462.327)	(5.356.542)
Research and development expenses (-)	(364.793)	(335.591)
	(9.409.024)	(7.749.517)

NOTE 27 – OPERATING EXPENSES ACCORDING TO THEIR NATURE

As of Group's reporting date, the detail of marketing expenses according to their nature is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(997.748)	(779.048)
Depreciation and amortization (-)	(364.715)	(281.084)
Benefits and services from third parties (-)	(1.201.104)	(992.632)
Amortization of right of use assets (-)	(18.337)	(4.620)
	(2.581.904)	(2.057.384)

As of Group's reporting date, the detail of general administrative expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(2.909.616)	(2.268.969)
Depreciation and amortization (-)	(355.693)	(424.390)
Benefits and services from third parties (-)	(2.863.158)	(2.458.467)
Tax, duty and charges (-)	(118.945)	(61.262)
Provision/ Provision released for doubtful receivables (net)	(34.436)	2.355
Amortization of right of use assets (-)	(180.479)	(145.809)
	(6.462.327)	(5.356.542)

As of Group's reporting date, the detail of research and development expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(222.814)	(172.618)
Depreciation and amortization (-)	(78.404)	(63.274)
Benefits and services from third parties (-)	(63.575)	(99.699)
	(364.793)	(335.591)

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NOTE 27 – OPERATING EXPENSES ACCORDING TO THEIR NATURE (cont'd)

Fees related to services received from the independent audit firm

Group, 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
Independent audit fee for reporting period	(19.565)	(10.141)
Fee for other assurance services	(3.113)	(2.020)
	(22.678)	(12.161)

NOTE 28 – OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

As of Group's reporting date, the detail of other operating income is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Other operating income		
Foreign exchange gain from trade receivables and payables (net)	815.989	233.070
Forfeit advances from customers	47.137	4.323
Discount income	610	404
Provisions released	301.654	46.593
Service income	329.347	273.436
Maintenance repair and rent income	94.780	64.917
Warehouse income	106.763	145.731
Indemnity and penalty detention income	30.180	37.466
Prior period insurance indemnity income	41.445	87.400
Lawsuit income	44.671	3.767
Overdue interest income	150.587	93.683
Insurance indemnity income due to earthquake	-	8.522.852
Other income and gains	563.455	271.374
	2.526.618	9.785.016

Due to the earthquake on 6 February 2023, an considering that agreement has been reached for the collection of advance payments amounting to TRY 8.522.852 thousand related to the insurance compensation for İsdemir, one of the Company's subsidiaries, this amount has been accounted as accrued income in prior period financial statements.

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NOTE 28 – OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES (cont'd)

As of Group's reporting date, the detail of other operating expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Other operating expenses (-)		
Provision expenses	(921.591)	(421.549)
Lawsuit compensation expenses	(82.338)	(25.661)
Right of use assets amortization	-	(8.062)
Donation expenses	(69.047)	(100.143)
Service expenses	(184.787)	(161.293)
Penalty expenses	(37.680)	(47.820)
Other expenses and losses	(434.961)	(219.355)
	(1.730.404)	(983.883)

NOTE 29 –INCOME/(EXPENSES) FROM INVESMENT ACTIVITIES

As of Group's reporting date, the detail of income from investment activities is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Net gain/(loss) from financial asset at fair value through profit or loss	-	112.298
Income from sales on tangible assets	484.210	41.808
Rent income from investment properties	147.751	233.862
Property,plant and equipment provisions released (Note 14)	632.086	134.026
	1.264.047	521.994

The income of TRY 483.109 thousand from the sale of investment property to Group's ultimate partner Ordu Yardımlaşma Kurumu has been recorded in income from sales on tangible assets as of reporting period (Note 34).

As of Group's reporting date, the detail of expenses from investment activities is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Loss on sales of tangible assets	(1.556)	(1.358)
Loss on disposal of tangible assets	(295.419)	(223.547)
Expenses from investment properties	(11.527)	(29.835)
Net gain/(loss) from venture capital mutual fund at fair value through profit or loss	(42.200)	(21.831)
	(350.702)	(276.571)

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NOTE 30 – FINANCE INCOME

As of Group's reporting date, the detail of finance income is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Interest income on bank deposits	6.015.329	4.636.307
Interest income from financial investments	-	322.651
Fair value differences of derivative financial instruments (net)	-	42.994
Other financial income	25.405	17.034
	6.040.734	5.018.986

NOTE 31 – FINANCE EXPENSES

As of Group's reporting date, the breakdown of finance expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Interest expenses on borrowings	(9.804.229)	(10.410.853)
Foreign exchange loss (net)	(2.377.109)	(984.587)
Interest cost of employee benefits	(1.090.077)	(855.135)
Interest expenses on leasings	(252.129)	(117.433)
Fair value differences of derivative financial instruments (net)	(504.542)	-
Other financial expenses	(180.860)	(105.040)
	(14.208.946)	(12.473.048)

The interest expenses of TRY 3.082.594 thousand have been capitalized as part of property, plant and equipment (31 December 2024: TRY 930.159 thousand).

NOTE 32 – TAX ASSETS AND LIABILITIES

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

	31 December 2025	31 December 2024
Corporate tax payable:		
Corporation tax for the prior period	-	1.031
Current corporate tax provision	798.826	596.140
Prepaid taxes and funds (-)	(293.780)	(279.546)
	505.046	317.625

	1 January - 31 December 2025	1 January - 31 December 2024
Taxation:		
Current corporate tax expense	731.393	554.233
Deferred tax (income) / expense	2.254.717	(1.224.958)
Tax (income) expense reported in the profit or loss	2.986.110	(670.725)

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NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax

The Group, except its subsidiaries in Romania and Singapore, is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for current period. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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, non-taxable income.

Institutions with the Law No. 7456 published in the Official Gazette dated 15 July 2023 by making changes in the first paragraph of Article 32 of the Tax Law, the year 2023 and the following the corporate tax rate for corporate earnings of taxation periods has been increased to 25%. As of reporting date, the current corporate tax rate for the corporate earnings has been determined as 25% (31 December 2024: 25%).

With the Law No. 7456 published in the 32249 numbered Official Gazette dated 15 July 2023, the exemption rate to be applied to the gains arising from the sale of immovables which in companies' assets before 15 July 2023 has been determined as 25%, and the deferred tax rate to be applied based on the temporary differences arising on the revaluation of the related assets are 18,75%.

The current corporate tax rate in Türkiye is 25%, 16% in Romania and 17% in Singapore as of 31 December 2025 (31 December 2024: in Türkiye 25%, in Romania 16%, in Singapore 17%).

The amount of the corporate tax paid by the Group in 2025 is TRY 611.405 thousand (31 December 2024: TRY 459.898 thousand).

Pursuant to the provisional article added to the Tax Procedure Law No. 213, which entered into force following its publication in the Official Gazette dated 25 December 2025 and numbered 33118, a legislative amendment has been enacted stipulating that, regardless of whether the conditions for inflation adjustment set forth under repeated Article 298 of the Tax Procedure Law are met, statutory financial statements will not be subject to inflation adjustment for the 2025 fiscal year including provisional tax periods as well as for the 2026 and 2027 fiscal years. Within this framework, the financial statements dated 31 December 2025, prepared in accordance with the Tax Procedure Law, have not been subject to inflation adjustment.

Losses can be carried forward to offset the future taxable income for up to maximum 5 years. However, losses cannot be carried back to offset the profits of the previous periods, retrospectively.

In Türkiye, a definite and distinct reconciliation procedure for tax assessment does not exist. Companies file their tax returns between 1 April - 25 April following the closing period of the related year's accounts. Tax returns and related accounting records may be examined and revised within five years.

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NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

Investment discount application

In 2025, the reduced corporate tax incentive associated with the strategic investment incentive certificate obtained under Article 8/7 of the "Decision on State Aids in Investments" No. 2012/3305 was utilized. The investment contribution rate of the said investment incentive certificate is 50%.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its taxable statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of income and expenses tax bases 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 Group 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 TFRS 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 Group will use for deferred tax accounting as of the reporting date has been determined taking into account the above regulations.

The tax rate used in calculation of deferred tax assets and liabilities (excluding land) is 24% for the corporate earnings to be obtained in the taxation periods of 2025. The effective corporate tax rate is 16% in Romania and 17% in Singapore (31 December 2024: in Türkiye 25%, in Romania 16%, in Singapore 17). The deferred tax on the temporary timing differences arising from land is calculated with the 18,75% tax rate (31 December 2024: 18,75%).

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NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax (cont'd)

As the companies in Türkiye cannot give a consolidated corporate tax declaration, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and disclosed separately.

Deferred tax assets:	31 December 2025	31 December 2024
Provisions for employee benefits	1.907.074	1.971.280
Investment incentive	59.444	190.675
Provision for lawsuits	233.502	185.960
Fair values of the derivative financial instruments	51.261	-
Inventories	431.049	490.017
Unused tax losses	3.602.307	2.149.085
Tangible and intangible assets	876.088	661.313
Financial lease payables	321.235	228.229
Other	710.322	576.925
	8.192.282	6.453.484
Deferred tax liabilities:		
Tangible and intangible assets	(25.606.606)	(19.357.384)
Fair values of the derivative financial instruments	-	(54.865)
Amortized cost adjustment on loans	(133.301)	(96.017)
Right of use assets	(346.209)	(241.205)
Inventories	(525.734)	(27.680)
Other	(434.722)	(95.177)
	(27.046.572)	(19.872.328)
	(18.854.290)	(13.418.844)

In the financial statements which are prepared according to the TFRS, of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its affiliates that are separate taxpayer entities, the net deferred tax assets and liabilities of the related companies are classified separately within the accounts of deferred tax assets and liabilities of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries' consolidated financial statements. 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.

Presentation of deferred tax assets/(liabilities):	31 December 2025	31 December 2024
Deferred tax assets	389.430	255.704
Deferred tax (liabilities)	(19.243.720)	(13.674.548)
	(18.854.290)	(13.418.844)

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NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

The total amount of tax loss balances which are subject to recognition of deferred tax asset and the related maturity distribution are as follows:

Expiration dates of unused tax losses	31 December 2025	31 December 2024
2029	8.596.340	8.596.340
2030	6.413.273	-
	15.009.613	8.596.340

Movements of deferred tax assets / (liabilities) as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	(13.418.844)	(12.378.359)
Deferred tax income/(expense)	(2.254.717)	1.224.958
The amount in comprehensive income	(96.896)	134.572
Translation difference	(3.083.833)	(2.400.015)
Closing balance	(18.854.290)	(13.418.844)

Reconciliation of tax provision is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Profit (Loss) before tax	3.680.455	13.522.321
Statutory tax rate	25%	25%
Calculated tax expense according to effective tax rate	(920.114)	(3.380.580)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(252.865)	(180.712)
- Non-deductible income	97.502	65.359
- Effect of currency translation (*)	(4.694.680)	2.117.588
- The effect of investments valued using the equity method	25.684	51.167
- Investment incentive	2.741.985	2.007.718
- Application of 1 point reduction in the effective tax rate	36.805	-
- Effect of the different tax rates due to foreign subsidiaries	(20.427)	(9.815)
Total tax expense reported in the statement of income (loss)	(2.986.110)	670.725

(*) The effect of exchange rate differences arises from the discrepancy between the company's functional currency and the currency used for determining the tax base.

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NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

The Group has a strategic investment incentive certificate based on the Council of Ministers Decision No. 2012/3305 published in the Official Gazette dated 19 June 2012. As of the reporting date, reduced corporate tax has been used under the strategic investment incentive certificate.

As of Group's reporting date, the details of the tax income/(expense) of the other comprehensive income/(loss) are as follows:

	1 January - 31 December 2025		
Other comprehensive income/(loss) in current period	Amount before tax	Tax income/ (expense)	Amount after tax
Change in actuarial (loss)/gain	503.231	(125.808)	377.423
Change in cash flow hedging reserves	(115.649)	28.912	(86.737)
Change in foreign currency translation reserves	51.196.830	-	51.196.830
	51.584.412	(96.896)	51.487.516

	1 January - 31 December 2024		
Other comprehensive income/(loss) in current period	Amount before tax	Tax income/ (expense)	Amount after tax
Change in actuarial (loss)/gain	(693.104)	173.276	(519.828)
Change in cash flow hedging reserves	154.817	(38.704)	116.113
Change in foreign currency translation reserves	39.011.660	-	39.011.660
	38.473.373	134.572	38.607.945

NOTE 33 – EARNINGS PER SHARE

	1 January - 31 December 2025	1 January- 31 December 2024
Number of shares outstanding	700.000.000.000	700.000.000.000
Number of shares outstanding after buyback	672.187.629.635	672.187.629.635
Net profit attributable to equity holders	511.801	13.481.348
Earnings per share with 1 TRY nominal value TRY %	0,0761 / %7,61	2,0056 / %200,56

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NOTE 34 – RELATED PARTY DISCLOSURES

The immediate parent and ultimate controlling parent of the Group are Ataer Holding A.Ş. and Ordu Yardımlaşma Kurumu respectively (Note 1). The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note. Trade receivables and payables from related parties operated as current account.

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

Due from related parties (short term)	31 December 2025	31 December 2024
OYAK Renault Otomobil Fab. A.Ş.[2]	606.024	401.046
Miilux Poland Sp. Z.o.o. [1]	-	19.092
İsdemir Linde Gaz Ortaklığı A.Ş.[3]	12.047	30.207
OYAK Çimento Fabrikaları A.Ş. [2]	30.860	-
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. [1]	95.927	147.976
Other	5.072	5.526
	749.930	603.847

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

Other receivables from related parties (short term)	31 December 2025	31 December 2024
OYAK NYK RO-RO Liman İşletmeleri A.Ş. [1]	27.062	18.767
	27.062	18.767

Other receivables from related parties (long term)	31 December 2025	31 December 2024
OYAK NYK RO-RO Liman İşletmeleri A.Ş. [1]	173.372	121.006
	173.372	121.006

According to TFRS 16 provision, other short term and long term receivables from related parties arise from monetary receivables under the sub-lease transactions.

(1) Subsidiaries of the ultimate parent
(2) Joint venture of the ultimate parent
(3) Joint venture of subsidiary
(4) Ultimate parent

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NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Prepaid expenses to related parties(short term)	31 December 2025	31 December 2024
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.[1]	285.623	23.661
OYAK Çimento Fabrikaları A.Ş. [2]	-	1.207
Other	36	32
	285.659	24.900

Prepaid expenses to related parties (long term)	31 December 2025	31 December 2024
OYAK İnşaat A.Ş.[1]	-	129.031
OYAK Savunma ve Güvenlik Sistemleri A.Ş.[1]	55.958	47.892
	55.958	176.923

Prepaid expenses from related parties are related with service and advance transactions of fixed assets.

Due to related parties (short term)	31 December 2025	31 December 2024
Amsterdam Scrap Terminal B.V. [1]	3.403.140	-
OYAK Yenilenebilir Enerji A.Ş. [1]	5.108	179.674
Omsan Lojistik A.Ş.[1]	1.198.653	483.109
Ordu Yardımlaşma Kurumu [4]	784.690	518.028
OYAK Pazarlama Hizmet ve Turizm A.Ş.[1]	777.213	245.338
OYAK Savunma ve Güvenlik Sistemleri A.Ş.[1]	288.014	80.644
Omsan Logistica SRL[1]	17.459	9.927
OYAK Denizcilik ve Liman İşletmeleri A.Ş. [1]	406.809	85.697
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.[1]	41.207	22.099
OYAK İnşaat A.Ş. [1]	41.323	57.129
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. [1]	26.496	4.091
Doco Petrol ve Danışmanlık A.Ş. [1]	67.806	20.686
OYAK Çimento Fabrikaları A.Ş. [2]	-	13.767
Other	171.801	117.294
	7.229.719	1.837.483

Trade payables to related parties mainly arise from purchase of services, fixed assets and energy.

(1) Subsidiaries of the ultimate parent
(2) Joint venture of the ultimate parent
(3) Joint venture of subsidiary
(4) Ultimate parent

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NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Major sales to related parties	1 January - 31 December 2025	1 January - 31 December 2024
Ordu Yardımlaşma Kurumu [4]	5.825.560	-
OYAK Renault Otomobil Fab. A.Ş.[2]	2.932.170	2.126.571
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. [1]	2.596	13.929
OYAK Çimento Fabrikaları A.Ş. [2]	25.976	109.954
Likitgaz Dağıtım ve Endüstri A.Ş. [1]	19.050	61.402
OYAK Denizcilik ve Liman İşletmeleri A.Ş.[1]	18.059	14.663
İskenderun Enerji Üretim ve Ticaret A.Ş. [1]	5.677.986	5.558.814
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. [1]	409.476	484.186
İsdemir Linde Gaz Ortaklığı A.Ş.[3]	459.024	413.139
Other	58.077	152.199
	15.427.974	8.934.857

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

The Group has carried out a fixed asset sale amounting to TRY 5.600.000 thousand from the "Investment Properties" item in the consolidated financial position statement to its ultimate parent, the Ordu Yardımlaşma Kurumu, as of the sale date. The amount related to the sale of investment property was collected in cash as of the reporting date and reported under "Cash Inflow from Sales of Investment Property" in the consolidated statement of cash flow. The fair value related to the sale was determined based on valuations conducted by independent appraisal companies authorized by the CMB, primarily referencing comparable property values. As of the reporting date, the income of TRY 483.109 thousand obtained from the sale of the investment property has been recorded under the "Income from Investment Activities" item in the Group's summary consolidated statement of profit or loss.

[1] Subsidiaries of the ultimate parent
[2] Joint venture of the ultimate parent
[3] Joint venture of subsidiary
[4] Ultimate parent

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NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Major purchases from related parties	1 January - 31 December 2025	1 January - 31 December 2024
Amsterdam Scrap Terminal B.V. [1]	5.860.430	-
Omsan Denizcilik A.Ş.[1]	679.724	724.001
OYAK Pazarlama Hizmet ve Turizm A.Ş.[1]	2.457.203	1.705.143
Omsan Lojistik A.Ş.[1]	4.707.155	4.565.825
OYAK Savunma ve Güvenlik Sistemleri A.Ş.[1]	926.773	1.006.205
Omsan Logistica SRL[1]	184.811	200.888
OYAK Denizcilik ve Liman İşletmeleri A.Ş.[1]	1.191.392	992.989
Doco Petrol ve Danışmanlık A.Ş. [1]	240.706	209.049
İsdemir Linde Gaz Ortaklığı A.Ş.[3]	795.234	695.145
OYAK Çimento Fabrikaları A.Ş. [2]	255.585	410.796
OYAK İnşaat A.Ş. [1]	841.336	528.707
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.[1]	1.035.621	450.752
Güzel Enerji Akaryakıt A.Ş.[1]	22.310	20.733
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. [1]	48.349	42.692
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. [1]	75.000	27.673
OYAK Yenilenebilir Enerji A.Ş. [1]	167.799	2.269.547
Other	985.102	557.702
	20.474.530	14.407.847

The major purchases from related parties are generally due to the purchase of services, fixed assets and energy.

[1] Subsidiaries of the ultimate parent
[2] Joint venture of the ultimate parent
[3] Joint venture of subsidiary
[4] Ultimate parent

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

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

Salaries, bonuses and other benefits of the key management:

The key management of the Group consists of the Board of Directors, the Group President and Vice Presidents the 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 Group is TRY 236.543 thousand (31 December 2024: TRY 147.115 thousand).

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NOTE 35 – EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

Inflation adjustments have been made in accordance with TAS 29 for all non-monetary assets, liabilities, and profit or loss statements of the Group's subsidiaries whose functional currency is the Turkish Lira.

In this context, the inflation adjustments made in the financial statements of Erdemir Madencilik San. ve Tic. A.Ş., Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş., and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş., which are subject to consolidation and have the Turkish Lira as their functional currency, as of the reporting date are as follows:

	31 December 2025	31 December 2024
	TRY'000	**TRY'000**
Statement of Financial Position Items	**1.030.070**	**48.308**
Inventories	56.489	62.413
Prepaid Expenses	294.082	581.252
Property, Plant and Equipment	4.127.422	2.905.307
Right of Use Assets	6.462	3.299
Intangible Assets	4.715	997
Inflation Adjustment to Capital	(1.241.397)	(1.193.039)
Revaluation Reserve of Tangible Assets	(18.458)	(18.366)
Actuarial (Loss) Gain funds	23.189	16.027
Restricted Reserves Assorted from Profit	(722.764)	(717.279)
Retained Earnings	(1.499.670)	(1.592.303)
Profit or Loss Items	**(153.630)**	**(578.236)**
Revenue	(1.058.550)	(1.396.187)
Cost of Sales	668.331	775.061
Marketing Expenses	2.242	2.284
General Administrative Expenses	68.449	44.999
Other Operating Income (Expense)	(6.398)	(5.412)
Income (Expenses) from Investing Activities	26	(123)
Finance Income (Expense)	172.270	1.142
Net Monetary Position Gain / (Loss)	**876.440**	**(529.928)**

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group 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 Group, 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 Group consists of debt which includes the financial liabilities disclosed in Note 7, 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 24.

The Group'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 Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of reporting date the net (credit) debt /equity ratio is as follows:

	Note	31 December 2025	31 December 2024
Total financial liabilities	7	158.340.895	121.288.196
Less: Cash and cash equivalents	4	115.476.723	55.259.993
Net (credit) debt		42.864.172	66.028.203
Total adjusted equity (*)		299.912.036	247.338.093
Total resources		342.776.208	313.366.296
Net (credit) debt/Total adjusted equity ratio		14%	27%
Distribution of net (credit) debt/ total adjusted equity		13/87	21/79

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

(b) Significant accounting policies

The Group's accounting policies related to the financial instruments are disclosed in Note 2 "Summary of Significant Accounting Policies, 2.8.9 Financial Instruments".

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives

The Group manages its financial instruments through a separate treasury function which was established for that purpose. The developments are followed on a real time basis. The Group's corporate treasury function manages the financial instruments through daily regular meetings by evaluating the domestic and international markets and by considering the daily cash inflows and outflows in accordance with the policies and regulations issued by the Group Risk Management Unit.

At the end of each day, each Group company prepares a "Daily Cash report" and Group Risk Management Unit calculates daily for cash and cash equivalents. The information included therein is consolidated by the treasury function and used to determine the cash management strategies.

Thus, all financial transactions of the Group are managed centrally. Additionally, the Group's annual payment schedules are followed through the weekly reports and annual cash management is followed by the monthly reports.

The Group utilizes derivative financial instruments as required and within the terms and conditions determined by the Group Risk Management Unit. Instruments that are highly liquid and securing a high-level yield are preferred when determining the financial instruments. In that respect, the Group has a right to claim the accrued interest on time deposits when withdraw before the predetermined maturity.

(d) Market risk

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

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

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

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management

Trade receivables include a large number of customers scattered in various sectors and regions. There is no risk concentration on a specific customer or a group 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 Group does not have a significant credit risk arising from any customer.

Credit risk of financial instruments

	Trade Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
31 December 2025	Related Party	Other Party	Related Party	Other Receivables			
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	749.930	26.697.747	200.434	260.377	115.476.649	27.716	-
- Secured part of the maximum credit risk exposure via collateral etc.	-	22.567.810	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	749.930	26.521.726	200.434	260.377	115.476.649	27.716	-
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	-	176.021	-	-	-	-	-
- secured part via collateral etc.	-	97.359	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	195.603	-	-	-	-	-
- Impairment (-)	-	(195.603)	-	-	-	-	-
- 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 maturity of TRY 176.021 thousand that is overdue but not impaired is in the range of 0-3 months.

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

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management (cont'd)

Credit risk of financial instruments

	Trade Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
	Receivables		Other Receivables				
31 December 2024	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	603.847	25.860.067	139.773	188.113	54.147.530	249.118	-
- Secured part of the maximum credit risk exposure via collateral etc.	-	23.234.769	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	603.847	25.626.114	139.773	188.113	54.147.530	249.118	-
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	-	233.953	-	-	-	-	-
- secured part via collateral etc.	-	207.211	-	-	-	-	-
D. Net book value of impaired financial assets	-	138.031	-	-	-	-	-
- Overdue (gross carrying amount)	-	(138.031)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- 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 maturity of TRY 233.953 thousand that is overdue but not impaired is in the range of 0-3 months.

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

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management (cont'd)

Explanation on the credit risk which the Group is exposed:

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit losses
Secured receivables	Consist of secured receivables	Not generating credit losses
Recoverable receivables	The counterparty has a low risk of default and secured	Not generating credit losses
Doubtful or past due receivables	Amount is past due or there has been a significant	%100 allowance for unsecured receivables
Write-off	There is an evidence indicating that debtor is in serious financial distress and the Group has no expectation of collection of the relevant amounts	Amount is written off

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management

As of reporting period, stated in Note 2.8.9 the foreign currency position of the Group in terms of original currency is calculated as follows:

	31 December 2025				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	3.874.417	269.195	70.836	-	4.401
2a. Monetary financial assets	22.066.443	21.813.387	4.146	76	4.538
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	740.818	716.413	328	-	804
4. CURRENT ASSETS (1+2+3)	**26.681.678**	**22.798.995**	**75.310**	**76**	**9.743**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.035.255	1.035.055	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	5.985.617	360.055	111.422	-	2.306
8. NON-CURRENT ASSETS (5+6+7)	**7.020.872**	**1.395.110**	**111.426**	**-**	**2.306**
9. TOTAL ASSETS (4+8)	**33.702.550**	**24.194.105**	**186.736**	**76**	**12.049**
10. Trade payables	13.075.121	7.964.429	98.399	125.850	11.984
11. Financial liabilities	5.514.116	2.876.055	52.367	-	-
12a. Other monetary financial liabilities	5.649.570	5.496.489	2.302	-	3.732
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	**24.238.807**	**16.336.973**	**153.068**	**125.850**	**15.716**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	3.426.297	826.728	51.603	-	-
16a. Other monetary financial liabilities	6.479.461	6.467.347	-	-	1.219
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	**9.905.758**	**7.294.075**	**51.603**	**-**	**1.219**
18. TOTAL LIABILITIES (13+17)	**34.144.565**	**23.631.048**	**204.671**	**125.850**	**16.935**
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	**(1.267.686)**	**-**	**(25.210)**	**-**	**-**
19a. Off-balance sheet foreign currency derivative financial assets	1.910.864	-	38.000	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	3.178.550	-	63.210	-	-
20. Net foreign currency asset/liability position (9-18+19)	**(1.709.701)**	**563.057**	**(43.145)**	**(125.774)**	**(4.886)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(7.168.450)**	**(513.411)**	**(129.685)**	**(125.774)**	**(7.996)**
22. Fair value of derivative financial instruments used in foreign currency hedge	(150.003)	-	(2.983)	-	-
23. Hedged foreign currency assets	3.178.550	-	63.210	-	-
24. Hedged foreign currency liabilities	1.910.864	-	38.000	-	-
25. Exports	44.543.720				
26. Imports	94.064.179				

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	31 December 2024				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	2.998.691	245.477	73.151	-	8.978
2a. Monetary financial assets	29.678.847	28.858.432	21.742	21	2.957
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	407.843	381.905	666	-	200
4. CURRENT ASSETS (1+2+3)	**33.085.381**	**29.485.814**	**95.559**	**21**	**12.135**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.300.283	1.300.138	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	4.128.717	749.422	91.640	56.889	-
8. NON-CURRENT ASSETS (5+6+7)	**5.429.000**	**2.049.560**	**91.644**	**56.889**	**-**
9. TOTAL ASSETS (4+8)	**38.514.381**	**31.535.374**	**187.203**	**56.910**	**12.135**
10. Trade payables	8.119.774	5.588.474	65.536	107.910	12.770
11. Financial liabilities	8.758.685	8.246.778	13.910	-	-
12a. Other monetary financial liabilities	7.766.641	7.698.883	1.052	-	3.906
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	**24.645.100**	**21.534.135**	**80.498**	**107.910**	**16.676**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	2.889.586	529.752	64.122	-	-
16a. Other monetary financial liabilities	5.927.570	5.922.437	-	-	690
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	**8.817.156**	**6.452.189**	**64.122**	**-**	**690**
18. TOTAL LIABILITIES (13+17)	**33.462.256**	**27.986.324**	**144.620**	**107.910**	**17.366**
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	**(2.038.460)**	**-**	**(55.489)**	**-**	**-**
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	2.038.460	-	55.489	-	-
20. Net foreign currency asset/liability position (9-18+19)	**3.013.665**	**3.549.050**	**(12.906)**	**(51.000)**	**(5.231)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**515.565**	**2.417.723**	**(49.723)**	**(107.889)**	**(5.431)**
22. Fair value of derivative financial instruments used in foreign currency hedge	118.878	-	3.236	-	-
23. Hedged foreign currency assets	2.038.460	-	55.489	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-
25. Exports	40.517.204				
26. Imports	107.849.486				

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

The following table shows the Group's sensitivity to a 10% (+/-) change in the TRY, EUR 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 and 9,8123 TRY = RON 1 and liability are translated by using the following exchange rates; TRY 42,9229 = US $ 1,TRY 50,3765 = EUR 1, TRY 0,2747 = JPY 1 and 9,9407 TRY = RON 1 (31 December 2024: for asset balances: TRY 35,2803 = US $ 1,TRY 36,7362 = EUR 1, TRY 0,2249 = JPY 1 and TRY 7,3429 = RON 1, for liability balances: TRY 35,3438 = US $ 1, TRY 36,8024 = EUR 1, TRY 0,2264 = JPY 1 and TRY 7,4389 = RON 1).

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
31 December 2025	Appreciation of foreign currency	Depreciation of foreign currency
1- TRY net asset/liability	(51.341)	51.341
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(51.341)	51.341
5- RON net asset/liability	(8.063)	8.063
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	(8.063)	8.063
9- Eur net asset/liability	(653.987)	653.987
10- Hedged portion from Eur risk (-)	(126.771)	126.771
11- Effect of capitalization (-)	-	-
12- Eur net effect (9+10+11)	(780.758)	780.758
13- Jap. Yen net asset/liability	(3.455)	3.455
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(3.455)	3.455
TOTAL (4+8+12+16)	**(843.617)**	**843.617**

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
31 December 2024	Appreciation of foreign currency	Depreciation of foreign currency
1- TRY net asset/liability	241.772	(241.772)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	241.772	(241.772)
5- RON net asset/liability	(4.155)	4.155
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON Dollars net effect (5+6+7)	(4.155)	4.155
9- Eur net asset/liability	(183.621)	183.621
10- Hedged portion from Eur risk (-)	(203.846)	203.846
11- Effect of capitalization (-)	-	-
12- Eur net effect (9+10+11)	(387.467)	387.467
13- Jap. Yen net asset/liability	(2.442)	2.442
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(2.442)	2.442
TOTAL (4+8+12+16)	**(152.292)**	**152.292**

(g) Interest rate risk management

Some of the Group's borrowings are based on floating interest rate terms. In order to manage the exposure to interest rate movements on certain portion of the bank borrowings, the Group uses interest rate swaps and changes floating rates to fixed rates.

In addition, through the use of deposits in which the Group has a right to claim the accrued interest when withdrawn before the predetermined maturity, the Group minimizes the interest rate risk by increasing the share of floating rate denominated assets in its consolidated the balance sheet. Furthermore, for borrowings denominated in foreign currencies, except for US Dollars, the Group 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.

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(g) Interest rate risk management(cont'd)

Interest rate sensivity

The following sensitivity analysis is based on forecasted interest rate changes for the liabilities denominated in variable interest rates. The information details the Group's sensitivity to an increase/decrease of 0,50% for US Dollars and EUR, 0,25% for Jap.Yen and 1,00% for 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 Group 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	37.351.281	26.960.492

For the year round, if the US Dollars, EUR and Jap. Yen denominated interest rates increase/decrease by 100 base points in TRY, 50 base points in US Dollars and EUR and 25 base points in Jap.Yen respectively ceteris paribus, the profit before taxation and non-controlling interest after considering the effect of capitalization and hedging would be lower/higher TRY 145.503 thousand.

(h) 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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group 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 Group's expected 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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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

31 December 2025

Contractual maturity analysis	**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 5 years (IV)**
Non derivative financial liabilities						
Borrowings from banks, issued bonds	157.003.444	182.888.540	13.790.319	28.782.410	137.130.286	3.185.525
Financial lease payables	1.337.451	4.297.511	129.048	387.143	884.864	2.896.456
Trade payables	68.762.035	68.762.035	45.312.639	23.449.396	-	-
Other financial liabilities (*)	3.479.578	3.479.578	3.479.578	-	-	-
Total liabilities	**230.582.508**	**259.427.664**	**62.711.584**	**52.618.949**	**138.015.150**	**6.081.981**
Derivative financial liabilities						
Derivative cash inflows	27.716	6.743.208	4.443.565	2.276.299	23.344	-
Derivative cash outflows	(213.680)	(6.601.597)	(4.301.954)	(2.276.299)	(23.344)	-
	(185.964)	**141.611**	**141.611**	**-**	**-**	**-**

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

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NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

31 December 2024

Contractual maturity analysis	**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 5 years (IV)**
Non derivative financial liabilities						
Borrowings from banks, issued bonds	120.375.279	147.803.472	22.810.941	15.802.730	104.549.511	4.640.290
Financial lease payables	912.917	2.305.807	90.195	270.586	828.821	1.116.205
Trade payables	30.023.470	30.023.470	30.023.470	-	-	-
Other financial liabilities (*)	3.380.029	3.380.029	3.380.029	-	-	-
Total liabilities	**154.691.695**	**183.512.778**	**56.304.635**	**16.073.316**	**105.378.332**	**5.756.495**
Derivative financial liabilities						
Derivative cash inflows	249.118	6.783.042	4.167.710	2.615.332	-	-
Derivative cash outflows	-	(6.330.515)	(3.715.183)	(2.615.332)	-	-
	249.118	**452.527**	**452.527**	**-**	**-**	**-**

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Categories of the financial instruments and their fair values

31 December 2025	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value	Note
Financial Assets					
Cash and cash equivalents	115.476.723	-	-	115.476.723	4
Trade receivables	27.447.677	-	-	27.447.677	8
Financial investments	-	-	186.245	186.245	5
Other financial assets	460.811	-	-	460.811	9
Derivative financial instruments	-	25.246	2.470	27.716	6
Financial Liabilities					
Borrowings	158.340.895	-	-	158.340.895	7
Trade payables	68.762.035	-	-	68.762.035	8
Other liabilities	3.479.578	-	-	3.479.578	9/19/23
Derivative financial instruments	-	58.183	155.497	213.680	6
31 December 2024					
Financial Assets					
Cash and cash equivalents	55.259.993	-	-	55.259.993	4
Trade receivables	26.463.914	-	-	26.463.914	8
Financial investments	1.586.209	-	178.085	1.764.294	5
Other financial assets	327.886	-	-	327.886	9
Derivative financial instruments	-	93.664	155.454	249.118	6
Financial Liabilities					
Borrowings	121.288.196	-	-	121.288.196	7
Trade payables	30.023.470	-	-	30.023.470	8
Other liabilities	3.380.029	-	-	3.380.029	9/19/23

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 Group 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 Group could realise in a current market exchange.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont'd)

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

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

Financial asset and liabilities at fair value		Fair value level as of reporting date		
	31 December 2025	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital and financial investment fund	184.661	-	184.661	-
Derivative financial assets	2.470	-	2.470	-
Derivative financial liabilities	(155.497)	-	(155.497)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	25.246	-	25.246	-
Derivative financial liabilities	(58.183)	-	(58.183)	-
Total	(1.303)	-	(1.303)	-

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont'd)

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

Financial asset and liabilities at fair value		Fair value level as of reporting date		
	31 December 2024	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital and financial investment fund	176.781	-	176.781	-
Derivative financial assets	155.454	-	155.454	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	93.664	-	93.664	-
Total	425.899	-	425.899	-

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.

NOTE 38 – SUBSEQUENT EVENTS

None.

NOTE 39 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Convenience translation to English:

As of 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.



TSRS Reports

284 Erdemir TSRS-Compliant Sustainability Report 2025
308 İsdemir TSRS-Compliant Sustainability Report 2025

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(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF EREĞLİ DEMIR VE CELIK FABRİKALARI TÜRK ANONIM SIRKETI AND ITS SUBSIDIARIES PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders of Ereğli Demir ve Celik Fabrikaları Türk Anonim Sirketi

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2025.

Our assurance engagement does not include other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2025, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information
The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:
- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the Group's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Group Management. Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

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Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information:

- Face to face interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

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

Didem Tuşel Özdoğan, SMMM
Partner

February 17, 2026
İstanbul, Türkiye

Erdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

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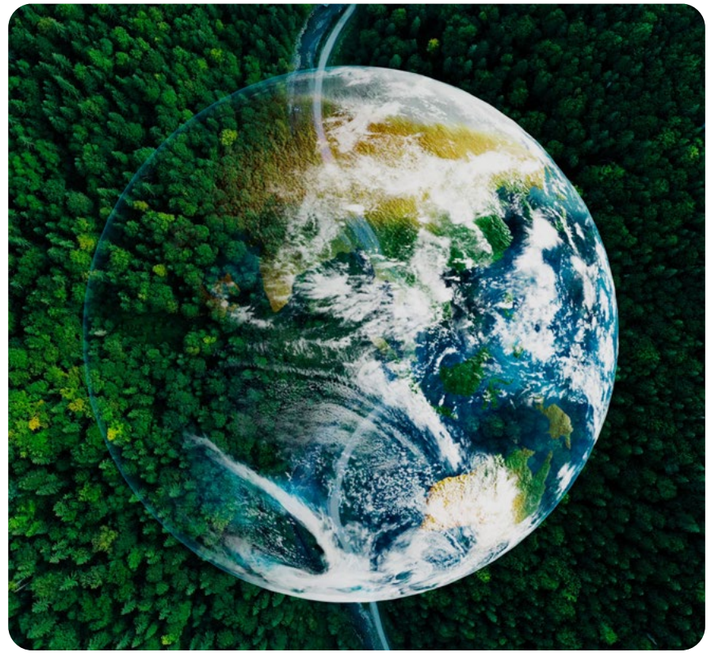
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1. Introduction



1.1. Preparation of the Report

1.1.1. Compliance with Turkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette on 29 December 2023, entered into force to be applied for reporting periods beginning on or after 1 January 2024. Erdemir, as the parent company Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir" or the "Company") and its subsidiaries, is subject to the regulations and supervision of the Capital Markets Board, and is required to report in accordance with TSRS Standards since it meets the criterion of exceeding at least two of the thresholds for two consecutive reporting periods.

This report has been prepared in line with the requirements set out in TSRS 1: General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2: Climate-related Disclosures. Erdemir has evaluated its entire value chain, including its core steel production activities, subsidiaries, and affiliates, and incorporated them within the scope of reporting unless stated otherwise.

Additionally, the sector-based guidance derived from the Sustainability Accounting Standards Board (SASB) Standards, maintained by the International Sustainability Standards Board (ISSB), has been considered within the scope of TSRS 2. Using professional judgement, Erdemir assessed the climate-related risks and opportunities relating to İsdemir, Kümaş and Ermaden—subsidiaries that represent a significant proportion of Erdemir's consolidated financial statements—using the relevant sector-specific guides. The 'Volume 9—Iron and Steel Producers' guide was used for Erdemir and İsdemir, while the 'Volume 10—Metals and Mining' guide was applied for Kümaş and Ermaden. The sustainability metrics recommended in both guides are largely aligned and are included in the Metrics and Targets section of this report. However, certain disclosures recommended in the 'Metals and Mining' guide—such as production of metal ores and finished metal products, total workforce numbers, contractor ratios, and instances of non-compliance related to water quality permits and regulations—were excluded because they are not related to the CBAM (Carbon Border Adjustment Mechanism) Carbon Pricing risk addressed in this report.

1.1.2. Financial Linkages with Disclosures

The sustainability and climate-related disclosures presented in this report have been prepared specifically for Erdemir and should be assessed together with the consolidated financial statements. The reporting period covers the 12-month period ending 31 December 2025, and the consolidated financial statements are aligned with this reporting period. Relevant financial information can be accessed through the audited 2025 12-Month Consolidated Financial Statements. [1]

[1] *https://www.erdemir.com.tr/en/investor-relations/reports-and-presentations/financial-statements*

Erdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

1.1.3. Timing of Reporting
Erdemir is preparing its sustainability report under the Türkiye Sustainability Reporting Standards (TSRS) for the second time for the reporting period ending 31 December 2025. As of 1 January 2025, the Company applies both TSRS 1 and TSRS 2 Standards for annual reporting periods.

1.1.4. Transition and Exemptions
According to the Board Decision published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette dated 30 December 2025, the transition exemptions granted to entities preparing their first TSRS-compliant sustainability reports in the 2024 reporting period have been extended for one additional year. Accordingly, Erdemir, which published its first TSRS report for the 2024 fiscal period, will continue to benefit from the exemptions specified under paragraphs E5 and E6(b) of TSRS 1, except for paragraph E4, during the 2025 reporting period. These exemptions support a smoother transition toward full compliance with the Standards.

- Similar to the first annual reporting period in 2024, Erdemir has exercised the exemption and reported only climate-related risks and opportunities (in accordance with TSRS 2) for the 2025 reporting period. Accordingly, Erdemir has applied TSRS 1 requirements only to the extent that they relate to climate-related risk and opportunity disclosures. For this reason, the preparation of this report focused exclusively on climate change-related risks and opportunities. However, information regarding governance, strategy and risk management approaches covers all sustainability matters, including climate-related topics.
- In the 2024 reporting year, Erdemir and all its subsidiaries measured their greenhouse gas emissions in accordance with the Türkiye Monitoring, Reporting and Verification (MRV) Communiqué, benefiting from the transition provision under TSRS 2 Appendix C4(a). With the end of this exemption in 2025, Erdemir and all its subsidiaries measured their 2025 emissions in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). These results are presented comparatively in the Metrics and Targets section of this report.
- In accordance with the "Temporary Article 3 – Transition Provision on Exemptions from Disclosure Requirements" included in the KGK's 'Board Decision on the Scope of TSRS Application' published in the Official Gazette on 29 December 2023, entities are not required to disclose Scope 3 greenhouse gas emissions during their first two annual TSRS reporting periods. Erdemir has made use of this exemption.
- Furthermore, in the Board Decision issued by KGK on 30 December 2025 regarding exemptions, Erdemir did not utilize the exemption under Article E4 of TSRS 1, and therefore published its 2025 TSRS report together with the financial statements for the fiscal period 1 January – 31 December 2025.

1.2. Reporting Boundaries and Measurement Approach

Erdemir applies the equity share approach when defining organizational boundaries for the reporting of greenhouse gas emissions. Under this approach, the emissions of subsidiaries are accounted for based on Erdemir's ownership share. This method is applied to Scope 1 and Scope 2 emissions reporting. Emissions from the jointly controlled entity İsdemir Linde Gaz Ortaklığı are included within İsdemir's emission calculations.

Accordingly, Erdemir has aligned the methodology used in its financial statement consolidation with the methodology used for reporting greenhouse gas emissions. The same consolidation logic is applied consistently across both financial and sustainability reporting frameworks.

2. About Erdemir

2.1. Erdemir's Field of Activity and Value Chain

2.1.1. Erdemir's Field of Activity
Erdemir, consisting of its parent company Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries under effective management, is Türkiye's first and largest flat steel producer, having begun production on 15 May 1965. Leveraging its extensive experience, Erdemir produces hot- and cold-rolled flat steel, plate, tin, chrome, and galvanized coated sheet steel that meets international quality standards. Erdemir's products serve as essential inputs for numerous sectors including automotive, white goods, pipe and profile, rolling, general manufacturing, electrical-electronics, machinery, energy, heating equipment, shipbuilding, defense, packaging, and renewable energy.

Among its subsidiaries are: İsdemir—the only integrated producer in Türkiye capable of producing both flat and long steel; Erdemir Çelik Servis Merkezi, which provides customized sizing and services for steel users; Erdemir Maden, owner of Türkiye's first and only iron ore pelletizing facility; Erdemir Engineering, offering engineering services from technical design to commissioning; Kümaş Manyezit, the world's largest magnesite mining operator and Türkiye's market leader in the refractory sector; Yenilikçi Yapı Malzemeleri, engaged in recycling activities; Erdemir Romania, which supplies electrical steel to the European market; and Erdemir Asia Pacific, responsible for operations in the Far East. Additionally, İsdemir Linde Gaz Ortaklığı meets İsdemir's industrial gas needs, and Erdemir Enerji is engaged in renewable energy production.

Erdemir's shares have been traded on Borsa İstanbul since its establishment in 1986. The Company's registered address is Barbaros Mahallesi Ardıç Sokak No:6 Ataşehir/İstanbul.

In 2025, the companies included in consolidation, their principal areas of activity, and participation rates remained the same as in 2024.

COMPANY NAME	REGION OF OPERATION	FIELD OF ACTIVITY	2025 EFFECTIVE OWNERSHIP (%)
İSKENDERUN DEMİR VE ÇELİK A.Ş.	Türkiye	Integrated Iron and Steel Production	94.87
ERDEMİR MADENCİLİK SAN. VE TİC. A.Ş.	Türkiye	Iron Ore, Pellet	90
ERDEMİR ÇELİK SERVİS MERKEZİ SAN. VE TİC. A.Ş.	Türkiye	Steel Service Center	100
ERDEMİR MÜHENDİSLİK YÖN. VE DAN. HİZ. A.Ş.	Türkiye	Management and Consultancy	100
ERDEMIR ROMANIA S.R.L.	Romania	Electrical Steel Production	100
ERDEMIR ASIA PACIFIC PRIVATE LIMITED	Singapore	Commercial Activities	100
ERDEMİR ENERJİ ÜRETİM A.Ş.	Türkiye	Renewable Energy Production	100
İSDEMİR LİNDE GAZ ORTAKLIĞI A.Ş.	Türkiye	Industrial Gas Production and Sales	47
KÜMAŞ MANYEZİT SANAYİ A.Ş.	Türkiye	Magnesite Ore, Refractories	100
YENİLİKÇİ YAPI MALZEMELERİ VE ÜRETİM SAN. TİC. A.Ş.	Türkiye	Recycling, Special Purpose Operations	100

Erdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

2.1.2. Erdemir's Business Model and Value Chain

Erdemir has evaluated its entire value chain—including its subsidiaries and affiliates—while preparing its climate-related financial disclosures. To deliver its iron and steel products, Erdemir relies on a wide range of resources and engages with numerous organizations and stakeholders. These stakeholders include suppliers of raw materials necessary for production activities, providers of facilities and equipment, employees, consultants, logistics companies that collaborate for product distribution, and customers who purchase the products. Accordingly, a broad range of activities and stakeholders are involved across the value chain, both upstream and downstream.

Erdemir's upstream and downstream value chain relationships are as shown below:

		Explanation and Definition	Geographical Location
Upstream Value Chain	Suppliers	Solid Fuel	USA, Australia, Indonesia, Colombia, Italy, Local
		Scrap Supply for Steel Production Process	USA, United Kingdom, European Union, Baltic States, Local
		Ore	Brazil, Norway, Australia, South Africa, Local
		Ferro & Auxiliary Material	European Union, India, China
		Finished & Semi-finished Product	Local
Operations	Auxiliary Functions	Central Units (HR, Finance, IT, etc.) Structure, Management, R&D, Sustainability,	Ereğli, İskenderun
		Electricity	
		Natural Gas	
		Water	
		Insurance	
		Public & Other	
	Port & Logistics & Warehousing	Solid Fuel, Ore, Scrap, Ferro, Auxiliary Material, Finished Product, Semi-Finished Product	Ereğli, İskenderun
	Production	Ereğli Demir Çelik Fabrikaları	Ereğli
		İskenderun Demir Çelik Fabrikaları	İskenderun
Downstream Value Chain	Customers	Erdemir Steel Service Center	Türkiye
		Erdemir Romania	Romania
		Automotive	Türkiye
		Merchants and Service Centers	Türkiye
		General Manufacturing Industry	Türkiye
		Pipe Profile and Rolling	Türkiye
		Export	European Union, MENA, North America

3. Governance

3.1. Erdemir Sustainability Governance Structure

Erdemir's governance of issues related to sustainability and climate change is handled with the highest level perspective, starting from the Board of Directors level. This governance structure encompasses the evaluation of risks and opportunities associated with sustainability and climate strategies, policies, and targets. The Board of Directors is supported by the Early Detection of Risk Committee (EDRC) on sustainability and climate-related risks and opportunities.

3.2. Board of Directors

Erdemir's sustainability and climate risks and opportunities are monitored and managed by the Board of Directors at the highest level. The Board is responsible for approving sustainability and climate-related policies, strategies and targets in line with short, medium and long-term business objectives. The Board of Directors also ensure that the sustainability strategy is integrated with the Company's overall business model and long-term goals.

The Board of Directors evaluates sustainability and climate issues at its biannual meetings. The Board addresses sustainability and climate-related issues within the framework of the Company's strategy, performance targets and risk management processes and assesses the alignment of these factors with the Company's short, medium and long-term goals.



In investment feasibility studies, sustainability and climate-related risks and opportunities are taken into consideration, and the quantitative analysis outputs developed for these matters are incorporated into decision-making processes. In addition, the Board plays a role in shaping financing and capital allocation decisions, guiding the strategic steps for reducing carbon emissions, and overseeing the process through the action plans it approves.

The Erdemir Board of Directors evaluates climate risks and opportunities together with financial and operational returns in strategic decisions and long-term planning. Decision-making processes consider a balance between the short-term return of a high/low carbon emission investment and long-term sustainability goals. The Board discusses such trade-offs to determine the most appropriate balance for the Company. Taking all this into account, it has defined the Net Zero Roadmap.

During the meetings held in 2025, the Board members were briefed on the latest developments regarding the Carbon Border Adjustment Mechanism (CBAM), the Türkiye Climate Law, the Türkiye Emissions Trading System (ETS), the green transition, and other relevant sustainability and climate-related matters. These briefings support the Board's decision-making processes and enhance their awareness of sustainability management.

Our Board members possess extensive experience across industry, corporate management, and academia. The Early Detection of Risk Committee (EDRC), composed of independent Board members, was briefed on sustainability and climate change matters during two meetings held in 2025 (three meetings in 2024). As a result, the Committee's capability to oversee sustainability and climate-related risks has been strengthened, incorporating the latest developments.

Erdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

The Company plans to provide briefings on sustainability and climate change topics during two RESK meetings in the upcoming year. The Board of Directors has the necessary skills and competencies to effectively oversee sustainability and climate-related risks and opportunities. RESK members have long-standing backgrounds in senior executive roles, board memberships, and academic careers across various companies. Detailed background information[2] of the Board members are available through this link. Sustainability and climate-related performance metrics are set as targets and monitored through the Company scorecards. There is no direct linkage between these targets and the compensation of senior executives.

3.3. Early Detection of Risk Committee

At Erdemir, sustainability and climate-related risks and opportunities are regularly assessed by the Early Detection of Risk Committee (EDRC). Within the scope of regulatory and legal requirements, the Committee early identifies risks that may threaten the existence, development and continuity of the Company, takes the necessary measures and ensures effective management of risks. The Committee analyzes all risks in line with the Company's risk appetite and strategic priorities and reports to the Board of Directors.

EDRC is composed of two Independent Board Members. The Committee, as in the previous reporting period, convenes six times a year to evaluate risks and opportunities across strategic (economic, political, reputational, climate change, and sustainability, etc.), financial, operational, and compliance categories, and provides regular updates to the Board of Directors. In the meetings held on 12 February and 4 August 2025, the Committee addressed topics related to the green transition and sustainability, as well as CBAM, the Türkiye ETS, and the insurance implications of climate change, and presented its findings to the Board of Directors.

Defined controls and procedures are in place to support the management of sustainability and climate-related risks and opportunities, and the Risk Management Procedure is used to ensure the effectiveness of these processes. In this context, it is ensured to work in harmony with the Company's overall strategic and risk management processes. Risk management practices are continuously reviewed by integrating them with other internal functions, and recommendations for improving these processes are submitted to the Board of Directors.

3.4. Corporate Risk Management Directorate

The Corporate Risk Management (CRM) Directorate initiates and monitors risk management activities for targets and processes in critical areas across the central function, subsidiaries and the value chain.

The Corporate Risk Management Directorate carries out the processes of identifying and assessing risks in coordination with business units, taking into account sustainability and climate-related risks, reports these processes with a proactive approach, updates risk inventories, and monitors and evaluates critical risks. In addition, the Directorate ensures the follow-up of the actions taken for the identified risks and maintains effective risk management practices.

3.5. Internal Audit

The Internal Audit function ensures that corporate risk management activities, including sustainability and climate-related matters, are carried out in accordance with applicable national and international legislation and standards, as well as the Company's strategies, policies, procedures, principles and objectives. In addition, by assessing the effectiveness and adequacy of first-line controls and second-line process and risk management systems, it provides assurance to senior management. In this regard, the Internal Audit function conducts an annual risk assessment for all audit elements and prepares the audit plan by considering the risk level of the processes, the date of the last audit, and other relevant factors.

[2] *https://www.erdemir.com.tr/kurumsal/yonetim/yonetim-kurulu*

4. Strategy

4.1. Climate-Related Risks and Opportunities

Climate change is not only an environmental issue, but also one of the greatest global challenges of our time, profoundly affecting economic systems and social structures. Unless the necessary steps are taken quickly to limit the global temperature rise to 1.5°C in line with the Paris Agreement, there is an increasing risk that the environmental, economic and social impacts will reach an irreversible point. Aware of these risks, Erdemir acts with a strong sense of responsibility in the fight against climate change. In addressing climate change, Erdemir aims to align its actions with its long-term value-creation objective and place its economic and social impacts on a sustainable basis.

Erdemir has identified, assessed and prioritized the climate-related risks and opportunities that are expected to reasonably affect the future in the short, medium and long term. In line with the timelines used in its strategic decision-making processes, Erdemir has defined the time frames in its sustainability and climate-related risk assessment processes as follows: short term 0–1 year, medium term 2–5 years and long term 5–10 years.

Short term	0-1 year
Medium term	2-5 years
Long term	6-10 years



The identified climate risks and the analyses performed are part of a consolidated risk assessment carried out in accordance with the Corporate Risk Management practices covering Erdemir and all its subsidiaries. The risk tolerance level is determined by taking into account key parameters such as EBITDA (3%–5%), working capital, cash flow, revenue, total assets, equity and gross profit.

A consolidated risk inventory covering all risks and opportunities across Erdemir and all its subsidiaries has been established. Within this inventory, the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk — one of the sustainability and climate-related risks and opportunities — has been classified at level 4 (major) in the long term on Erdemir's five-point risk impact scale. Although it is not foreseen to have a critical impact on Erdemir, it has been disclosed as it is closely monitored by other companies in the sector and by investors.

In addition, with the publication of the Türkiye Climate Law in the Official Gazette on July 9, 2025, it was decided to establish an Emissions Trading System. The years 2026 and 2027 have been designated as the pilot period, during which a 100% free carbon allowance will be allocated for each sector. During the pilot period, Türkiye ETS is not expected to have an adverse impact on Erdemir.

Other climate-related risks and opportunities have not been included in the report, as they were not assessed as significant. All identified risks are prioritized and reported within the framework of a matrix, and changes in risk levels are regularly monitored.

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4.1.1. CBAM Carbon Pricing

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing		
Risk Category	Transition Risk - Policy & Legal Risk		
Risk Definition	The Carbon Border Adjustment Mechanism (CBAM) is an arrangement that enables the imposition of carbon costs on imports into the European Union (EU) from non-EU countries, particularly for carbon-intensive products. The CBAM entered into force in October 2023, and a transitional period was implemented until the end of 2025. In December 2025, the European Commission published the CBAM implementation legislation in order to effectively operationalize this transition. Erdemir has addressed the CBAM risk in line with the scenario that the financial implementation period will begin in 2026, and has started to assess, monitor and report this risk as of 2024. The CBAM covers the import of emission-intensive products and introduces carbon pricing for sectors such as iron and steel, cement, electricity, fertilizers, aluminum and hydrogen, requiring importers in the EU to purchase CBAM certificates against the embedded and indirect emissions of these products. As the iron and steel sector requires a production process that is associated with high carbon emissions, the impact of the CBAM in the baseline scenario is a closely monitored risk component for companies in the sector. Companies exporting steel and iron to the EU have begun to face uncertainties in the pricing of their EU bound products due to the carbon costs linked to the emissions of their production processes under this regulation. This situation puts pressure on product pricing and makes maintaining a competitive advantage more challenging, thereby starting to affect their profitability as of 2026. For the reasons explained above, Erdemir — as a producer of iron and steel outside the EU — and some of its local customers that export to the EU have also begun to face additional costs arising from the CBAM. In other words, the prices of steel products exported to the EU are being pressured due to the CBAM, which affects the Company's competitiveness. The CBAM risk particularly impacts the direct and indirect exports of Erdemir and İsdemir to the EU. Conversely, the impact is expected to remain limited due to the relatively small import volume of Erdemir Romania, and the fact that other subsidiaries either have low or no export activity or are not covered by the CBAM.		
Place in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short Term	Medium Term	Long Term
Term (Year)	0-1	2-5	6-10
Impact Scale	2 (Minor)	3 (Moderate)	4 (Major)
Impact Based on Long Term EBITDA Expectation	1.6%	2.0%	2.4%
Probability	5	5	5
Current Risk Score	10	15	20

Climate Resilience	Based on the climate scenarios developed in the studies of the International Energy Agency (IEA), the Sustainable Development Scenario (SDS) presented in the report "Iron and Steel Technology Roadmap: Towards more sustainable steelmaking" serves as an important reference for the iron and steel sector and for technological green-transition pathways. The IEA's SDS scenario is also aligned with the temperature-limitation goals of the Paris Agreement. In the IEA analysis, short-term, medium- to long-term, and long-term periods are used. In the short term, the largest contribution comes from technology performance improvements and material efficiency within conventional production routes. In the medium and long term, carbon capture, fuel switching, and the transition from coal to natural gas, hydrogen and bioenergy play a major role. While preparing the green transformation Net Zero Roadmap, Erdemir evaluated in detail the low CO_2 emission and emission-free green production technologies included in the SDS. The macroeconomic trends included in the IEA analysis have guided Erdemir's net-zero pathway. The production and energy technologies identified in the roadmap have been selected to enhance Erdemir's resilience and flexibility to the impacts of climate-related risks. In determining its Net-Zero Strategy, Erdemir has aligned its targets with the timeframes used in the scenario analysis, setting 2030 as the short term, 2040 as the medium term, and 2050 as the long term. The scenario analysis has been applied to the parent company Erdemir and its subsidiary İsdemir, and the net-zero roadmap has been developed for these two companies. Electric Arc Furnaces (EAF) and Solar Power Plants based on circular generation play an important role in combating climate risks. Also expanding the range of solutions are Direct Reduced Iron (DRI) plants that can run on both natural gas and green hydrogen, and carbon capture and storage technologies for emissions that cannot be avoided. In addition, Erdemir and İsdemir determined the emission reduction targets in the net zero roadmap in 2023 and announced them at the beginning of 2024, taking into account the Faster Innovation Case scenario in the IEA's subject report, in which production technologies with a Technology Readiness Level-TRL currently low are rapidly developed and addressed in order to achieve net zero emissions by 2050. On CBAM risk analyses, Erdemir takes into account the scenarios defined by the IEA, particularly the STEPS scenario and the NZE scenario published in 2021, which is based on achieving net-zero emissions by 2050, as well as the CPS, STEPS and NZE scenarios updated annually under the World Energy Outlook. The Current Policies Scenario (CPS), the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) included in the IEA's World Energy Outlook 2025 study have been used as inputs in Erdemir's CBAM risk-calculation models. The CPS scenario assumes the continuation of only the currently implemented policies and therefore presents an outlook in which carbon prices remain limited, demand for fossil fuels — particularly coal — remains relatively high, and energy-price volatility persists. The STEPS scenario includes the policy commitments announced by governments but not yet fully implemented; in this scenario, carbon-pricing mechanisms are expected to strengthen gradually, coal use is projected to decline in the medium term, and energy-supply costs show regional variation.

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Climate Resilience	The NZE scenario is based on achieving global net-zero emissions by 2050 and assumes high and widespread carbon prices, a rapid phase-out of coal from the energy and industrial mix, and a sharp decline in fossil-fuel demand. According to the IEA, under the NZE scenario, investment in the transformation of the energy system increases, and in the long term, energy prices are expected to evolve toward a more predictable structure based on low-emission sources. Erdemir has integrated the carbon-price levels projected in these three scenarios, as well as the trends in demand and prices for coal and other fossil-fuel feedstocks and the structural changes in energy costs, into its financial and strategic analyses. In this context, Erdemir further detailed the model it developed last year; the IEA CPS, STEPS and NZE scenarios — together with the main price-change scenarios for other key inputs in the sector — have been used as a complementary reference set in Erdemir's assessments of climate risks, the transition process and long-term financial resilience.
Risk Vulnerable Business Activity	Our steel product sales to the European Union, which is among our export markets, fall within the scope of the CBAM regulations. The volume assessed within this scope corresponds to approximately 10% of our total sales volume.
Risk Impacts	**Uncertainty in Sales Price:** The CBAM and carbon pricing mechanisms directly and indirectly affect the prices of the Company's products exported to the EU. The uncertainty in prices leads to fluctuations in profit margins, making financial predictability more difficult. **Weakening of Competitiveness:** The high level of carbon emissions associated with being an integrated facility creates a disadvantage when competing with competitors that produce with lower carbon emissions. With increasing competition in the EU market, competitors that produce with low carbon emissions due to advanced production technologies may be less affected by the cost differences brought by carbon pricing, while companies like Erdemir, which operate carbon-intensive integrated iron and steel production, may need to reflect part of this additional burden in the prices of certain products. Consequently, in December 2025, the European Commission published a comprehensive package of CBAM implementation legislation to effectively operationalize this transition. In parallel with the gradual reduction of free allocations starting in 2026, all embedded emissions of products imported into the European Union will become fully subject to CBAM obligations by 2034. This increasing annual obligation may lead to adverse consequences. **Investment Delays:** Environments of financial uncertainty can lead to the postponement of investments in clean energy projects and sustainable production technologies that have been identified to manage risk in a balanced way. Failure to make these investments on time will impact competitiveness and delay the transformation needed to reduce carbon emissions.
Potential Financial Impact	Based on the assessments conducted, no requirement has been identified to make any adjustment to the values of assets or liabilities in the financial statements due to climate-related risks and opportunities. Although quantitative studies have been carried out to measure the potential financial impact projected under the CBAM, the effects have been considered only as statistical-probability inputs due to the continued high level of uncertainty regarding the Türkiye ETS and other key assumptions. In this regard, when evaluated based on long-term EBITDA figures, the CBAM impact has been estimated to be 1.6% of EBITDA in the short term, 2% in the medium term and 2.4% in the long term. Based on estimates prepared by various financial institutions, the CBAM may create price pressure on Erdemir's and İsdemir's products that are sold directly or indirectly to the EU. As a result, a decline in annual sales revenues may occur. The financial dimension of this potential impact is monitored through the CBAM Impact Model.
Measurement Uncertainties	The calculations required to determine the emission values for 2025 under the CBAM methodology are still being carried out while this report is being prepared. The CBAM emission values for 2026 will be calculated at the beginning of 2027 and verified by an accredited institution whose conformity is recognized under EU legislation. However, it has been decided to conduct voluntary verification for the 2025 CBAM emission data. The CBAM impacts for 2026 may vary depending on emission levels, the price of CBAM certificates, the verification of supplier data and the feedback provided by verifiers. The wide range of projections regarding medium and long term carbon price levels, the uncertainty surrounding how the CBAM cost will be shared between importers and exporters in the medium and long term, the unclear extent to which the Türkiye ETS may mitigate CBAM related effects, and the inability to anticipate how the resulting new balances will influence the pricing of key raw materials and products create uncertainty for Erdemir's CBAM related measurements and judgements.
Precautions/Actions	Erdemir evaluates the period between October 2023 and December 2025 as the transition period under the CBAM legislation and continues its preparations for the financial impacts beginning in 2026. **Net Zero Roadmap** • Emission Reduction Targets: Scope 1 and Scope 2 emissions are targeted to be reduced by 25% per ton of crude steel by 2030 and 40% by 2040, with the aim of achieving "NET ZERO" by 2050. **Energy Transition and Technology Investments** • Green Energy Use: Projects to increase the use of renewable energy sources aim to reduce carbon costs. • Transition to Clean Technologies: Feasibility studies are being carried out to improve production technologies based on the best available techniques (BAT) and to commission new low-carbon technologies. **Regulatory Tracking and Interaction** • Legislation Observation: Regulations on CBAM are closely monitored and potential impacts are assessed. **Sustainability Governance** • Management and Decision Mechanisms: Specific decision-making mechanisms have been established to monitor and manage the risks arising from CBAM, and these risks are regularly reviewed and necessary actions are taken.
Cost of Responding to Risk	Erdemir is making investments aimed at reducing emissions in line with its sustainability vision and global climate objectives, and within this scope, it also aims to manage the obligations arising from the CBAM. Erdemir and İsdemir plan to carry out a comprehensive transformation investment program amounting to USD 3.2 billion (TRY 137.1 billion) by the end of 2030 in line with their low-carbon production targets. The total investment expenditure realized to date within this strategic transformation program has reached USD 243 million. A significant portion of these transformation investments is financed through borrowing within the framework of the Company's financing strategy. These amounts are reported under "construction in progress" and "advances given for fixed assets" within property, plant and equipment in the financial statements as of the reporting periods.

[3]*Details on the models and key assumptions used in climate scenarios — including the applicable time frames, model scope, macroeconomic trends, energy demand, demographics, changes in global parameters such as material efficiency, and global warming levels — can be found at the following link: https://www.iea.org/reports/global-energy-and-climate-model*

[4] *Details on the scenarios and key assumptions used in the CBAM risk analysis — including applicable time horizons and intervals, model scope, macroeconomic trends, energy demand, changes in global parameters such as raw-material costs, and similar factors — can be found at the following link: https://www.iea.org/reports/world-energy-outlook-2025*

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4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

Erdemir has announced its 2050 Net Zero Roadmap to contribute to Türkiye's goal of achieving net zero emissions by 2053 under the Paris Agreement. As one of the leading steel producers in Türkiye and worldwide, Erdemir will continue to maintain its leadership role in adapting to green transition processes.

Within the scope of its Net Zero Roadmap strategy, Erdemir has accelerated its decarbonization efforts to support a sustainable future. Innovative solutions are being developed in production processes to reduce greenhouse gas emissions, technologies that enhance energy efficiency are being implemented, and maximum benefit is derived from by product gases and waste heat generated during production. While efforts continue to increase the use of recyclable steel, research is being carried out on the use of biomass — which has a zero emission factor — at various stages of production processes.

Erdemir is committed to achieving its net zero emissions target by 2050 through decisive steps taken to increase energy efficiency and expand the use of renewable energy. In this context, based on 2022 as the reference year, Erdemir aims to reduce emissions per ton of crude steel by 25% by 2030 and by 40% by 2040, and to achieve net zero emissions by 2050. While supporting Türkiye's 2053 net zero emissions target, Erdemir utilizes existing and innovative technologies to strengthen its leadership in the decarbonization process.

Erdemir conducts analyses to identify the necessary actions to reduce greenhouse gas emissions and determines the improvement steps accordingly. In this regard, initiatives such as installing solar power plants, enhancing energy efficiency, increasing the share of scrap used in production, and utilizing HBI (hot briquetted iron) are being implemented to support emission reduction. In addition, by closely monitoring the development of low emission steel production technologies, Erdemir has developed its Net Zero Roadmap based on feasibility studies that include internal carbon pricing. Although carbon market fluctuations, changes in free allowances and tightening regulatory trends create a high degree of unpredictability and uncertainty, the shadow carbon price in the range of EUR 15–25 is used in feasibility studies as a necessary component for planning the required investments.

Erdemir is reshaping its activities in line with its "Green Journey of Steel" strategy to generate benefits for society and the environment, and aims to integrate sustainability and climate related risks and opportunities across all of its business processes. At the same time, Erdemir is committed to carrying out the identification and management of sustainability and climate related risks and opportunities in a manner aligned with national and international standards.

5. Risk Management

5.1. Sustainability and Climate Risk and Opportunity Assessment Process

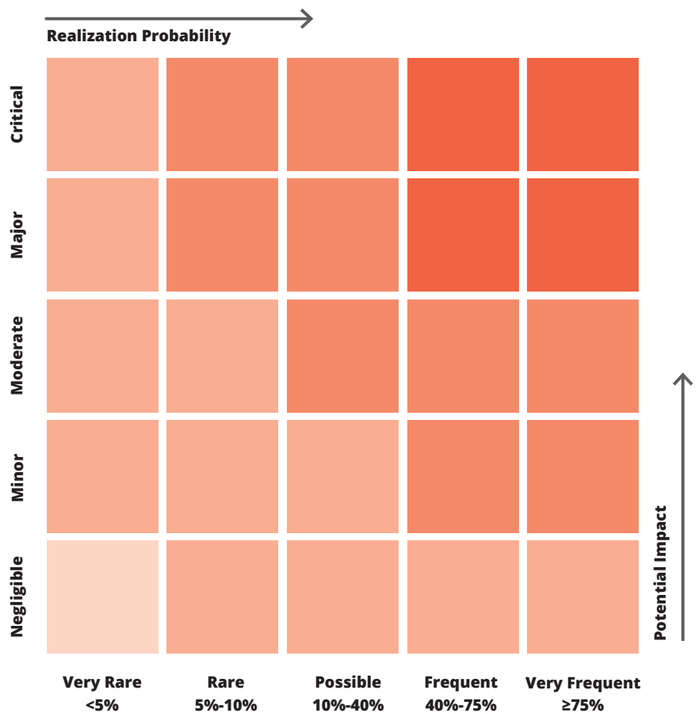
Erdemir has adopted the corporate risk management framework to identify, assess and manage sustainability and climate related risks and opportunities, and has integrated these processes into its overall risk management approach. The processes for managing sustainability and climate related risks and opportunities are defined in the Corporate Risk Management (CRM) Procedure. Within this scope, Erdemir also evaluates the opportunities that may arise from climate change as part of the CRM process. Risks are identified, prioritized and monitored in line with ISO 31000 Risk Management principles, the COSO ERM framework and good practices. Risks and opportunities of critical importance are continuously monitored, and the effectiveness of action plans is reviewed and recorded in the risk inventory.

The identification of sustainability and climate-related risks and opportunities is carried out using inputs such as historical climate data and market trends. These analyses are used to understand the long-term impacts of opportunities and assess their alignment with the Company's strategic objectives. Opportunities such as energy-efficiency projects and the development of low-carbon production technologies are identified and presented to senior management. These opportunities are ranked according to their significance, and detailed planning is undertaken for those prioritized. This process has continued in the same manner as in the previous reporting period.

5.1.1. Determining Risk Tolerance and Risk Appetite
Risk tolerance refers to our capacity to absorb financial losses; risk appetite refers to the highest acceptable level of risk. The impact scales created within the framework of these definitions are regularly reviewed by the Early Detection of Risk Committee.

5.1.2. Identification of Risks
Internal and external factors that may affect strategic objectives are systematically analyzed, and operational disruptions, compliance risks and potential costs are taken into account. Identified risks are integrated into the corporate risk management framework and monitored.

5.1.3. Prioritization of Risks
Risks are prioritized based on impact, likelihood and maturity criteria through scenario analyses and expert opinions. The potential financial, environmental and regulatory effects of sustainability and climate related risks are evaluated, and possible implications for strategic planning are assessed accordingly. Risks scored as "Very High" and "High" are closely monitored by senior management. Risks are assessed using a five point scale (1 Negligible, 2 Minor, 3 Moderate, 4 Major, 5 Critical) and are scored according to an impact likelihood matrix. In this context, the Carbon Pricing risk under the Carbon Border Adjustment Mechanism (CBAM) has been assessed at level 4 on the five point scale; although it is not expected to have a critical impact on Erdemir, details regarding this risk have been included in the Climate Related Risks and Opportunities section, as it is closely monitored by other companies in the sector and by investors. Other climate related risks are considered lower priority. All identified risks are prioritized and reported within the framework of a matrix, and changes in impact likelihood levels are regularly monitored.



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5.1.4. Modeling of Risks
Erdemir uses risk modeling processes to understand the impact of prioritized risks and to determine their financial implications. The company's climate-related risks are analyzed with inputs such as greenhouse gas emissions, production data and free allocation reduction levels, and different scenarios are prepared in line with evolving information. This process is expected to produce outputs in the coming periods in line with the 2050 Net Zero Roadmap.

5.1.5. Risk Improvement
Within the scope of risk management, identified risk owners review their risks. Remedial actions to address identified risks are included in the investment plans.

5.1.6. Monitoring and Reporting of Risks and Opportunities
Risks and opportunities are continuously monitored and updated in line with local and global developments. The Company regularly tracks and updates sustainability and climate-related risks and opportunities in accordance with defined metrics and targets. The monitoring of sustainability and climate-related risks is carried out within the framework of specific performance indicators, and action plans and policies are revised based on these indicators. This process contributes to strategic decision-making related to climate change within the Company's overall risk-management framework. Compared with the previous reporting period, the parameters related to the CBAM risk described above have been examined in greater detail, international developments have been monitored, and expert input has been obtained throughout the year.

5.1.7. Evaluation of the Risk Management Process
The risk-management process is reviewed every two years to enhance the Company's existing capabilities and to evaluate its strategies for responding to risks. The risk-management process was most recently reviewed in 2024, and the next assessment is planned for 2026. Effectiveness analyses are carried out based on data obtained from internal and external sources, and continuous improvement is ensured.

6. Metrics and Targets

Erdemir has set emission reduction targets in order to minimize the additional cost risk arising from the CBAM and has outlined the actions it will take until 2050 through its Net Zero Roadmap. This roadmap, which includes the investments and projects planned along the company's net-zero journey, has been transparently shared with the public. It also aims to contribute to Türkiye's 2053 net-zero commitment under the Paris Agreement.

The Erdemir Net Zero Roadmap was announced in 2024, and no changes have been made to the current targets. Should any updates occur in the coming years, such revisions will be disclosed in subsequent annual reports. The Net Zero Roadmap can be accessed via this link. [5]

In CBAM risk calculation modelling, greenhouse gas emission data have been evaluated on a product-specific basis in accordance with the EU CBAM guidelines, forming the basis for the expected carbon cost.

6.1. Activity Metrics[6]

Production Volumes	2024	2025
Crude Steel Production (metric tons (t))	8,544,934	8,089,587
Percentage of Basic Oxygen Furnace Operations (Percent (%))	100	100
Percentage of Electric Arc Furnace Operations (Percent (%))	0	0
Total Iron Ore Production (metric tons (t))[7]	1,549,197	1,559,312
Total Coke Production (metric tons (t))	2,837,263[8]	2,980,777

[5] https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
[6] The activity metrics include crude steel production, iron ore production, and coke production data for Erdemir and İsdemir, which are consolidated within the reporting entity.
[7] Reported as the pellet production quantity.
[8] İsdemir's coke breeze production has also been included in the 2024 data

6.2. Climate-Related Metrics

6.2.1. Greenhouse Gas Emission Metrics (Absolute Gross)

Greenhouse Gas Emissions (Consolidated Group)[9]	2024[10]	2025
Scope 1 (tons CO_2eq) [11]	17,336,630	16,952,213
Scope 2 (tons CO_2eq) [12]	880,092	829,886
Total (Scope 1 and 2)	**18,216,722**	**17,782,099**

Erdemir has applied the equity share approach for the reporting of greenhouse gas emissions. Under this approach, the greenhouse gas emissions of its subsidiaries are calculated in proportion to the ownership share. The emissions of its jointly controlled entity, İsdemir Linde Gas Joint Venture, are included within İsdemir's emissions in the calculation. Erdemir has used the same consolidation method applied in its financial statements for the reporting of its greenhouse gas emissions data.

With the expiration of the transition exemption provided under TSRS 2 Annex C4(a), Erdemir began calculating its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) as of 2025, based on the emission data submitted for the 2024 reporting period under the Monitoring, Reporting and Verification (MRV) Communiqué.

Scope 1 and Scope 2 emissions of Erdemir's subsidiaries have been calculated within the framework of the GHG Protocol. Approximately 98% of Erdemir's consolidated greenhouse gas emissions originate from Erdemir and İsdemir. Accordingly, the calculation methodologies of Erdemir and İsdemir have been disclosed, whereas the methodologies for other subsidiaries are not presented due to their comparatively low emission levels. For the 2025 calculations, a "Calculation-Based Method" was applied. The standard methodology was used for combustion emissions and for process emissions associated with the limestone input stream, while a mass balance method was used for other input streams. For coal types that constitute the vast majority of total emissions (such as coking coal, battery blend coal, purchased coke, injection coal, etc.), emission factors are based on the analysis results generated by the laboratories located within the facilities (Coal and Coke Laboratory). Emission factors for limestone and iron-bearing or alloyed raw materials are determined according to the internal laboratory measurement results (Cold Rolling Mill Laboratory and General Chemistry Laboratory). For scrap steel, the emission factor determined by TÜİK and published by the Ministry of Environment, Urbanization and Climate Change in the document titled "Net Calorific Value (NCV) and Emission Factors (EF) Table for Those Using the National Inventory in Monitoring Plans and Emission Reports" is used as reference. Stoichiometric values are applied for acetylene, while the national emission factor (TÜİK Türkiye Greenhouse Gas Inventory 1990–2022, 2025) is applied for standard reference fuels such as diesel. In accordance with the requirements of the GHG Protocol, the 2025 emission calculations were carried out across all three scopes. The category-specific calculation factors are as follows:

Under Category 1.1 – Direct Emissions from Stationary Combustion, the largest emission source is natural gas consumed within the organizational boundaries. Activity data are obtained from invoices issued by the natural gas supplier. The calculation of emissions arising from natural gas consumption is based on the net calorific value and emission factor derived from data produced by the on site online gas chromatography system. For the calculation factors of other emission sources included under Category 1, the National Greenhouse Gas Inventory published by TÜİK and IPCC guidelines are used.

Under Category 1.2 – Direct Emissions from Mobile Combustion, the largest emission source is diesel fuel consumed by machinery operating within the organizational boundaries. Activity data are obtained through vehicle identification cards used at the fuel dispensers located within the facility. For the calculation factors, the National Greenhouse Gas Inventory published by TÜİK and IPCC guidelines are used.

[9] Consists of the parent company and its consolidated subsidiaries.
[10] In accordance with TSRS 2 C4(a), Erdemir measured its 2024 greenhouse gas emissions for the initial reporting period using a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004), namely the MRV methodology
[11] The Türkiye Emissions Trading System Regulation is currently in draft form. Since the regulation has not yet entered into force, the percentage of gross Scope 1 emissions subject to emissions-limiting regulations is currently 0.
[12] The Scope 2 greenhouse gas emissions presented in the table have been calculated and reported using the location-based method.

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Under Category 1.3 – Direct Process Emissions from Industrial Processes, the largest emission source is the use of blend coal, injection coal, and coke in the battery ovens within the organizational boundaries. Emission factors are based on the analysis results produced by the on-site laboratories (Coal and Coke Laboratory). Activity data are obtained from on-site weighing systems such as truck scales, rail scales, and similar measurement systems.

For the calculation of Scope 2 greenhouse gas emissions, the emission factor published in the most recent edition of "Türkiye Electricity Generation and Electricity Consumption Points (2023)" by the Ministry of Energy and Natural Resources of Türkiye is used.

Where applicable across all categories, global warming potentials (GWPs) from the IPCC AR6 Report are used.

As a fundamental distinction, greenhouse gas emission calculations in accordance with the MRV Communiqué focus solely on direct production related emissions within specific facility boundaries. In contrast, the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) is based on operational boundaries and therefore includes Scope 1 elements such as off site mobile sources, ensuring a complete reporting of emissions arising from all operational activities. Due to the characteristic structure of the iron and steel sector—where emission intensity is largely concentrated within core production processes—no significant deviation is observed in Scope 1 results.

Erdemir and its subsidiaries did not purchase or use any carbon credits during the reporting period. In future periods, carbon credit purchases may be considered to support the achievement of net greenhouse gas emission targets; however, the use of carbon credits, the carbon credit strategy, and implementation methods will be clarified in the upcoming period.

6.3. Other Sustainability Metrics

6.3.1. Energy Management

Energy Management	2024	2025
Total Energy Consumed (Gigajoules)	185,404,203	187,413,136
Grid Electricity (%)	3.89	4.40
Renewable Energy (%)	0.01	0.00
Total Fuel Consumed (Gigajoules)	178,181,319	179,217,869
Coal (%)	89.01	88
Natural Gas (%)	10.98	12

6.3.2. Water Management

Water Management	2024	2025
Total Water Withdrawn (Thousand Cubic Meters (m^3))	787,547	767,130
Total Freshwater Withdrawn (Thousand Cubic Meters (m^3))	85,719	84,879
Total Seawater Withdrawn (Thousand Cubic Meters (m^3))	701,828	682,251
Total Water Consumed (Thousand Cubic Meters (m^3))	145,491	136,226
Total Freshwater Consumed (Thousand Cubic Meters (m^3))	81,675	73,764
Total Seawater Consumed (Thousand Cubic Meters (m^3))	63,816	62,462
Water Withdrawn in Areas of High or Extremely High Baseline Water Stress (%)	47.3	56.0
Water Consumed in Areas of High or Extremely High Baseline Water Stress (%)	49.6	55.2

In the 2024 reporting period, Erdemir utilized the web-based ThinkHazard! Portal—provided by the Global Facility for Disaster Reduction and Recovery (GFDRR), a global initiative supported by the World Bank Group—for analyzing and reporting water stress risks. However, in line with continuous improvement of reporting quality and alignment requirements, the WRI (World Resources Institute) Aqueduct Water Risk Atlas has been used for water stress assessments as of 2025. This change was implemented by taking into consideration the recommendations and guidance included in TSRS 2 Annex Volume 9 – Iron and Steel Producers. The metric "Water Withdrawn in Areas of High or Extremely High Baseline Water Stress (%)" reported for 2024 has been recalculated using the WRI Aqueduct methodology within this reporting period, and the corrected 2024 value has been updated in the table accordingly.

In line with the recommendations included in TSRS 2 Annex Volume 9 – Iron and Steel Producers, it was decided to disclose the metric "Water Consumed in Areas of High or Extremely High Baseline Water Stress (%)" in this reporting period. The values for 2024 and 2025 have been incorporated into the table.

Thanks to the enhanced datasets provided by the WRI Aqueduct tool, Erdemir has been able to assess the level of water stress exposure for its operational facilities located in different geographical regions on a location specific basis.

The WRI Aqueduct methodology evaluates water stress using a scoring scale ranging from 0 (Low) to 5 (Extremely High), based on the ratio of total annual water withdrawal to available renewable water resources (the amount of water naturally replenished into the system each year). Through this scoring system, Erdemir evaluated all of its operational locations and identified activities that withdraw and consume water particularly in areas with High (4) and Extremely High (5) Baseline Water Stress. The percentage of water withdrawn and consumed in High or Extremely High Baseline Water Stress areas is disclosed in the water management table as a metric, calculated as the proportion of total water withdrawn and consumed by Erdemir and its subsidiaries.

6.3.3. Supply Chain Management

During raw material procurement planning and supplier agreement processes, various factors are assessed, including geopolitical risks; customs and environmental regulations in both the miners' countries and Türkiye; miners' access to financing in their respective countries; mining permit procedures; local taxes on mining products; extreme weather events and broader climatic factors; as well as potential risks throughout the entire logistics chain during transportation from the mine to ports and from these ports to Türkiye.

Additionally, factors such as sanctions imposed on manufacturers, company owners, ports, and certain commodities are also taken into consideration. In this context, information is obtained regarding environmental and social issues encountered in the countries where supplier companies operate, and the current situation is closely monitored through global media sources.

Furthermore, iron ore production activities carried out within Erdemir are regarded as a structural risk-mitigating factor in managing these procurement risks. Under the mining operations conducted by Ermaden, Erdemir's subsidiary, approximately 2.4 million tons of iron ore are produced annually. This production reduces Erdemir's dependence on external sources for raw material supply and supports supply security.

Additionally, with the planned pelletizing investment at the Bingöl-Avnik iron ore site, Ermaden's iron ore production capacity is expected to increase significantly. Once this investment is completed, it is anticipated that the potential impacts on Erdemir of environmental and social risks arising from geopolitical developments, global commodity crises, logistical disruptions, and trade restrictions in iron ore supply will be mitigated.

In this context, the backward integration strategy is regarded not only in terms of cost and supply continuity, but also as an important risk management tool for more effectively monitoring, controlling, and managing environmental and social risks within the supply chain.

6.4. Strategic Initiatives and Target on the Path to Net-Zero Emissions

Erdemir's Net-Zero Roadmap is a transition plan aimed at reducing the company's carbon emissions to zero by 2050. This plan outlines the steps the company will take to achieve its sustainability objectives and includes action plans that will be implemented systematically. Throughout its green transformation journey toward achieving net-zero emissions by 2050, Erdemir will continue to take determined steps toward a sustainable future through improvement initiatives and investments focused on reducing carbon emissions.

Erdemir aims to reduce its combined Scope 1 and Scope 2 emissions per ton of crude steel by 25% by 2030, compared with the 2022 base year, through Solar Power Plants (SPP), Electric Arc Furnace (EAF) investments, energy efficiency initiatives, and biomass projects. Through Direct Reduced Iron (DRI) projects initially operating with natural gas, the company also targets a 40% reduction by 2040. With the availability of green hydrogen, DRI facilities operating with this resource—together with carbon capture and storage (CCS) projects—are expected to support the achievement of the net-zero emissions target by 2050. Short-, medium-, and long-term strategies developed to achieve these targets are detailed below. Erdemir's intensity-based emission reduction targets for 2030 and 2040 and its absolute emission reduction target for 2050 are presented in the Net-Zero Roadmap.

Considering that approximately 98% of total greenhouse gas emissions originate from Erdemir and İsdemir, and that these two companies are the primary entities exposed to CBAM (Carbon Border Adjustment Mechanism) risks, the targets outlined in the Net-Zero Roadmap have been defined specifically for these companies.

The jointly established performance indicator and reduction target for Erdemir and İsdemir is as follows:

Performance Indicator	Unit	Base		Reduction Target vs. Baseline (%)		
		Gross Value	Year	2030	2040	2050
Total Scope 1–2 Greenhouse Gas Emissions	tCO_2/ TCS*	2.2	2022	25%	40%	Net Zero

** TCS-Ton Crude Steel*

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Under the Net-Zero Roadmap, 2030 has been identified as the first target year for quantitative greenhouse gas emission reductions. For this reason, quantitative progress data for the period up to 2030 carry limited significance, and no notable improvement in emission performance should be expected during this timeframe. This does not indicate a lack of progress toward the targets; on the contrary, the activities carried out during the interim period reflect a focus on establishing the infrastructure, capacity, and technological investments that will enable measurable reductions in 2030 and beyond.

The established net-zero targets have not been verified by third parties, and no revisions have been made to these targets at this stage. The review of the targets is conducted in line with market conditions, technological developments, and the progress of the relevant investments. Accordingly, when a need arises to update the targets, any such changes will be reported transparently.

6.4.1. Electric Arc Furnace Investment

The Electric Arc Furnace (EAF) is a steel production method that enables the melting of scrap metal through an electric arc. This technology offers an energy-efficient production process, particularly by increasing scrap usage and enhancing recycling practices.

Erdemir currently produces all of its steel using the Basic Oxygen Furnace (BOF) route; however, it also plans to produce using Electric Arc Furnace (EAF) technology. The EAF investment is expected to deliver a significant reduction in greenhouse gas emissions.

Regarding the Electric Arc Furnace investment planned to be completed by 2030, feasibility analyses and technology selection assessments are being carried out meticulously, taking into consideration evolving market dynamics and current conditions.

6.4.2. Energy Efficiency Initiatives

Erdemir is implementing significant projects and investments across various areas to achieve its net-zero emissions target by 2050. Systematic improvements are being carried out to enhance energy efficiency in production processes, supporting the reduction of greenhouse gas emissions. By using its own resources more efficiently, the company aims to reduce external dependency and maximize overall energy efficiency.

Under the "Net-Zero Roadmap" published in 2024, information regarding the current status of projects is shared as of 2025 within the scope of "Erdemir Energy Efficiency Initiatives." A technology assessment study is being conducted for the Coke Dry Quenching System Project. The No. 10 Turbo Generator Project was commissioned at the Erdemir Power Plant in 2024, enabling more efficient energy generation. The Waste Heat Boiler for the No. 2 Slab Furnace was also commissioned in 2024; through this project, steam is produced by utilizing the temperature of flue gases, thereby enhancing energy efficiency. Within the scope of the Erdemir-Designed Drive Application Project, 100 AC motor drives have been manufactured, and 56 fan and pump systems have been modernized, resulting in energy savings. Commissioning activities for the remaining 44 drives are ongoing. As part of the PCI Facility Drive Application Project, the medium-voltage motor and drive unit for Pulverized System No. 2 and Main Fan No. 2 were purchased, installed, and commissioned in 2025, completing the project. The New Turbo Blower Project was completed and commissioned in January 2025, enabling more efficient hot blast production for the blast furnace. Under the APC Application Project in the Air Separation Units, advanced process control (APC) was commissioned at Air Separation Unit No. 6, aiming to optimize process parameters—without altering production levels—and thereby reduce air consumption and electricity usage. Testing, validation, and improvement activities for APC forecasting models are ongoing. Under the Drive-Controlled Blast Furnace No. 1 Stove Fan Project, it has been decided to relocate the fan, and revisions to the fan body will be carried out; related works are in progress. Oxy-fuel combustion technology was commissioned in Erdemir's slab furnaces in September 2025. Through this project, excess oxygen is utilized in the slab furnace combustion system, improving overall efficiency. All completed projects continue to contribute to Erdemir in alignment with their intended objectives.

6.4.3. Solar Power Plant (SPP) Investments

Solar Power Plant (SPP) projects play a critical role in emission reduction and in advancing sustainable production processes. Through these investments, the company aims to achieve emission reductions compared to the 2022 base year emissions and significantly decrease its dependence on fossil fuels.

Within the scope of the Van and Malatya SPP projects outlined in the Net Zero Roadmap, solar power plants with a total installed capacity of 424 MWp will be established, with an expected annual electricity generation of 770,000 MWh. Work is commencing on sites where legal procedures—such as project approval, Environmental Impact Assessment (EIA), and zoning permissions—have been completed. Construction activities began in 2025 at the project locations in the province of Van.

6.4.4. Biomass Utilization

Biomass utilization is an important strategy for steel producers in reducing dependence on fossil fuels and lowering greenhouse gas emissions. Biomass is a renewable energy source derived from organic waste, and as an alternative with a zero emission factor, it has significantly lower environmental impacts compared to traditional coal use. This approach not only reduces the carbon footprint of production processes but also supports the development of a sustainable energy supply model. From a greenhouse gas emissions management perspective, biomass utilization—particularly when replacing coal, which results in high carbon emissions—helps steel producers progress toward their net zero emission targets.

In line with the 2050 net zero emission target, significant steps are being taken to increase biomass utilization. In this context, it is planned to gradually increase the use of biomass—an alternative with a zero emission factor—in place of coal, thereby achieving a substantial reduction in emissions. A pilot pyrolysis plant has been established, where raw biomass is processed through the stages of processed biomass, pyrolysis, and carbonization to produce biochar. Through this project, reductions in coal consumption are targeted across several processes, including reducing the use of fossil coal in the Coke Plant, decreasing coke fines in the Sinter Plant, lowering PCI coal consumption in the Blast Furnaces, and reducing coal usage in the Steelmaking Plant.

6.4.5. DRI (Natural Gas–Based) Investment

Direct Reduced Iron (DRI) is a steel production method in which iron ore is reduced using natural gas instead of fossil coal. This process produces iron at lower temperatures and with significantly lower carbon emissions compared with traditional blast furnace operations. When applied with low carbon energy sources such as natural gas, DRI technology can considerably reduce environmental impacts.

Thanks to its potential for lowering carbon emissions, DRI technology is regarded as one of the key building blocks of the transition to low emission steel production. In conventional steelmaking, iron is produced in blast furnaces using coal, a process that results in substantial carbon dioxide (CO_2) emissions. In contrast, when DRI operates with natural gas, emissions drop to substantially lower levels compared with coal based production. This contributes to steel producers' efforts to manage their greenhouse gas emissions and progress toward net zero targets.

Raw Biomass > Processed Biomass > Pyrolysis and Carbonization > Biochar

Erdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

The implementation of a natural gas based DRI investment is expected to deliver a significant reduction in greenhouse gas emissions compared with the base year.

The DRI investment is planned for the post 2030 period, and global developments in DRI technology within the iron and steel sector are being closely monitored to guide the progress of this initiative.

6.4.6. DRI (Green Hydrogen–Based) Investment

In green hydrogen based DRI production, hydrogen replaces natural gas in the reduction of iron ore, enabling the production of iron with significantly lower environmental impact. The use of hydrogen in steelmaking substantially reduces carbon dioxide (CO_2) emissions, as the reduction process results in only water vapor as a by product, with no carbon emissions. In DRI production using green hydrogen, carbon emissions are effectively zero, making this one of the most innovative and impactful methods for steel producers to achieve their net zero emission targets.

Erdemir aims to increase the use of green hydrogen and significantly reduce greenhouse gas emissions in line with Türkiye's Hydrogen Roadmap, which sets national targets for electrolyzer capacity expansion. Green hydrogen based DRI investments constitute one of the company's most critical strategies for managing carbon emissions and achieving zero emission production. As the country's electrolyzer capacity expands, broader green hydrogen adoption is expected, enabling the minimization of environmental impacts across steel production processes. Global technological advancements in DRI (Green Hydrogen) systems, as well as developments in Türkiye's green hydrogen supply infrastructure, are being closely monitored.

- **Türkiye's Electrolyzer Capacity Target for 2030: 2 GW**
  The first interim target in Türkiye's Hydrogen Roadmap is to reach an electrolyzer capacity of 2 GW by 2030. Electrolyzers are devices that convert water into hydrogen gas through electrolysis, a process powered by renewable energy sources. Achieving this capacity by 2030 will reduce the use of coal and natural gas in steel production and enable greater utilization of green hydrogen in the sector, thereby contributing significantly to the reduction of carbon emissions.

- **Türkiye's Electrolyzer Capacity Target for 2035: 5 GW**
  Following the successful achievement of the 2030 target, Türkiye aims to reach an electrolyzer capacity of 5 GW by 2035. This expansion will further increase hydrogen production capacity and significantly enhance the share of green hydrogen used in steel manufacturing. With the growth in electrolyzer capacity, a larger volume of green hydrogen will become available, contributing to a further reduction in carbon emissions.

- **Türkiye's Electrolyzer Capacity Target for 2053: 70 GW**
  In line with Türkiye's net zero carbon target, the country's most ambitious goal is to reach an electrolyzer capacity of 70 GW by 2053. Achieving this target will ensure that all hydrogen used in steel production is generated entirely from renewable energy sources, thereby supporting Türkiye's commitment to achieving net zero emissions by 2053. A 70 GW capacity will enable a substantial share of the energy required in steelmaking to be supplied by green hydrogen, significantly reducing the sector's carbon emissions.

6.4.7. Carbon Capture and Storage (CCS)

Erdemir aims to implement carbon capture and storage (CCS) technologies. Among the company's planned investments, carbon capture and storage (CCS) technologies hold a highly significant position. CCS technology captures the unavoidable emissions generated during production processes before they are released into the atmosphere and transfers them safely to underground storage sites. In this way, carbon emissions originating from steelmaking processes can be substantially reduced. This technology will make a meaningful contribution to achieving our net zero emissions target by 2050 and provide strong momentum to our sustainable production approach. Global technological developments in carbon capture technologies, as well as advancements in Türkiye's carbon storage infrastructure, are being closely monitored.

7. Judgements and Uncertainties

In this report, the Sector-Specific Guidance on the Application of TSRS 2—derived from the Sustainability Accounting Standards Board (SASB) Standards maintained by the International Sustainability Standards Board (ISSB)—has been evaluated. Judgment has been applied in assessing this guidance for Erdemir and its subsidiaries İsdemir, Kümaş, and Ermaden, which represent a significant proportion of Erdemir's consolidated financial statements, particularly in determining, measuring, and disclosing information on climate-related risks and opportunities. For Erdemir and its steel-producing subsidiary İsdemir, the guidance titled 'Volume 9—Iron and Steel Producers' has been used. For its subsidiaries operating in areas other than steel production, namely Kümaş and Ermaden, the 'Volume 10—Metals and Mining' guidance has been applied. The sustainability metrics recommended for disclosure in 'Volume 9—Iron and Steel Producers' and 'Volume 10—Metals and Mining' are aligned with each other, and these metrics are presented in the Metrics and Targets section of this report. Within 'Volume 10—Metals and Mining,' the disclosures for 'total number of employees,' 'percentage of contractors,' and 'number of incidents of non-compliance with water quality permits, standards, and regulations' have been excluded from the scope of this report, as these items are not related to the climate risk addressed herein. This information is also presented in Section 1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS).

The judgments and uncertainties related to the scenario analysis evaluating the Carbon Border Adjustment Mechanism (CBAM) carbon pricing risk are presented in the 'Measurement Uncertainties' section of this report under Section 4.1.1. CBAM Carbon Pricing.

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(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF İSKENDERUN DEMİR VE ÇELİK ANONİM ŞİRKETİ PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders of İskenderun Demir ve Çelik Anonim Şirketi,

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of İskenderun Demir ve Çelik Anonim Şirketi ("Company") for the year ended December 31, 2025.

Our assurance engagement does not include other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Company's Sustainability Information for the year ending December 31, 2025, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Company's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.
- Additionally, the Company Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the Company's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Company Management. Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

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Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Company's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information:

- Face to face interviews were conducted with the Company's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Company's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Company's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether Company's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Company's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

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



Didem Tuşel Özdoğan, SMMM
Partner

February 17, 2026
İstanbul, Türkiye

İsdemir Türkiye Sustainability Reporting Standards (TSRS) Compliant Sustainability Report 2025

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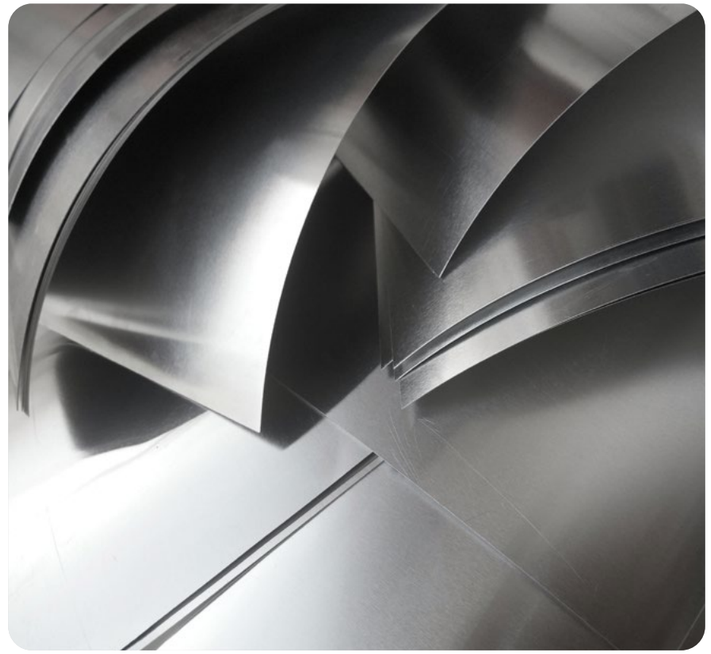
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1. Introduction

1.1. Preparation of the Report



1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette on 29 December 2023, entered into force to be applied for reporting periods beginning on or after 1 January 2024. İsdemir, as the parent company İskenderun Demir ve Çelik A.Ş. ("İsdemir" or the "Company") and its subsidiaries, is subject to the regulations and supervision of the Capital Markets Board and is required to report in accordance with TSRS Standards since it meets the criterion of exceeding at least two of the thresholds for two consecutive reporting periods.

This report has been prepared in line with the requirements set out in TSRS 1: General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2: Climate-related Disclosures. İsdemir has evaluated its entire value chain, including its core iron and steel production activities as well as its subsidiaries, and incorporated them within the scope of reporting. Unless stated otherwise, all information and statements in this report cover İskenderun Demir ve Çelik A.Ş. (İsdemir) and all subsidiaries subject to full consolidation.

Additionally, the sector-based guidance derived from the Sustainability Accounting Standards Board (SASB) Standards, maintained by the International Sustainability Standards Board (ISSB), has been referenced. In particular, the "Volume 9—Iron and Steel Producers" guide, which forms part of the Sector-based Guidance for the Implementation of TSRS 2 and outlines potential approaches for identifying, measuring, and disclosing climate-related risks and opportunities, has been utilized. This volume serves as a sector-specific reference for İsdemir's primary iron and steel production operations. Since İsdemir's subsidiaries operating in non-steel sectors represent an immaterial portion of the consolidated financial statements, only the relevant sector guide has been applied. The sector-specific disclosure topics and metrics provided in this guide are referenced in Section 6: Metrics and Targets of this report.

1.1.2. Financial Linkages with Disclosures

The sustainability and climate-related disclosures presented in this report have been prepared specifically for İsdemir and should be assessed together with the consolidated financial statements. The reporting period covers the 12-month period ending 31 December 2025, and the consolidated financial statements are aligned with this reporting period. Relevant financial information can be accessed through the audited 2025 12-Month Consolidated Financial Statements.[1]

1.1.3. Timing of Reporting

İsdemir is preparing its sustainability report under the Türkiye Sustainability Reporting Standards (TSRS) for the second time for the reporting period ending 31 December 2025. As of 1 January 2025, the Company applies both TSRS 1 and TSRS 2 Standards for annual reporting periods.

[1] *https://www.isdemir.com.tr/en/investor-relations/reports-and-presentations/financial-statements*

1.1.4. Transition and Exemptions
According to the Board Decision published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette dated 30 December 2025, the transition exemptions granted to entities preparing their first TSRS-compliant sustainability reports in the 2024 reporting period have been extended for one additional year. Accordingly, İsdemir, which published its first TSRS report for the 2024 fiscal period, will continue to benefit from the exemptions specified under paragraphs E5 and E6(b) of TSRS 1, except for paragraph E4, during the 2025 reporting period. These exemptions support a smoother transition toward full compliance with the Standards.

- Similar to the first annual reporting period in 2024, İsdemir has exercised the exemption and reported only climate-related risks and opportunities (in accordance with TSRS 2) for the 2025 reporting period. Accordingly, İsdemir has applied TSRS 1 requirements only to the extent that they relate to climate-related risk and opportunity disclosures. For this reason, the preparation of this report focused exclusively on climate change-related risks and opportunities. However, information regarding governance, strategy, and risk management approaches covers all sustainability matters, including climate-related topics.
- In the 2024 reporting year, İsdemir and its subsidiaries measured their greenhouse gas emissions in accordance with the Türkiye Monitoring, Reporting and Verification (MRV) Communiqué, benefiting from the transition provision under TSRS 2 Appendix C4(a). With the end of this exemption in 2025, İsdemir and its subsidiaries measured their 2025 emissions in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). These results are presented comparatively in the Metrics and Targets section of this report.
- In accordance with the "Temporary Article 3 – Transition Provision on Exemptions from Disclosure Requirements" included in the KGK's 'Board Decision on the Scope of TSRS Application' published in the Official Gazette on 29 December 2023, entities are not required to disclose Scope 3 greenhouse gas emissions during their first two annual TSRS reporting periods. İsdemir has made use of this exemption.
- Furthermore, in the Board Decision issued by KGK on 30 December 2025 regarding exemptions, İsdemir did not utilize the exemption under Article E4 of TSRS 1, and therefore published its 2025 TSRS report together with the financial statements for the fiscal period 1 January – 31 December 2025.

1.2. Reporting Boundaries and Measurement Approach

İsdemir has consolidated 100% of the emissions from its primary iron and steel production operations, over which it has full operational control, as well as the emissions of its joint venture, İsdemir Linde Gaz Ortaklığı A.Ş., based on its equity share. Since İsdemir has full authority over its iron and steel production facilities, it reports 100% of its Scope 1 and Scope 2 greenhouse gas emissions.

As İsdemir Linde Gaz Ortaklığı A.Ş. (İsdemir Linde Gaz) is a joint venture accounted for using the equity method in the accompanying consolidated financial statements, İsdemir has applied the equity-share approach for this entity and included its greenhouse gas emissions in the consolidation in proportion to its ownership share (50%).[2]

The financial data of İsdemir Linde Gaz Ortaklığı A.Ş., in which İsdemir holds a joint-management interest, are accounted for using the equity method in the consolidated financial statements. Accordingly, the emission data of İsdemir Linde Gaz have also been incorporated into the total emission calculations using the same approach (equity-share method). Therefore, the emissions of İsdemir Linde Gaz have been consolidated in proportion to İsdemir's ownership share (50%). Since İsdemir does not include Teknopark Hatay A.Ş.—in which it holds a 5% ownership interest—within the scope of financial consolidation, the associated emissions, water consumption, and energy consumption data have also been excluded from consolidation.

In this way, İsdemir has applied the same consolidation methodology used in its financial statements to the reporting of environmental data, including greenhouse gas emissions as well as water and energy consumption.

[2] Under the equity share approach, the entity reports its share of greenhouse gas (GHG) emissions based on its equity share in the operations.



İsdemir Çelikhane

2. About İsdemir

2.1. İsdemir's Field of Activity and Value

2.1.1. İsdemir's Field of Activity
İsdemir is under the effective control of its parent company, Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir), which holds a 94.87% ownership interest in the Company.

As Türkiye's only integrated steel producer operating both long and flat product facilities, İsdemir was established on 3 October 1970. Commissioned in 1975 with an annual steel bloom production capacity of 1.1 million tons, İsdemir continues to manufacture in accordance with international quality standards, leveraging the experience it has gained throughout its longstanding history. Ranked among the world's leading steel producers, the Company's main product portfolio consists of billets, wire rods, slabs, and hot-rolled coils. In addition, various by-products such as coke, oxygen, nitrogen, argon, ammonium sulfate, granulated slag, tar, and benzol are also produced. Among İsdemir's subsidiaries is İsdemir Linde Gaz Ortaklığı A.Ş., which was established to meet the Company's additional industrial gas needs and to reduce costs associated with its existing industrial gas systems.

İsdemir's shares have been traded on Borsa İstanbul's Pre-Market Trading Platform since 28 March 2016. The Company's registered address is Karşı Mahalle, Şehit Yüzbaşı Ali Oğuz Bulvarı No:1, 31900 Payas/Hatay, Türkiye.

The operating fields and ownership interests of the companies included in the scope of consolidation in 2025 remain unchanged from 2024 and are presented below:

COMPANY NAME	REGION OF OPERATION	FIELD OF ACTIVITY	2025 EFFECTIVE OWNERSHIP (%)
İSDEMIR LINDE GAZ ORTAKLIĞI A.Ş.	Türkiye	Industrial Gas Production and Sales	50
TEKNOPARK HATAY A.Ş.	Türkiye	R&D Center	5

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2.1.2. İsdemir's Business Model and Value Chain

İsdemir has evaluated its entire value chain—including its own operations and its affiliates—while preparing its climate-related financial disclosures. To deliver its iron and steel products, İsdemir relies on a wide range of resources and engages with numerous organizations and stakeholders. These stakeholders include suppliers of raw materials required for production activities, providers of facilities and equipment, employees, consultants, logistics companies that collaborate for product distribution, and customers who purchase the products. Accordingly, a broad range of activities and stakeholders are involved across the value chain, both upstream and downstream.

İsdemir's upstream and downstream value chain relationships are as shown below:

		Explanation and Definition	Geographical Location
Upstream Value Chain	Suppliers	Solid Fuel	USA, Australia, Indonesia, Colombia, Italy, Local
		Scrap Supply for Steel Production Process	USA, United Kingdom, European Union, Baltic States, Local
		Ore	Brazil, Norway, Australia, South Africa, Local
		Ferro & Auxiliary Material	European Union, India, China
		Finished & Semi-finished Product	Local
Operations	Auxiliary Functions	Central Units (HR, Finance, IT, etc.) Structure, Management, R&D, Sustainability,	İskenderun
		Electricity	
		Natural Gas	
		Water	
		Insurance	
		Public & Other	
	Port & Logistics & Warehousing	Solid Fuel, Ore, Scrap, Ferro, Auxiliary Material, Finished Product, Semi-Finished Product	İskenderun
	Üretim	İskenderun Demir Çelik Fabrikaları	İskenderun
Downstream Value Chain	Customers	Erdemir Steel Service Center	Türkiye
		Automotive	Türkiye
		Erdemir Romania	Romania
		Merchants and Service Centers	Türkiye
		General Manufacturing Industry	Türkiye
		Pipe Profile and Rolling	Türkiye
		Other Customers	Türkiye
		Export	Europe, MENA, North America

3. Governance

3.1. İsdemir Sustainability Governance Structure

The governance of sustainability and climate change–related matters at İsdemir is addressed from the highest level of oversight, starting with the Board of Directors. This structure encompasses the evaluation of risks and opportunities associated with sustainability and climate strategies, policies, and targets. The Board of Directors is supported by the Early Detection of Risk Committee (EDRC) regarding sustainability- and climate related risks and opportunities.

3.2. Board of Directors

The sustainability and climate-related risks and opportunities of İsdemir are monitored and managed at the highest level by the Board of Directors. In alignment with the company's short-, medium-, and long-term business objectives, the Board holds the responsibility for approving sustainability- and climate-related policies, strategies, and targets. The Board also ensures the integration of the sustainability strategy into the company's overall business model and long-term objectives.

The Board of Directors evaluates sustainability and climate topics during the meetings it holds twice a year. The Board addresses sustainability and climate issues within the framework of company strategy, performance targets, and risk management processes, and assesses the alignment of these factors with the company's short-, medium-, and long-term objectives.

In investment feasibility studies, sustainability- and climate-related risks and opportunities are taken into account, and the quantitative analyses developed for these topics are incorporated into decision-making processes. In addition, these considerations guide financing and resource allocation decisions, shape strategic steps aimed at reducing carbon emissions, and ensure oversight of the process through the action plans approved by the Board.

In strategic decisions and long-term planning, the İsdemir Board of Directors evaluates climate risks and opportunities together with financial and operational returns. During decision-making, a balance is sought between the short-term returns of an investment with high or low carbon emissions and the company's long-term sustainability targets. The Board discusses such trade-offs to determine the most appropriate balance for the company. Taking all of these factors into consideration, the Board has established the Net-Zero Roadmap.

Throughout 2025, the Board members were informed during meetings about the latest developments regarding the Carbon Border Adjustment Mechanism (CBAM), Türkiye Climate Law, Türkiye Emissions Trading System (ETS), green transition, and other relevant sustainability and climate-related matters. These briefings support the Board's decision-making processes and enhance their awareness of sustainability governance.

Our Board members have extensive experience across industry, corporate management, and academia. The Early Detection of Risk Committee (EDRC), composed of Independent Board Members, was briefed on sustainability and climate change matters during two meetings held in 2025 (three in 2024), thereby strengthening its capability to oversee sustainability and climate risks, including the latest developments. The company plans to provide briefings on sustainability and climate change in two EDRC meetings to be held next year. The Board of Directors possesses the necessary skills and competencies to effectively oversee sustainability- and climate related risks and opportunities. The members of the EDRC have long-standing senior executive, board membership, and academic career backgrounds across various companies. Detailed résumés of the Board Members can be accessed through this link.[3]

Sustainability- and climate-related performance metrics are targeted and monitored through corporate scorecards. There is no direct link between these targets and the remuneration of senior executives.

[3] *https://www.isdemir.com.tr/kurumsal/yonetim/yonetim-kurulu*

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3.3. Early Detection of Risk Committee

At İsdemir, sustainability and climate-related risks and opportunities are regularly assessed by the Early Detection of Risk Committee (EDRC). The Committee identifies, at an early stage, any risks that may threaten the Company's existence, development, and continuity within the scope of regulatory and legal requirements, takes the necessary measures, and ensures the effective management of risks. The Committee analyzes all risks in line with the Company's risk appetite and strategic priorities and reports them to the Board of Directors.

EDRC is composed of two Independent Board Members. As in the previous reporting period, the Committee convenes six times a year to assess risks and opportunities in the strategic (economic, political, reputational, climate change and sustainability, etc.), financial, operational and compliance categories and provides regular information to the Board of Directors. In the meetings held on February 12 and August 4, 2025, the Committee addressed green transformation and sustainability issues, as well as CBAM, Türkiye ETS, and the insurance implications of climate change, and presented its findings to the Board of Directors.

Defined controls and procedures are implemented to support the management of sustainability and climate-related risks and opportunities, and the Risk Management Procedure is used to ensure the effectiveness of these processes. In this context, alignment with the Company's overall strategic and risk management processes is ensured. Risk management practices are continuously reviewed in integration with other internal functions, and recommendations are submitted to the Board of Directors to improve these processes.

3.4. Corporate Risk Management Directorate

The Corporate Risk Management (CRM) Directorate initiates and monitors risk management activities for targets and processes in critical areas across the central function, subsidiaries and the value chain.

The Corporate Risk Management Directorate carries out the processes of identifying and assessing risks in coordination with business units, taking into account sustainability and climate-related risks, reports these processes with a proactive approach, updates risk inventories, and monitors and evaluates critical risks. In addition, the Directorate ensures the follow-up of the actions taken for the identified risks and maintains effective risk management practices.

3.5. Internal Audit

The Internal Audit function ensures that corporate risk management activities, including sustainability and climate-related matters, are carried out in accordance with applicable national and international legislation and standards, as well as the Company's strategies, policies, procedures, principles and objectives. In addition, by assessing the effectiveness and adequacy of first-line controls and second-line process and risk management systems, it provides assurance to senior management. In this regard, the Internal Audit function conducts an annual risk assessment for all audit elements and prepares the audit plan by considering the risk level of the processes, the date of the last audit, and other relevant factors.

4. Strategy

4.1. Climate-Related Risks and Opportunities

Climate change is not only an environmental issue, but also one of the greatest global challenges of our time, profoundly affecting economic systems and social structures. Unless the necessary steps are taken quickly to limit the global temperature rise to 1.5°C in line with the Paris Agreement, there is an increasing risk that the environmental, economic and social impacts will reach an irreversible point. Aware of these risks, İsdemir acts with a strong sense of responsibility in the fight against climate change. In addressing climate change, İsdemir aims to align its actions with its long-term value-creation objective and place its economic and social impacts on a sustainable basis.

İsdemir has identified, assessed and prioritized the climate-related risks and opportunities that are expected to reasonably affect the future in the short, medium and long term. In line with the timelines used in its strategic decision-making processes, İsdemir has defined the time frames in its sustainability and climate-related risk assessment processes as follows: short term 0–1 year, medium term 2–5 years and long term 5–10 years.

Short term	0 - 1 year
Medium term	2 - 5 years
Long term	6 - 10 years



İsdemir Coil Rolling Mill

The identified climate risks and the analyses performed are part of a consolidated risk assessment carried out in accordance with the Corporate Risk Management practices. The risk tolerance level is determined by taking into account key parameters such as EBITDA (3%–5%), working capital, cash flow, revenue, total assets, equity and gross profit.

A consolidated risk inventory covering all risks and opportunities of İsdemir has been established. Within this inventory, the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk — one of the sustainability and climate-related risks and opportunities — has been classified at level 3 (major) in the long term on İsdemir's five-point risk impact scale. Although it is not foreseen to have a critical impact on İsdemir, it has been disclosed as it is closely monitored by other companies in the sector and by investors.

In addition, with the publication of the Türkiye Climate Law in the Official Gazette on July 9, 2025, it was decided to establish an Emissions Trading System. The years 2026 and 2027 have been designated as the pilot period, during which a 100% free carbon allowance will be allocated for each sector. During the pilot period, Türkiye ETS is not expected to have an adverse impact on İsdemir.

Other climate-related risks and opportunities have not been included in the report, as they were not assessed as significant. All identified risks are prioritized and reported within the framework of a matrix, and changes in risk levels are regularly monitored.

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4.1.1. CBAM Carbon Pricing

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing		
Risk Category	Transition Risk - Policy & Legal Risk		
Risk Definition	The Carbon Border Adjustment Mechanism (CBAM) is an arrangement that enables the imposition of carbon costs on imports into the European Union (EU) from non-EU countries, particularly for carbon-intensive products. The CBAM entered into force in October 2023, and a transitional period was implemented until the end of 2025. In December 2025, the European Commission published the CBAM implementation legislation in order to effectively operationalize this transition. İsdemir has addressed the CBAM risk in line with the scenario that the financial implementation period will begin in 2026, and has started to assess, monitor and report this risk as of 2024. The CBAM covers the import of emission-intensive products and introduces carbon pricing for sectors such as iron and steel, cement, electricity, fertilizers, aluminum and hydrogen, requiring importers in the EU to purchase CBAM certificates against the embedded and indirect emissions of these products. As the iron and steel sector requires a production process that is associated with high carbon emissions, the impact of the CBAM in the baseline scenario is a closely monitored risk component for companies in the sector. Companies exporting steel and iron to the EU have begun to face uncertainties in the pricing of their EU bound products due to the carbon costs linked to the emissions of their production processes under this regulation. This situation puts pressure on product pricing and makes maintaining a competitive advantage more challenging, thereby starting to affect their profitability as of 2026. For the reasons explained above, İsdemir — as a producer of iron and steel outside the EU — and some of its local customers that export to the EU have also begun to face additional costs arising from the CBAM. In other words, the prices of steel products exported to the EU are being pressured due to the CBAM, which affects the Company's competitiveness. The CBAM risk particularly impacts the direct and indirect exports of İsdemir to the EU.		
Place in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short Term	Medium Term	Long Term
Term (Year)	0-1	2-5	6-10
Impact Scale	2 (Minor)	2 (Minor)	3 (Moderate)
Impact Based on Long Term EBITDA Expectation	2.2%	2.3%	3.5%
Probability	5	5	5
Current Risk Score	10	10	15

Climate Resilience	Based on the climate scenarios developed in the studies of the International Energy Agency (IEA), the Sustainable Development Scenario (SDS) presented in the report "Iron and Steel Technology Roadmap: Towards more sustainable steelmaking" serves as an important reference for the iron and steel sector and for technological green-transition pathways. The IEA's SDS scenario is also aligned with the temperature-limitation goals of the Paris Agreement. In the IEA analysis, short-term, medium- to long-term, and long-term periods are used. In the short term, the largest contribution comes from technology performance improvements and material efficiency within conventional production routes. In the medium and long term, carbon capture, fuel switching, and the transition from coal to natural gas, hydrogen and bioenergy play a major role. While preparing the green transformation Net Zero Roadmap, İsdemir evaluated in detail the low CO_2 emission and emission-free green production technologies included in the SDS. The macroeconomic trends included in the IEA analysis have guided İsdemir's net-zero pathway. The production and energy technologies identified in the roadmap have been selected to enhance İsdemir's resilience and flexibility to the impacts of climate-related risks. In determining its Net-Zero Strategy, İsdemir has aligned its targets with the timeframes used in the scenario analysis, setting 2030 as the short term, 2040 as the medium term, and 2050 as the long term. The scenario analysis has been applied to İsdemir, and the net-zero roadmap has been developed accordingly. Electric Arc Furnaces (EAF) and Solar Power Plants based on circular generation play an important role in combating climate risks. Also expanding the range of solutions are Direct Reduced Iron (DRI) plants that can run on both natural gas and green hydrogen, and carbon capture and storage technologies for emissions that cannot be avoided. In addition, İsdemir determined the emission reduction targets in the net zero roadmap in 2023 and announced them at the beginning of 2024, taking into account the Faster Innovation Case scenario in the IEA's subject report, in which production technologies with a Technology Readiness Level-TRL currently low are rapidly developed and addressed in order to achieve net zero emissions by 2050. On CBAM risk analyses, İsdemir takes into account the scenarios defined by the IEA, particularly the STEPS scenario and the NZE scenario published in 2021, which is based on achieving net-zero emissions by 2050, as well as the CPS, STEPS and NZE scenarios updated annually under the World Energy Outlook. The Current Policies Scenario (CPS), the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) included in the IEA's World Energy Outlook 2025 study have been used as inputs in İsdemir's CBAM risk-calculation models. The CPS scenario assumes the continuation of only the currently implemented policies and therefore presents an outlook in which carbon prices remain limited, demand for fossil fuels — particularly coal — remains relatively high, and energy-price volatility persists. The STEPS scenario includes the policy commitments announced by governments but not yet fully implemented; in this scenario, carbon-pricing mechanisms are expected to strengthen gradually, coal use is projected to decline in the medium term, and energy-supply costs show regional variation.

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Climate Resilience	The NZE scenario is based on achieving global net-zero emissions by 2050 and assumes high and widespread carbon prices, a rapid phase-out of coal from the energy and industrial mix, and a sharp decline in fossil-fuel demand. According to the IEA, under the NZE scenario, investment in the transformation of the energy system increases, and in the long term, energy prices are expected to evolve toward a more predictable structure based on low-emission sources. İsdemir has integrated the carbon-price levels projected in these three scenarios, as well as the trends in demand and prices for coal and other fossil-fuel feedstocks and the structural changes in energy costs, into its financial and strategic analyses. In this context, İsdemir further detailed the model it developed last year; the IEA CPS, STEPS and NZE scenarios — together with the main price-change scenarios for other key inputs in the sector — have been used as a complementary reference set in İsdemir's assessments of climate risks, the transition process and long-term financial resilience.
Risk Vulnerable Business Activity	Our steel product sales to the European Union, which is among our export markets, fall within the scope of the CBAM regulations. The volume assessed within this scope corresponds to approximately 14% of our total sales volume.
Risk Impacts	**Uncertainty in Sales Price:** The CBAM and carbon pricing mechanisms directly and indirectly affect the prices of the Company's products exported to the EU. The uncertainty in prices leads to fluctuations in profit margins, making financial predictability more difficult. **Weakening of Competitiveness:** The high level of carbon emissions associated with being an integrated facility creates a disadvantage when competing with competitors that produce with lower carbon emissions. With increasing competition in the EU market, competitors that produce with low carbon emissions due to advanced production technologies may be less affected by the cost differences brought by carbon pricing, while companies like İsdemir, which operate carbon-intensive integrated iron and steel production, may need to reflect part of this additional burden in the prices of certain products. Consequently, in December 2025, the European Commission published a comprehensive package of CBAM implementation legislation to effectively operationalize this transition. In parallel with the gradual reduction of free allocations starting in 2026, all embedded emissions of products imported into the European Union will become fully subject to CBAM obligations by 2034. This increasing annual obligation may lead to adverse consequences. **Investment Delays:** Environments of financial uncertainty can lead to the postponement of investments in clean energy projects and sustainable production technologies that have been identified to manage risk in a balanced way. Failure to make these investments on time will impact competitiveness and delay the transformation needed to reduce carbon emissions.
Potential Financial Impact	Based on the assessments conducted, no requirement has been identified to make any adjustment to the values of assets or liabilities in the financial statements due to climate-related risks and opportunities. Although quantitative studies have been carried out to measure the potential financial impact projected under the CBAM, the effects have been considered only as statistical-probability inputs due to the continued high level of uncertainty regarding the Türkiye ETS and other key assumptions. In this regard, when evaluated based on long-term EBITDA figures, the CBAM impact has been estimated to be 2.2% of EBITDA in the short term, 2.3% in the medium term and 3.5% in the long term. Based on estimates prepared by various financial institutions, the CBAM may create price pressure on İsdemir's products that are sold directly or indirectly to the EU. As a result, a decline in annual sales revenues may occur. The financial dimension of this potential impact is monitored through the CBAM Impact Model.

Measurement Uncertainties	The calculations required to determine the emission values for 2025 under the CBAM methodology are still being carried out while this report is being prepared. The CBAM emission values for 2026 will be calculated at the beginning of 2027 and verified by an accredited institution whose conformity is recognized under EU legislation. However, it has been decided to conduct voluntary verification for the 2025 CBAM emission data. The CBAM impacts for 2026 may vary depending on emission levels, the price of CBAM certificates, the verification of supplier data and the feedback provided by verifiers. The wide range of projections regarding medium and long term carbon price levels, the uncertainty surrounding how the CBAM cost will be shared between importers and exporters in the medium and long term, the unclear extent to which the Türkiye ETS may mitigate CBAM related effects, and the inability to anticipate how the resulting new balances will influence the pricing of key raw materials and products create uncertainty for İsdemir's CBAM related measurements and judgements.
Precautions/Actions	İsdemir evaluates the period between October 2023 and December 2025 as the transition period under the CBAM legislation and continues its preparations for the financial impacts beginning in 2026. **Net Zero Roadmap** • **Emission Reduction Targets:** Scope 1 and Scope 2 emissions are targeted to be reduced by 25% per ton of crude steel by 2030 and 40% by 2040, with the aim of achieving "NET ZERO" by 2050. **Energy Transition and Technology Investments** • **Green Energy Use:** Projects to increase the use of renewable energy sources aim to reduce carbon costs. • **Transition to Clean Technologies:** Feasibility studies are being carried out to improve production technologies based on the best available techniques (BAT) and to commission new low-carbon technologies. **Regulatory Tracking and Interaction** • **Legislation Observation:** Regulations on CBAM are closely monitored and potential impacts are assessed. **Sustainability Governance** • **Management and Decision Mechanisms:** Specific decision-making mechanisms have been established to monitor and manage the risks arising from CBAM, and these risks are regularly reviewed and necessary actions are taken.
Cost of Responding to Risk	İsdemir is making investments aimed at reducing emissions in line with its sustainability vision and global climate objectives, and within this scope, it also aims to manage the obligations arising from the CBAM. Erdemir and İsdemir plan to carry out a comprehensive transformation investment program amounting to USD 3.2 billion (TRY 137.1 billion) by the end of 2030 in line with their low-carbon production targets. The total investment expenditure realized to date within this strategic transformation program has reached USD 101 million. A significant portion of these transformation investments is financed through borrowing within the framework of the Company's financing strategy. These amounts are reported under "construction in progress" and "advances given for fixed assets" within property, plant and equipment in the financial statements as of the reporting periods.

[4] Details on the models and key assumptions used in climate scenarios — including the applicable time frames, model scope, macroeconomic trends, energy demand, demographics, changes in global parameters such as material efficiency, and global warming levels — can be found at the following link: https://www.iea.org/reports/global-energy-and-climate-model

[5] Details on the scenarios and key assumptions used in the CBAM risk analysis — including applicable time horizons and intervals, model scope, macroeconomic trends, energy demand, changes in global parameters such as raw-material costs, and similar factors — can be found at the following link: https://www.iea.org/reports/world-energy-outlook-2025

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4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

İsdemir has announced its 2050 Net Zero Roadmap to contribute to Türkiye's goal of achieving net zero emissions by 2053 under the Paris Agreement. As one of the leading steel producers in Türkiye and worldwide, İsdemir will continue to maintain its leadership role in adapting to green transition processes.

Within the scope of its Net Zero Roadmap strategy, İsdemir has accelerated its decarbonization efforts to support a sustainable future. Innovative solutions are being developed in production processes to reduce greenhouse gas emissions, technologies that enhance energy efficiency are being implemented, and maximum benefit is derived from by product gases and waste heat generated during production. While efforts continue to increase the use of recyclable steel, research is being carried out on the use of biomass — which has a zero emission factor — at various stages of production processes.

İsdemir is committed to achieving its net zero emissions target by 2050 through decisive steps taken to increase energy efficiency and expand the use of renewable energy. In this context, based on 2022 as the reference year, İsdemir aims to reduce emissions per ton of crude steel by 25% by 2030 and by 40% by 2040, and to achieve net zero emissions by 2050. While supporting Türkiye's 2053 net zero emissions target, İsdemir utilizes existing and innovative technologies to strengthen its leadership in the decarbonization process.

İsdemir conducts analyses to identify the necessary actions to reduce greenhouse gas emissions and determines the improvement steps accordingly. In this regard, initiatives such as installing solar power plants, enhancing energy efficiency, increasing the share of scrap used in production, and utilizing HBI (hot briquetted iron) are being implemented to support emission reduction. In addition, by closely monitoring the development of low emission steel production technologies, İsdemir has developed its Net Zero Roadmap based on feasibility studies that include internal carbon pricing. Although carbon market fluctuations, changes in free allowances and tightening regulatory trends create a high degree of unpredictability and uncertainty, the shadow carbon price in the range of EUR 15–25 is used in feasibility studies as a necessary component for planning the required investments.

İsdemir is reshaping its activities in line with its "Green Journey of Steel" strategy to generate benefits for society and the environment, and aims to integrate sustainability and climate related risks and opportunities across all of its business processes. At the same time, İsdemir is committed to carrying out the identification and management of sustainability and climate related risks and opportunities in a manner aligned with national and international standards.

5. Risk Management

5.1. Sustainability and Climate Risk and Opportunity Assessment Process

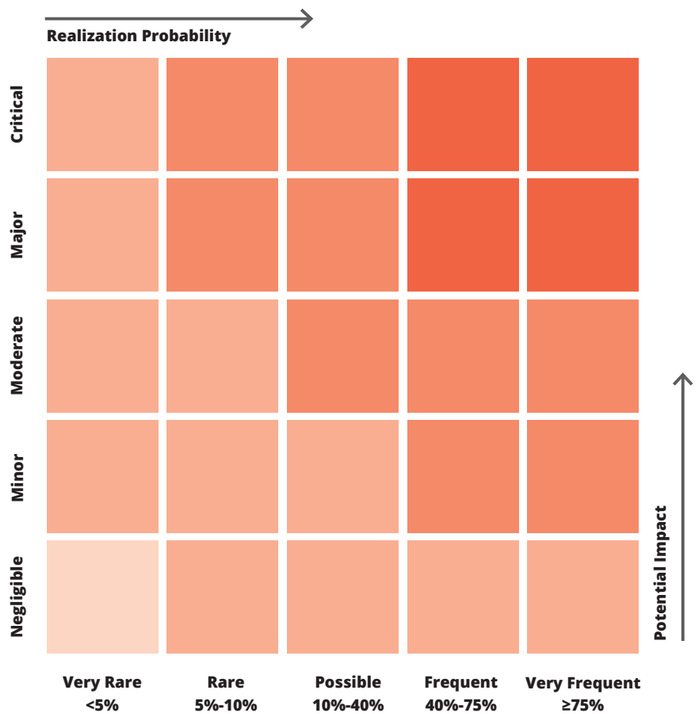
İsdemir has adopted the corporate risk management framework to identify, assess and manage sustainability and climate related risks and opportunities, and has integrated these processes into its overall risk management approach. The processes for managing sustainability and climate related risks and opportunities are defined in the Corporate Risk Management (CRM) Procedure. Within this scope, İsdemir also evaluates the opportunities that may arise from climate change as part of the CRM process. Risks are identified, prioritized and monitored in line with ISO 31000 Risk Management principles, the COSO ERM framework and good practices. Risks and opportunities of critical importance are continuously monitored, and the effectiveness of action plans is reviewed and recorded in the risk inventory.

The identification of sustainability and climate-related risks and opportunities is carried out using inputs such as historical climate data and market trends. These analyses are used to understand the long-term impacts of opportunities and assess their alignment with the Company's strategic objectives. Opportunities such as energy-efficiency projects and the development of low-carbon production technologies are identified and presented to senior management. These opportunities are ranked according to their significance, and detailed planning is undertaken for those prioritized. This process has continued in the same manner as in the previous reporting period.

5.1.1. Determining Risk Tolerance and Risk Appetite
Risk tolerance refers to our capacity to absorb financial losses; risk appetite refers to the highest acceptable level of risk. The impact scales created within the framework of these definitions are regularly reviewed by the Early Detection of Risk Committee.

5.1.2. Identification of Risks
Internal and external factors that may affect strategic objectives are systematically analyzed, and operational disruptions, compliance risks and potential costs are taken into account. Identified risks are integrated into the corporate risk management framework and monitored.

5.1.3. Prioritization of Risks
Risks are prioritized based on impact, likelihood and maturity criteria through scenario analyses and expert opinions. The potential financial, environmental and regulatory effects of sustainability and climate related risks are evaluated, and possible implications for strategic planning are assessed accordingly. Risks scored as "Very High" and "High" are closely monitored by senior management. Risks are assessed using a five point scale (1 Negligible, 2 Minor, 3 Moderate, 4 Major, 5 Critical) and are scored according to an impact likelihood matrix. In this context, the Carbon Pricing risk under the Carbon Border Adjustment Mechanism (CBAM) has been assessed at level 3 on the five point scale; although it is not expected to have a critical impact on İsdemir, details regarding this risk have been included in the Climate Related Risks and Opportunities section, as it is closely monitored by other companies in the sector and by investors. Other climate related risks are considered lower priority. All identified risks are prioritized and reported within the framework of a matrix, and changes in impact likelihood levels are regularly monitored.



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5.1.4. Modeling of Risks
İsdemir uses risk modeling processes to understand the impact of prioritized risks and to determine their financial implications. The company's climate-related risks are analyzed with inputs such as greenhouse gas emissions, production data and free allocation reduction levels, and different scenarios are prepared in line with evolving information. This process is expected to produce outputs in the coming periods in line with the 2050 Net Zero Roadmap.

5.1.5. Risk Improvement
Within the scope of risk management, identified risk owners review their risks. Remedial actions to address identified risks are included in the investment plans.

5.1.6. Monitoring and Reporting of Risks and Opportunities
Risks and opportunities are continuously monitored and updated in line with local and global developments. The Company regularly tracks and updates sustainability- and climate-related risks and opportunities in accordance with defined metrics and targets. The monitoring of sustainability- and climate-related risks is carried out within the framework of specific performance indicators, and action plans and policies are revised based on these indicators. This process contributes to strategic decision-making related to climate change within the Company's overall risk-management framework. Compared with the previous reporting period, the parameters related to the CBAM risk described above have been examined in greater detail, international developments have been monitored, and expert input has been obtained throughout the year.

5.1.7. Evaluation of the Risk Management Process
The risk-management process is reviewed every two years to enhance the Company's existing capabilities and to evaluate its strategies for responding to risks. The risk-management process was most recently reviewed in 2024, and the next assessment is planned for 2026. Effectiveness analyses are carried out based on data obtained from internal and external sources, and continuous improvement is ensured.

6. Metrics and Targets

İsdemir has set emission reduction targets to minimize the additional cost risk arising from the CBAM and has outlined the actions it will take until 2050 through its Net Zero Roadmap. This roadmap, which includes the investments and projects to be implemented throughout its net-zero journey, has been transparently shared with the public. It also aims to contribute to Türkiye's 2053 net-zero commitment under the Paris Agreement.

The İsdemir Net Zero Roadmap was announced in 2024, and no changes have been made to the current targets. Should any revisions occur in the coming years, such updates will be reflected in subsequent annual reports. The Net Zero Roadmap is accessible via this link.[6]

In CBAM risk calculation models, greenhouse gas emission data have been assessed on a product basis in line with EU CBAM guidelines and have served as the basis for estimating the expected carbon cost.

6.1. Activity Metrics[7]

Production Volumes	2024	2025
Crude Steel Production (metric tons (t))	5,297,400	5,497,478
Percentage of Basic Oxygen Furnace Operations (Percent (%))	100	100
Percentage of Electric Arc Furnace Operations (Percent (%))	0	0
Total Coke Production (metric tons (t))	2,126,524	2,010,405

[6] https://www.erdemir.com.tr/storage/uploads/2024/01/7e1a961a047812f2cd9ed9ae73edeb4e.pdf
[7] The operational metrics include İsdemir's crude steel production and coke production data

6.2. Climate-Related Metrics

6.2.1. Greenhouse Gas Emission Metrics (Absolute Gross)

Greenhouse Gas Emissions (Consolidated Group) [8]	2024[9]	2025
Scope 1 (ton CO_2eq) [10]	10,663,364	11,554,957
Scope 2 (ton CO_2eq) [11]	441,598	444,294
Total (Scope 1 and 2)	**11,104,962**	**11,999,251**

Greenhouse Gas Emissions (Affiliates, Joint Ventures, and Non consolidated Subsidiaries) [12]	2024	2025
Scope 1 (tons CO_2eq)	0	3.64
Scope 2 (tons CO_2eq)	30,159	28,816
Total (Scope 1 and 2)	**30,159**	**28,819**

Since İsdemir has full authority over its iron and steel production operations, it reports 100% of its Scope 1 and Scope 2 greenhouse gas emissions. For its jointly controlled entity, İsdemir Linde Gaz Ortaklığı A.Ş., the equity method has been applied in the accompanying consolidated financial statements; therefore, the equity share method has also been used for this entity, and its greenhouse gas emissions have been consolidated proportionally (50%). İsdemir has applied the same consolidation approach used in its financial statements for the reporting of its greenhouse gas emissions data.

With the expiration of the transition exemption provided under TSRS 2 Annex C4(a), İsdemir, which had previously used the emission data submitted under the Monitoring, Reporting and Verification (MRV) Communiqué for the 2024 reporting period, has begun calculating its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) starting from 2025.

In its 2025 emission calculations, İsdemir followed the 'Calculation-Based Method,' applying the standard methodology for combustion emissions and for process emissions associated with limestone feedstock, while using the mass balance method for other material streams. For coals—which constitute the largest share of our total emissions (including coking coal, coke, coke breeze, anthracite, injection coal, etc.)—the emission factor calculations are based on the analysis results of our onsite laboratories (Coal, Coke, and By-Products Laboratory). The emission factors for limestone and ferrous raw materials are determined using the analytical data provided by our in-house Spectral Analysis Laboratory. For alloying materials, emission factors are derived from analyses performed in the General Chemistry Laboratory. Emission factors for natural gas are determined based on the BOTAŞ–İsdemir online gas chromatography system. For scrap steel, the national emission factor published by the Ministry of Environment, Urbanization and Climate Change on 19.12.2025 (TÜİK Türkiye Greenhouse Gas Inventory 1990–2023, April 2025) is used. For commercial standard fuels such as diesel, gasoline, LPG, propane, and fuel-oil, the national emission factor is applied for CO2 emissions arising from stationary combustion (TÜİK Türkiye Greenhouse Gas Inventory 1990–2023, April 2025), while CH4 and N2O emission factors

[8] It includes the data of the parent company, İsdemir.
[9] In accordance with TSRS 2 C4(a), İsdemir measured its 2024 greenhouse gas emissions during the first reporting year using a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004), employing the MRV approach.
[10] The Türkiye Emissions Trading System Regulation is still in draft form. As the regulation has not yet entered into force, the percentage of gross total Scope 1 emissions that falls under emission-limiting regulations is currently 0
[11] The Scope 2 greenhouse gas emissions presented in the table have been calculated and reported using the location-based method
[12] It is composed of affiliates, joint ventures, and non-consolidated subsidiaries outside the consolidated group.

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are taken from 'IPCC 2006 V2 CH1 Table 2.3.' For emissions from mobile combustion, the factors in 'IPCC 2006 V2 CH1 Tables 1.2/3.2' are used. Global Warming Potential (GWP) values for refrigerants are based on 'IPCC 2006 V3 CH7 Table 7.9.' Emission factors for fire extinguishing agents reference 'IPCC/TEAP Special Report Tables 9.1/9.2.' Emission factors for SF_6 gases are taken from 'IPCC 2006 V3 CH8 Table 8.2.' AdBlue emission factors are calculated using data from the 'Total AdBlue MSDS.

For the calculation of Scope 2 greenhouse gas emissions, the emission factor for consumption points connected to the transmission grid, as published most recently on 26.12.2025 in the Türkiye Electricity Generation and Electricity Consumption Point (2023) report by the Ministry of Energy and Natural Resources, is used.

As a fundamental distinction, GHG emission calculations conducted in accordance with the MRV (Monitoring, Reporting and Verification) Communiqué focus solely on direct production related emissions within defined facility boundaries. In contrast, the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) bases its calculations on organizational boundaries, ensuring comprehensive reporting of all emissions arising from company activities by including Scope 1 sources outside the physical facility limits, such as off site mobile sources. Given the characteristic structure of the iron and steel sector—where emission intensity is concentrated predominantly in core production processes—no material deviation is observed in Scope 1 results.

İsdemir did not purchase or use any carbon credits during the reporting period. In the coming periods, carbon credit purchases may be considered to support progress toward our net greenhouse gas emission targets; however, the approach for the use of carbon credits, including our carbon credit strategy and implementation methods, will be clarified in future periods.

6.3. Other Sustainability Metrics

6.3.1. Energy Management

Energy Management	2024	2025
Total Energy Consumed (Gigajoules)	109,882,239	115,611,952
Grid Electricity (%)	3.50	3.70
Renewable Energy (%)	0.00	0.00
Total Fuel Consumed (Gigajoules)	106,038,704	111,358,930
Coal (%)	96.62	96
Natural Gas (%)	3.38	4

6.3.2. Water Management

Water Management	2024	2025
Total Water Withdrawn (Thousand Cubic Meters (m^3))	435,209	427,329
Total Freshwater Withdrawn (Thousand Cubic Meters (m^3))	40,479	40,454
Total Seawater Withdrawn (Thousand Cubic Meters (m^3))	394,730	386,875
Total Water Consumed (Thousand Cubic Meters (m^3))	99,689	98,245
Total Freshwater Consumed (Thousand Cubic Meters (m^3))	40,479	40,214
Total Seawater Consumed (Thousand Cubic Meters (m^3))	59,210	58,031
Water Withdrawn in Areas of High or Extremely High Baseline Water Stress (%)	100	100
Water Consumed in Areas of High or Extremely High Baseline Water Stress (%)	100	100

During the 2024 reporting period, İsdemir utilized the web-based ThinkHazard! portal—supported by the Global Facility for Disaster Reduction and Recovery (GFDRR), a global initiative backed by the World Bank Group—for the analysis and reporting of water-stress risks. However, in line with continuous improvement of reporting quality and compliance, starting from 2025, İsdemir adopted the WRI (World Resources Institute) Aqueduct Water Risk Atlas for water-stress assessments. This change was implemented by taking into consideration the recommendations and guidance provided in TSRS 2 Annex Volume 9 – Iron and Steel Producers.

The metric 'Percentage of Water Withdrawn in Areas with High or Extremely High Baseline Water Stress,' originally reported for 2024 using the ThinkHazard! approach, has been recalculated for this reporting year using the WRI Aqueduct methodology, and the corrected 2024 value has been updated in the table accordingly.

In line with the recommendations set out in TSRS 2 Annex Volume 9 – Iron and Steel Producers, the metric 'Percentage of Water Consumed in Areas with High or Extremely High Baseline Water Stress' has been included in this reporting period. The values for both 2024 and 2025 have been incorporated into the table.

With the advanced datasets provided by the WRI Aqueduct tool, İsdemir has been able to assess the exposure of its operational facilities to water stress risks on a location specific basis across different geographical regions. The WRI Aqueduct methodology evaluates water stress using a scoring scale ranging from 0 (Low) to 5 (Extremely High), based on the ratio of total annual water withdrawals to available renewable water resources (the amount of water naturally replenished in the system each year). Using this scoring framework, İsdemir has evaluated all operational locations and identified activities that withdraw and consume water particularly in areas classified as High (4) and Extremely High (5) Baseline Water Stress. Water withdrawn and consumed in High or Extremely High Baseline Water Stress areas is reported as a percentage of the total water withdrawn and consumed by İsdemir and its affiliates in the water management table.

6.3.3. Supply Chain Management

In planning raw material procurement and negotiating agreements with suppliers, İsdemir evaluates a wide range of risk factors, including geopolitical risks, the customs and environmental regulations of both the miners' home countries and Türkiye, access to financing in the miners' countries, mining permit processes, local taxes applied to mined products, extreme weather events, and broader climate-related impacts. Additionally, all potential risks across the logistics chain—from the mine site to ports, and from these ports to Türkiye—are assessed.

Factors such as producer companies, ownership structures, port operations, and sanctions imposed on certain commodities are also taken into consideration. In this context, information is gathered on environmental and social challenges faced in the countries where supplier companies operate, and current developments are closely monitored through global media sources.

6.4. Strategic Initiatives and Target on the Path to Net-Zero Emissions

The Net Zero Roadmap is a transition plan that aims to reduce the company's carbon emissions to zero by 2050. This plan outlines the steps the company will take to achieve its sustainability objectives and incorporates the action plans that will be systematically implemented. Erdemir and İsdemir will continue to take determined steps toward a sustainable future through decarbonization-focused improvement initiatives and investment projects as part of their green transformation journey to achieve net-zero emissions by 2050.

Through Solar Power Plants (SPP), Electric Arc Furnace (EAF) investments, energy efficiency initiatives, and biomass projects, Erdemir and İsdemir target a 25% reduction in combined Scope 1 and Scope 2 emissions per ton of crude steel by 2030 compared to the base year of 2022, and a 40% reduction by 2040 through DRI (Direct Reduced Iron) projects initially operated with natural gas. With the increased availability of green hydrogen, the companies aim to operate DRI units fully with this resource, complemented by carbon capture and storage projects, to reach net-zero emissions by 2050. Short-, medium-, and long-term strategies to achieve these targets are detailed below. Erdemir and İsdemir's intensity-based targets for 2030 and 2040, as well as the absolute emissions reduction target for 2050, are presented in the Net Zero Roadmap.

Considering that 98% of the greenhouse gas emissions of Erdemir, the parent company, originate from Erdemir and İsdemir operations, and that these two companies are the primary entities exposed to CBAM risk, the targets in the Net Zero Roadmap have been defined specifically for these two companies.

The jointly established performance indicator and reduction target for Erdemir and İsdemir is as follows:

Performance Indicator	Unit	Base		Reduction Target vs. Baseline (%)		
		Gross Value	Year	2030	2040	2050
Total Scope 1–2 Greenhouse Gas Emissions	tCO_2/ TCS*	2.2	2022	%25	%40	Net Zero

** TCS-Ton Crude Steel*

Within the Net Zero Roadmap, the first quantitative greenhouse gas emission reduction target year has been set as 2030. Therefore, quantitative progress data for the period leading up to 2030 carry limited significance, and significant improvements in emission performance should not be expected during this phase. This does not indicate a lack of progress toward the targets; on the contrary, interim period activities reflect a focus on building the infrastructure, capacity, and technology investments that will enable measurable reductions in 2030 and beyond.

The established net zero targets have not yet been verified by third parties, and no revisions have been made to the targets at this stage. The review of targets is conducted in line with market conditions, technological developments, and the progress of related investments. Accordingly, should the need arise to update the targets, any revisions will be reported transparently.

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6.4.1. Electric Arc Furnace Investment
The Electric Arc Furnace (EAF) is a steelmaking method in which scrap is melted using an electric arc. This technology offers an energy efficient production route, particularly by increasing the use of scrap steel and enhancing recycling processes.

Currently, İsdemir conducts all its production through the Basic Oxygen Furnace (BOF) route; however, production using Electric Arc Furnace technology is also planned. The EAF investment is expected to deliver a significant reduction in greenhouse gas emissions.

Regarding the Electric Arc Furnace (EAF) investment planned to be completed by 2030, feasibility analyses and technology selection assessments are being carried out meticulously, taking into consideration changing market dynamics and current conditions.

6.4.2. Energy Efficiency Initiatives
İsdemir is implementing significant projects and investments in various areas in order to achieve its net zero emissions target by 2050. It is taking steps to reduce greenhouse gas emissions by carrying out systematic improvements to increase energy efficiency in its processes. It aims to reduce external dependence and maximize energy efficiency by using its own resources more efficiently.

Within the scope of the 'Net Zero Roadmap' published in 2024, information regarding the current status of the projects under the 'İsdemir Energy Efficiency Works' is shared as of 2025. Within the scope of İsdemir's energy efficiency works, the Retubing of Steam Boiler No. 3, the new compressed air compressors, and the new blast furnace combustion stack have been completed and commissioned. Feasibility studies continue for the Coke Dry Quenching System, the capacity increase of Turbo Generator No. 1–2, and the Back Pressure Steam Turbine for the Coke Dry Quenching System, which are included within the same scope. In addition, in 2025, an energy efficiency gain was achieved by operating Turbo Blower No. 2, which serves Blast Furnace No. 1, for Blast Furnace No. 3 and No. 4. After Blast Furnace No. 1 was commissioned, the TRT 1 System was brought online and electricity generation started. Additionally, energy efficiency projects such as the replacement of condenser coil tubes of Turbo Generator No. 4–5, burner replacements for Steam Boilers No. 6–7, and mathematical modeling to reduce variability in converter gas (OG) injection amounts have been completed and commissioned.

6.4.3. Solar Power Plant (SPP) Investments
The solar power plant (GES) projects play a critical role in our emission reduction and sustainable production processes. Through these investments, it is aimed to achieve emission reductions compared with the emissions of the base year 2022 and to significantly reduce dependence on fossil fuels.

Within the scope of the Çorum, Diyarbakır, and Şırnak solar power plant projects outlined in the Net Zero Roadmap, solar power plants with a total installed capacity of 530 MWp will be established, and an annual electricity generation of 940,000 MWh is expected. Work is being initiated at the sites where legal processes such as project approval, EIA procedures, and zoning requirements have been completed.

6.4.4. Biomass Utilization
Biomass utilization is an important strategy for steel producers in reducing dependence on fossil fuels and lowering greenhouse gas emissions. Biomass is a renewable energy source derived from organic waste, and as an alternative with a zero emission factor, it has significantly lower environmental impacts compared to traditional coal use. This approach not only reduces the carbon footprint of production processes but also supports the development of a sustainable energy supply model. From a greenhouse gas emissions management perspective,

Raw Biomass > Processed Biomass > Pyrolysis and Carbonization > Biochar

biomass utilization—particularly when replacing coal, which results in high carbon emissions—helps steel producers progress toward their net zero emission targets.

In line with the 2050 net zero emission target, significant steps are being taken to increase biomass utilization. In this context, it is planned to gradually increase the use of biomass—an alternative with a zero emission factor—in place of coal, thereby achieving a substantial reduction in emissions. A pilot pyrolysis plant has been established, where raw biomass is processed through the stages of processed biomass, pyrolysis, and carbonization to produce biochar. Through this project, reductions in coal consumption are targeted across several processes, including reducing the use of fossil coal in the Coke Plant, decreasing coke fines in the Sinter Plant, lowering PCI coal consumption in the Blast Furnaces, and reducing coal usage in the Steelmaking Plant.

6.4.5. DRI (Natural Gas-Based) Investment
Direct Reduced Iron (DRI) is a steel production method in which iron ore is reduced using natural gas instead of fossil coal. This process produces iron at lower temperatures and with significantly lower carbon emissions compared with traditional blast furnace operations. When applied with low carbon energy sources such as natural gas, DRI technology can considerably reduce environmental impacts.

Thanks to its potential for lowering carbon emissions, DRI technology is regarded as one of the key building blocks of the transition to low emission steel production. In conventional steelmaking, iron is produced in blast furnaces using coal, a process that results in substantial carbon dioxide (CO_2) emissions. In contrast, when DRI operates with natural gas, emissions drop to substantially lower levels compared with coal based production. This contributes to steel producers' efforts to manage their greenhouse gas emissions and progress toward net zero targets.

The implementation of a natural gas based DRI investment is expected to deliver a significant reduction in greenhouse gas emissions compared with the base year.

The DRI investment is planned for the post 2030 period, and global developments in DRI technology within the iron and steel sector are being closely monitored to guide the progress of this initiative.

6.4.6. DRI (Green Hydrogen-Based) Investment
In green hydrogen based DRI production, hydrogen replaces natural gas in the reduction of iron ore, enabling the production of iron with significantly lower environmental impact. The use of hydrogen in steelmaking substantially reduces carbon dioxide (CO_2) emissions, as the reduction process results in only water vapor as a by product, with no carbon emissions. In DRI production using green hydrogen, carbon emissions are effectively zero, making this one of the most innovative and impactful methods for steel producers to achieve their net zero emission targets.

Erdemir aims to increase the use of green hydrogen and significantly reduce greenhouse gas emissions in line with Türkiye's Hydrogen Roadmap, which sets national targets for electrolyzer capacity expansion. Green hydrogen based DRI investments constitute one of the company's most critical strategies for managing carbon emissions and achieving zero emission production. As the country's electrolyzer capacity expands, broader green hydrogen adoption is expected, enabling the minimization of environmental impacts across steel production processes. Global technological advancements in DRI (Green Hydrogen) systems, as well as developments in Türkiye's green hydrogen supply infrastructure, are being closely monitored.

- **Türkiye's Electrolyzer Capacity Target for 2030: 2 GW**
  The first interim target in Türkiye's Hydrogen Roadmap is to reach an electrolyzer capacity of 2 GW by 2030. Electrolyzers are devices that convert water into hydrogen gas through electrolysis, a process powered by renewable energy sources. Achieving this capacity by 2030 will reduce the use of coal and natural gas in steel production and enable greater utilization of green hydrogen in the sector, thereby contributing significantly to the reduction of carbon emissions.

- **Türkiye's Electrolyzer Capacity Target for 2035: 5 GW**
  Following the successful achievement of the 2030 target, Türkiye aims to reach an electrolyzer capacity of 5 GW by 2035. This expansion will further increase hydrogen production capacity and significantly enhance the share of green hydrogen used in steel manufacturing. With the growth in electrolyzer capacity, a larger volume of green hydrogen will become available, contributing to a further reduction in carbon emissions.

- **Türkiye's Electrolyzer Capacity Target for 2053: 70 GW**
  In line with Türkiye's net zero carbon target, the country's most ambitious goal is to reach an electrolyzer capacity of 70 GW by 2053. Achieving this target will ensure that all hydrogen used in steel production is generated entirely from renewable energy sources, thereby supporting Türkiye's commitment to achieving net zero emissions by 2053. A 70 GW capacity will enable a substantial share of the energy required in steelmaking to be supplied by green hydrogen, significantly reducing the sector's carbon emissions.

6.4.7. Carbon Capture and Storage (CCS)
İsdemir aims to implement carbon capture and storage (CCS) technologies. Among the company's planned investments, carbon capture and storage (CCS) technologies hold a highly significant position. CCS technology captures the unavoidable emissions generated during production processes before they are released into the atmosphere and transfers them safely to underground storage sites. In this way, carbon emissions originating from steelmaking processes can be substantially reduced. This technology will make a meaningful contribution to achieving our net zero emissions target by 2050 and provide strong momentum to our sustainable production approach. Global technological developments in carbon capture technologies, as well as advancements in Türkiye's carbon storage infrastructure, are being closely monitored.

7. Judgements and Uncertainties

This report also makes use of the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB). The 'Volume 9—Iron and Steel Producers', which is part of the TSRS 2 Sector-Based Application Guidance and sets out possible ways of determining, measuring, and disclosing information on climate-related risks and opportunities, has been used. This volume, which serves as a sector-specific guide for the iron and steel industry—İsdemir's main area of activity—has been derived from the SASB Standards maintained by the ISSB. In Section 6, Metrics and Targets, reference is made to the sector-based disclosure topics and metrics contained in this volume. Since İsdemir's subsidiaries operating in fields other than iron and steel production do not represent a significant proportion within the consolidated financial statements, only the relevant sector guide has been used. This information is also presented in Section 1.1.1. Compliance with the Türkiye Sustainability Reporting Standards (TSRS).

Judgements and uncertainties related to the scenario analysis evaluating the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk are presented in the 'Measurement Uncertainties' subsection of Section 4.1.1. CBAM Carbon Pricing of this report.

Appendix

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Performance Indicators

Social Performance Indicators

Employees by gender and category	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Monthly paid	644	3,551	633	3,394	625	3,334	628	3,289
Hourly paid	75	8,389	73	8,387	74	8,333	81	8,826

Employees covered by collective bargaining agreements	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
	88	8,193	86	8,171	85	8,170	93	8,585

Employees by age group	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	129	1,804	143	2,551	149	4,191	138	4,558
30-50	532	8,790	494	7,717	475	6,387	481	6,194
Over 50	58	1,346	69	1,513	75	1,089	90	1,363

Employees by education level	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Primary education	19	1,038	13	703	8	358	8	293
High school or equivalent	108	6,330	98	6,369	86	6,294	87	6,698
Vocational school	49	1,696	54	1,984	64	2,315	70	2,496
University	423	2,467	407	2,326	404	2,299	406	2,216
Master's/PhD	124	405	134	399	137	401	138	412

Employees by years of service	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	253	2,360	302	3,130	276	4,686	322	4,948
5-10 years	126	1,892	123	1,720	132	1,116	114	1,216
10+ years	340	7,688	281	6,931	291	5,865	273	5,951

Parental leave	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees on parental leave	13	449	14	289	29	349	19	398
Employees returning to work after parental leave	13	449	7	288	22	349	12	220

Number of new hires by gender and age	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	41	303	53	1,043	62	2,037	28	769
30–50	24	116	50	129	37	164	25	128
Over 50	0	8	5	23	0	5	2	10

Departures by gender and age - employee turnover	2022		2023		2024		2025	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	16	118	20	146	22	214	8	216
30–50	33	214	109	1,560	54	672	38	391
Over 50	8	278	25	899	27	1,044	8	304

Training	2022	2023	2024	2025
Training hours (including OHS)	706,616	596,329	768,315	842,513
Average annual training hours per employee	55.82	47.76	62.13	65.70
Total Training Costs (TL)	TL 15,439,463	TL 28,748,254	TL 69,724,110	TL 66,862,508

Performance Indicators

Environmental Performance Indicators

Energy Management	2023		2024		2025	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total energy consumption (Gigajoules)	87,637,502	92,785,536	70,389,571	107,603,847	63,387,334	112,571,102
Purchased energy (Gigajoules)	16,511,800	8,394,523	16,989,969	7,670,950	17,648,002	8,572,180
Energy generated (Gigajoules)	2,865,118	2,693,009	3,229,911	3,300,895	3,167,248	3,132,419
Energy savings from energy efficiency projects (Gigajoules)	822,560	1,288,394	658,563	798,604	643,285	703,324
Amount of energy recovered from waste heat (Gigajoules)	941,585	2,242,076	1,113,986	2,446,342	999,006	2,457,484
CO_2 reduction from energy-saving projects (CO_2)	90,770	173,217	115,626	123,178	86,656	112,380
Financial savings attributable to energy-saving projects (USD)	19,571,146	17,481,338	18,475,785	19,098,689	12,511,356	14,362,696

Water Management	2023		2024		2025	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total water consumption (m^3)	37,461,602	35,104,050	37,034,798.05	40,350,366	31,385,877	40,213,400
Surface water (m^3)	37,461,602	32,656,387	37,034,798.05	37,822,474	31,385,877	37,857,223
Groundwater (m^3)	0	2,447,663	0	2,527,892	0	2,356,177
Amount of water recycled/reused (m^3)	40,150,821	546,712,985	413,508,913	655,691,505	404,919,269	662,660,162

Circular Economy and Waste Management	2023		2024		2025	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of waste and by-products (tons)	1,299,695	2,222,763	1,327,023	1,948,170	765,290	2,152,291
Total amount of waste and by-products recovered into the economy (tons)	911,337	1,754,419	970,902	1,946,178	764,272	2,150,402
Financial savings from the sale of total waste and by-products (USD million)	15	52	47.00	65	38	477
Amount of waste reused in processes (tons)	288,430	199,278	354,577	366,947	289,793	265,721
Amount of natural resource use replaced by alternative raw materials (tons)	232,600	185,229	296,323	349,621	240,557	226,189
Financial savings from waste reused in processes (USD million)	9	10	12.84	22	7.4	20
Amount of hazardous waste (tons)	6,046	8,679	1,691	6,292	1,811	6,730
Scrap consumption (tons)	625,008	716,612	283,649	828,034	588,621	853,203

Environmental Investments and Expenditures	2023		2024		2025	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of environmental investments and expenditures (USD)	34,141,000	14,695,521	25,379,498	16,614,453	9,281,032	14,796,895

Emission Values *	2023		2024		2025	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
GHG Emissions - Scope 1 (tCO_2e/ton of crude steel)	2.11	2.07	2.00	2.04	2.18	2.10
GHG Emissions - Scope 1 (tCO_2e)	5,954,521	9,018,940	6,480,456	10,782,566	5,654,449	11,554,957
GHG Emissions - Scope 1 + Scope 2 (tCO_2e/ton of crude steel)	2.24	2.17	2.10	2.13	2.30	2.18
GHG Emissions - Scope 1 + Scope 2 (tCO_2e)	6,324,693	9,474,519	6,818,133	11,275,482	5,959,322	11,999,251
Consolidated GHG Emissions - Scope 1 + Scope 2 (tCO_2e/ton of crude steel)	2.20		2.12		2.22	
Consolidated GHG Emissions - Scope 1 + Scope 2 (tCO_2e)	15,799,212		18,093,615		17,958,573	

** The 2023 greenhouse gas emission values were affected by mandatory shutdowns due to the earthquake. The emission values provided for 2025 are based on the GHG (Greenhouse Gas) Protocol calculation methodology.*

GRI Content Index

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. This service was carried out on the Turkish version of the report.

Statement of use	Erdemir has reported for the period January 1–December 31, 2025, in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard was applied, as a sector standard for the iron and steel industry has not yet been developed.

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	**Organization and Reporting Practices**	
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Integrated Annual Report, pages 10-11 Corporate Profile, pages 16-21
	2-2 Entities included in the organization's sustainability reporting	About the Integrated Annual Report, pages 10-11
	2-3 Reporting period, frequency and contact point	Reporting is conducted annually. About the Integrated Annual Report, pages 10-11 Contact, 342
	2-4 Restatements of information	There are no restatements of information.
	2-5 External assurance	The report has not been subject to external assurance.
	Activities and Employees	
	2-6 Activities, value chain and other business relationships	Corporate Profile, pages 16-21 Our Mining Metallurgy Companies in 2025, pages 12-15 Value Chain, pages 38-39 Value Creation Model, pages 40-41 Stakeholder Map and Stakeholder Relations, pages 62-63
	2-7 Employees	Human Resources, pages 118-125 Performance Indicators, pages 332-335
	2-8 Workers who are not employees	Human Resources, pages 118-125 Performance Indicators, pages 332-335
	Governance	
	2-9 Governance structure and composition	Board of Directors and Senior Management, pages 136-137 Corporate Governance Compliance Report, pages 145-151
	2-10 Nomination and selection of the highest governance body	In the selection of Board members, processes are conducted in accordance with applicable regulations and the minimum required qualifications. Board of Directors and Senior Management, pages 136-137 Corporate Governance Approach, pages 134-135 Corporate Governance Information Form, pages 152-159
	2-11 Chair of the highest governance body	Board of Directors and Senior Management, pages 136-137
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Approach, pages 134-135 Corporate Governance Information Form, pages 152-159
	2-13 Delegation of responsibility for managing impacts	Strategic Approach, pages 42-47 Corporate Governance Approach, pages 134-135
	2-14 Role of the highest governance body in sustainability reporting	Strategic Approach, pages 42-47 Corporate Governance Approach, pages 134-135
	2-15 Conflicts of interest	Ethical Compliance and Transparency, page 138 Corporate Governance Compliance Report, pages 145-151
	2-16 Communication of critical concerns	Materiality Analysis, pages 66-69 Corporate Governance Approach, pages 134-135
	2-17 Collective knowledge of the highest governance body	Board of Directors and Senior Management, pages 136-137
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Approach, pages 134-135 Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness, pages 170-171
	2-19 Remuneration policies	Human Resources, pages 118-125 Compensation Policy
	2-20 Process to determine remuneration	Human Resources, pages 118-125 Compensation Policy
	2-21 Annual total compensation ratio	Human Resources, pages 118-125 Compensation Policy
	Strategy, Policies, and Practices	
	2-22 Statement on sustainable development strategy	Message from the Chairman, pages 28-31 Strategic Approach, pages 42-47 Value Creation Model, pages 40-41
	2-23 Policy commitments	Corporate Governance Approach, pages 134-135 Policies
	2-24 Embedding policy commitments	Corporate Governance Approach, pages 134-135 Policies
	2-25 Processes to remediate negative impacts	Stakeholder Map and Stakeholder Relations, pages 62-63 The Customer's Solution Partner, pages 78-79 Process Development Work, pages 82-85 Supply Chain Management, pages 90-93 Ethical Compliance and Transparency, page 138
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Map and Stakeholder Relations, pages 62-63 The Customer's Solution Partner, pages 78-79 Ethical Compliance and Transparency, page 138
	2-27 Compliance with laws and regulations	During the reporting period, no instances of non-compliance with applicable laws occurred, and no penalties for non-compliance with laws and regulations were imposed.
	2-28 Membership associations	Corporate Memberships, pages 64-65
	Stakeholder Engagement	
	2-29 Approach to stakeholder engagement	Stakeholder Map and Stakeholder Relations, pages 62-63
	2-30 Collective bargaining agreements	Human Resources, pages 118-125

GRI Content Index

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, pages 66-69
	3-2 List of material topics	Materiality Analysis, pages 66-69
	Combating Climate Change and Decarbonization	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Combating Climate Change and Decarbonization, pages 102-103
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	Combating Climate Change and Decarbonization, pages 102-103 TSRS Reports, pages 284-329
	102-2 Climate change adaptation plan	Combating Climate Change and Decarbonization, pages 102-103 TSRS Reports, pages 284-329
	102-4 GHG emissions reduction targets and progress	Combating Climate Change and Decarbonization, pages 102-103 TSRS Reports, pages 284-329
	102-5 Scope 1 GHG emissions	TSRS Reports, pages 284-329 Performance Indicators, pages 332-335
	102-6 Scope 2 GHG emissions	TSRS Reports, pages 284-329 Performance Indicators, pages 332-335
	Energy Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Environmental Impact Management (Effective Energy Management), pages 108-109
GRI 103: Energy 2025	103-1 Energy policies and commitments	Environmental Impact Management (Effective Energy Management), pages 108-109
	103-2 Energy consumption and self-generation within	Environmental Impact Management (Effective Energy Management), pages 108-109 Performance Indicators, pages 332-335
	103-5 Reduction in energy consumption	Environmental Impact Management (Effective Energy Management), pages 108-109 Performance Indicators, pages 332-335
	Sustainable Financial Performance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Financial Performance, pages 58-59
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Creation Model, pages 66-69 Financial Performance, pages 58-59
	201-3 Defined benefit plan obligations and other retirement plans	Consolidated Financial Statements and Independent Auditor's Report for the Period January 1-December 31, 2025, pages 175-281
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Investments, pages 72-73
	Business Ethics, Legal Compliance, and Transparency	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Ethical Compliance and Transparency, page 138
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Ethical Compliance and Transparency, page 138 Anti-Corruption Policy
	205-2 Communication and training about anti-corruption policies and procedures	Ethical Compliance and Transparency, page 138 Anti-Corruption Policy
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during the reporting period.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination occurred at Erdemir during the reporting period.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Erdemir does not engage in any form of child labor and requires its value chain stakeholders, especially suppliers, to comply with the minimum age requirements stipulated in applicable laws and regulations.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Erdemir and all stakeholders in its value chain, particularly its suppliers, do not engage in any form of forced labor.
	Water and Wastewater	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Environmental Impact Management (Water Management), page 111
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Impact Management (Water Management), page 111
	303-3 Water withdrawal	Environmental Impact Management (Water Management), page 111 Performance Indicators, pages 332-335
	303-5 Water consumption	Environmental Impact Management (Water Management), page 111 Performance Indicators, pages 332-335
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69
	Circular Economy and Waste Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Environmental Impact Management (Circular Economy and Waste Management), pages 109-111
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Impact Management (Circular Economy and Waste Management), pages 109-111
	306-2 Management of significant waste-related impacts	Environmental Impact Management (Circular Economy and Waste Management), pages 109-111
	306-3 Waste generated	Environmental Impact Management (Circular Economy and Waste Management), pages 109-111 Performance Indicators, pages 332-335
	306-4 Waste diverted from disposal	Environmental Impact Management (Circular Economy and Waste Management), pages 109-111 Performance Indicators, pages 332-335
	306-5 Waste directed to disposal	Environmental Impact Management (Circular Economy and Waste Management), pages 109-111 Performance Indicators, pages 332-335
	Respect for Employees and Human Rights	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Human Resources, pages 118-125
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Resources, pages 118-125 Performance Indicators, pages 332-335
	401-3 Parental leave	Human Resources, pages 118-125 Performance Indicators, pages 126-129
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Statutory notification periods are observed in cases of significant operational changes.

GRI Content Index

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Occupational Health and Safety	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Occupational Health and Safety, pages 126-129
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, pages 126-129
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pages 126-129
	403-3 Occupational health services	Occupational Health and Safety, pages 126-129
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 126-129
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, pages 126-129 Performance Indicators, pages 332-335
	403-6 Promotion of worker health	Occupational Health and Safety, pages 126-129
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, pages 126-129
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, pages 126-129
	403-9 Work-related injuries	Occupational Health and Safety, pages 126-129 Performance Indicators, pages 332-335
	403-10 Work-related ill health	Occupational Health and Safety, pages 126-129 Performance Indicators, pages 332-335
	Talent Management and Employee Well-Being	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Human Resources, pages 126-129
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Resources, pages 126-129 Performance Indicators, pages 332-335
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Resources, pages 126-129
	Equal Opportunity, Diversity, and Inclusion	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Human Resources, pages 126-129
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Resources, pages 126-129 Board of Directors and Senior Management, pages 136-137 Performance Indicators, pages 332-335
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No cases of violations of the right to freedom of association and collective bargaining were identified during the reporting period.
	Contribution to Local Development through Qualified Employment	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Social Contribution, pages 130-131 Corporate Social Responsibility Policy
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Contribution, pages 130-131
	Low-Emission Production Technologies	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Product Management, pages 80-81 Process Development Work, pages 82-85

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Product Quality	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Product Management, pages 80-81 Process Development Work, pages 82-85
	Operational Excellence and Business Continuity	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Product Management, pages 80-81 Process Development Work, pages 82-85
	Responsible Procurement and Supply Chain Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Supply Chain Management, pages 90-93
	Raw Material Supply Security	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Supply Chain Management, pages 90-93
	R&D and Innovation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 R&D and Innovation, pages 96-99
	Customer Satisfaction	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 The Customer's Solution Partner, pages 78-79
	Digitalization and Use of Artificial Intelligence	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Digital Transformation and Technology, pages 100-101
	Air Quality	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Air Quality, pages 112-113
	Corporate Governance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Corporate Governance Approach, pages 134-135
	Logistics and Port Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Supply Chain Management, pages 90-93
	Proactive Risk and Crisis Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Risk Management, pages 140-142 Risk Management Projects, page 143
	Product Life Cycle	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Environmental Impact Management, pages 104-115
	Emergency Preparedness and Action Plan	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Occupational Health and Safety, pages 126-129
	Community Investment Programs	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Social Contribution, pages 130-131 Corporate Social Responsibility Policy
	Stakeholder Communication and Social Dialogue	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 66-69 Stakeholder Map and Stakeholder Relations, pages 62-63

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