



İSKENDERUN DEMİR VE ÇELİK A.Ş.

For the Period 1 January - 30 June 2026
Board of Directors' Activity Report

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

REVIEW REPORT ON COMPLIANCE OF INTERIM OPERATING REPORT

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

Introduction

We have been engaged to perform a review on the compliance of the financial information included in the accompanying interim operating report of İskenderun Demir ve Çelik Anonim Şirketi (the Company) as of 30 June 2026, with the interim condensed financial statements, which we reviewed. Interim operating report is the responsibility of the Company management. Our responsibility as the auditors is to express a conclusion regarding whether the financial information included in the accompanying interim operating report is consistent with the interim condensed financial statements and explanatory notes, which we reviewed as the subject of the review report dated 6 August 2026.

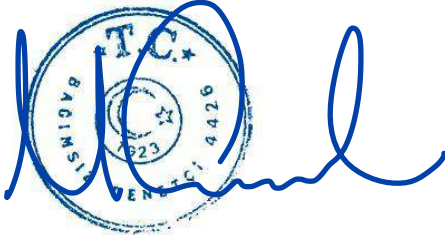
Scope of Review

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

Conclusion

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

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



Mehmet Başol Çengel, SMMM
Partner

6 August 2026
İstanbul, Türkiye

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

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

1 January - 30 June 2026

2. Information on the Company

- **Trade Title** : İSKENDERUN DEMİR VE ÇELİK A.Ş.
- **Trade Registry Number** : 1599
- **Address of the Head Office** : Karayılan Mahallesi, 31319 İskenderun/HATAY
- **Website** : www.isdemir.com.tr

3. Shareholding Structure and Capital Structure

Paid-in Capital : TRY 2.900.000 thousand

Shareholders	Shares (Thousand TRY)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2.751.326	94,87
Publicly Held	148.674	5,13
Total	2.900.000	100,00

No change in shareholding and capital structure.

4. Information on Board of Directors, key managers and number of personnel

According to the Turkish Commercial Code and related regulations, the election of the Board Members is carried out by the General Assembly within the framework of the Articles of Association. Should there be a vacant position in the Board of Directors Membership within the respective period; an election is held for the vacant position according to the provisions of Turkish Commercial Code and Company's Articles of Association and submitted to the next general assembly to be approved. Changes occurring during the period are made by a decision of the Board of Directors, subject to approval at the subsequent general assembly. The Company's 2025 Ordinary General Assembly has been convened on 26 March 2026.

Pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Law, and in accordance with Articles 9th and 10th of the Company's Articles of Association, elections were held at the Ordinary General Assembly Meeting convened on 26 March 2026 due to the expiration of the terms of office of the Independent Members of the Board of Directors, and 3 Independent Members of the Board of Directors were elected to serve for a term of one year.

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The active members of the Board of Directors as of reporting period:

Board of Directors	Title	Effective from
ATAER Holding A.Ş. (Represented by: Murat YALÇINTAŞ)	Chairman	27.05.2013 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: İsmail DOĞAN)	Board Member and Executive Director	17.09.2012 (*)
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Represented by: Tolga SAYGUN)	Board Member and Executive Director	13.09.2012 (*)
Erdemir Madencilik Sanayi ve Ticaret A.Ş. (Represented by: Melikşah UTKU)	Board Member	18.09.2012 (*)
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Represented by: Hilal YÜCEL)	Board Member	20.09.2012 (*)
Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. (Represented by: Ahmet Raci YALÇIN)	Board Member	17.09.2012 (*)
Alper KANCA	Independent Board Member	26.03.2026
Uğur SÜEL	Independent Board Member	26.03.2026
Steven YOUNG	Independent Board Member	26.03.2026

(*) Legal entity Board Member's duty starting dates have been taken into consideration.

Authorities and Duties of the Members of the Board of Directors'

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Trade Act's relevant clauses and in the Articles of Association.

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Executive Management	Title	Effective from	Education	Experience
İsmail DOĞAN	Board Member and Executive Director (Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)	18.07.2025	Boğaziçi University -Industrial Engineering (Bachelor's Degree)	18 Years
Tolga SAYGUN	Board Member and Executive Director (Representative of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş.)	09.04.2026	Eastern Mediterranean University - Civil Engineering (Bachelor's Degree)	30 Years
Semih ÖRMEN	Financial Management and Financial Affairs Group Vice President (By Proxy)	22.04.2026	Boğaziçi University - Business Administration (Bachelor's Degree)	26 Years
Vacant	Marketing and Sales Group Vice President	-	-	-
Vacant	Procurement Group Vice President	-	-	-
Vacant	Enterprise Architecture and Human Resources Group Vice President	-	-	-
Ayhan AKIN	General Manager	23.08.2025	Gazi University - Economics (Bachelor's Degree)	33 Years
Vacant	Deputy General Manager (Operations)	-	-	-

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
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5. The Transactions of Board Members Made on Its Behalf or on Behalf of Other and The Activities as Part of Prohibition of Competition

At the Ordinary General Assembly held on 26 March 2026, it is consented to give the authority for transactions according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board.

No transaction had been realized in this context.

6. Personnel and Labor Movements and Collective Bargaining Practices and Rights and Benefits Provided to Personnel and Workers

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

Permits are annual paid leave, companion leave, compassionate leave, free leave and marriage leave, death leave, work limit permit, maternity leave, part time work permit, moving permit, breast-feeding leave, adoption leave, permission to file a public lawsuit, permission to be with your child and other leaves for natural disaster.

Complementary health insurance for our hourly paid staff; employer sponsored individual annuity insurance, private health insurance and life insurance are provided to our monthly paid personnel.

Social benefits such as death allowance, food aid and vehicle assistance are provided to all our employees; other welfare benefits are paid only to employees with hourly wages. Permits such as annual leave, excuse for leave, marriage leave, death leave, maternity leave, working limit, companion leave, adoption permit, part time work permit, transfer permit, free leave and dairy leave are granted to all employees, other permits are available only for the benefits of our employees working on hourly basis.

The number of personnel of the Company is as follows:

	30 June 2026	31 December 2025
	Personnel	Personnel
Paid Hourly Personnel	3.571	3.560
Paid Monthly Personnel	1.356	1.369
	4.927	4.929

7. Compliance With The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2025 were met during the period 1 January 2026 – 30 June 2026.

8. Amendments in The Articles of Association

None.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
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B - Financial Rights Given to Board Members and Executive Management

1. Total Value of The Financial Benefits Provided Such As Attendance Fee, Wages, Premiums, Bonuses, Profit Shares

At the Ordinary General Assembly Meeting of the Company dated 26 March 2026, no wages will be paid to the Board members representing Group B shares, The monthly net wage that will be paid to the members representing Group A shares will be TRY 50.000 (monthly, in cash), The monthly net wage that will be paid to Independent Board Members will be TRY 75.000 (monthly, in cash), and it was decided by majority vote that the new wages will be valid from the date of 1 April 2026.

Individual Accident and Life insurance was taken out for each of the Board of Directors and the Chairman of the Board, and no other benefit was provided.

No bonus payment was made to any of the Board Members as a reward for performance recognition.

No debt was given to any of the Board Members and the managers within the period, directly or through a third party no guarantee or collateral was given for any of them to allow them to obtain any loan.

2. Information on The Total Amount of Allowances, Travel, Accommodation and Representation Expenses, and Cash and Non-cash Payments, Insurance and Similar Guarantees

A total of TRY 11.337 thousand expense was recorded relating to the Board Members and Executive Management in the period from 1 January – 30 June 2026.

C - Research and Development Studies

Research and development activities of OYAK Mining Metallurgy are carried out under the Erdemir R&D Center, which was certified by the Republic of Türkiye Ministry of Industry and Technology in 2014. These activities are conducted under five main research areas: raw materials and ironmaking, steelmaking and casting technologies, hot rolled products and processes, cold rolled products and processes, and energy and environmental solutions.

R&D activities are carried out to support process improvement, product performance enhancement, cost efficiency, energy efficiency, environmental sustainability and low-carbon production objectives. The Erdemir R&D Center operates state-of-the-art laboratory facilities and pilot-scale simulation systems. The Center's core areas of expertise include material characterization, thermomechanical simulation, metal forming, welding technologies, corrosion, fatigue, enameling, rheology, spectral analysis, inclusion analysis, and X-ray applications. In addition, the R&D Center conducts experimental studies using simulation systems representing key production processes such as coking, agglomeration, sintering, melting, rolling, heat treatment and coating.

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D - Company Activities and Significant Developments Related to the Activities

1. Investment Activities

With its modern production facilities and production technology, OYAK Mining Metallurgy produces competitive products in the world and continues its investment activities in line with its continuous development strategy.

In this context;

Testing and commissioning are ongoing for the Port-1 New Grab Ship Unloader Cranes Project. In the Seawater Pumping Station Sustainability Investment, the scope of Phase 3 has been completed, and construction and mechanical works within the scope of Phase 4 are ongoing. Site activities are ongoing in The Port Capacity Increase Investment and the Repair, Renovation and Strengthening Projects of Port Facility Damaged by the Earthquake.

Procurement activities continue for the New No.1 and No.2 Turbo Generator and the Electricity Generation from The Steam Produced in Coke Dry Quenching Projects.

The company has recorded investment accruals of USD 114 million in its financial statements as of the reporting date.

2. Internal Control System and Internal Audit Activities

Although the company does not have a separate Internal Audit Department, At OYAK Mining Metallurgy Companies, internal audit activities are carried out by the Internal Audit Directorate, which reports directly to the Board of Directors. Internal audit activities are planned and performed using a systematic, disciplined, and risk-based approach, with reference to the International Standards for the Professional Practice of Internal Auditing. Through internal audit activities, the effectiveness of the risk management, control, and governance processes of OYAK Mining Metallurgy Companies is evaluated. In audit engagements, data analytics, continuous auditing, and automated control monitoring approaches and technologies are utilized. Audit activities are tracked through the Audit Management System; action plans are created for findings identified as a result of internal audit activities and are monitored systematically. The Internal Audit Directorate regularly reports to the Audit Committee - composed of Independent Members of the Board of Directors - on the results of internal audit activities and the effectiveness of the internal control system. The Committee's meetings are held in alignment with the Board of Directors' regular meeting schedule, and following each meeting, a written report on the Committee's activities, together with a summary of the minutes, is submitted to the Board of Directors.

3. Direct and Indirect Affiliates

During the reporting period, we do not have any subsidiaries subject to consolidation. The Company's subsidiaries, their fields of activity, and their share in the capital are as follows:

Name of the Company	Country of Operation	Operation	Share 2026 %	Share 2025 %
Teknopark Hatay A.Ş.	Türkiye	R&D Center	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production & Sales	50	50

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E - Financial Position

1. Summary of Financial Statements

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have been reviewed as of 30 June 2026.

Summary of Financial Position

	(Reviewed)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	30 June 2026	31 December 2025
Current Assets	99.214.909	102.108.960
Non-current Assets	147.366.591	135.134.996
Total Assets	246.581.500	237.243.956
Current Liabilities	59.208.619	45.445.629
Non-current Liabilities	31.311.765	44.221.501
Shareholders' Equity	156.061.116	147.576.826
Total Liabilities	246.581.500	237.243.956

Summary of Profit or Loss

	(Reviewed)	(Reviewed)
	Current Period	Previous Period
(Thousand TRY)	1 January - 30 June 2026	1 January - 30 June 2025
Sales Revenue	67.856.623	55.652.605
Gross Profit (Loss)	5.921.943	4.597.408
Operating Profit (Loss)	3.829.284	3.250.107
Profit (Loss) Before Tax	4.274.744	2.812.346
Net Profit (Loss) for the Period	9.228.835	3.040.825
EBITDA	6.906.513	5.344.815

The Entity prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In the regular meetings of the Board of Directors is reviewing the current position of the Entity and activities are compared with the previous period and budget targets.

2. Key Ratios

(%)	1 January - 30 June 2026	1 January - 30 June 2025
Gross Profit (Loss) Margin	8,7%	8,3%
Operating Profit (Loss) Margin	5,6%	5,8%
EBITDA Margin	10,2%	9,6%
Profit Margin for the Period	13,6%	5,5%

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
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3. The Availability of Financial Sources and The Policies The Company Applies in This Framework

Company has full access to all national and international financial sources with its market making power based on high trading volume in money markets. New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of Company is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of systematic models. Within the risk tolerances, forward, futures, swap and options reflecting market conditions are implemented, if necessary.

4. Dividend Distribution Policy

Company's Dividend Distribution Policy is as follows:

"In principle, the Company has adopted a policy of distributing the entire cash distributable profit for the full amount of the distributable profit for the period allowed by the prospective free cash creation expectation, including market forecast and financial leverage ratios and investment / financing requirements, within the framework of applicable legislation and the Company's Articles of Association. The profit distribution policy is reviewed every year by the Board of Directors according to national and global economic conditions, the projects on the agenda and the status of funds.

Dividends shall be paid in full and in cash, within the framework of the provisions of the legislation, by the Board of Directors at the General Assembly meeting decided to be distributed until 15 December of the relevant calendar year in one time.

The General Assembly is authorized to distribute Advance Dividend in accordance with the provisions of the applicable legislations."

At the Ordinary General Assembly Meeting held on 26 March 2026, dividend distribution gross dividend per share: TRY 4,50 amounting to TRY 13.050.000 thousand from the profit of 2025 and retained earnings was approved. The dividend payment was started at 3 June 2026.

5. Information About the Sector

Global crude steel production in June this year increased by 1,7 percent year on year to 155,7 million tonnes. In the January-June period this year, global crude steel production went down by 0,7 percent year on year to 931,5 million tonnes.

In June, crude steel output in Asia amounted to 115,2 million tonnes, up 1,5 percent, with China's output at 83,7 million tonnes, up 0,4 percent, with 6,8 million tonnes produced by Japan, increasing by 1,3 percent, 14,1 million tonnes produced by India, up by 4,5 percent, and 5,3 million tonnes produced by South Korea, moving down by 0,9 percent with all comparisons on year on year basis.

EU-27 countries produced 10,8 million tonnes of crude steel in June, up by 4,6 percent year on year. In the given period, Germany's output amounted to 2,9 million tonnes, up 9,5 percent year on year.

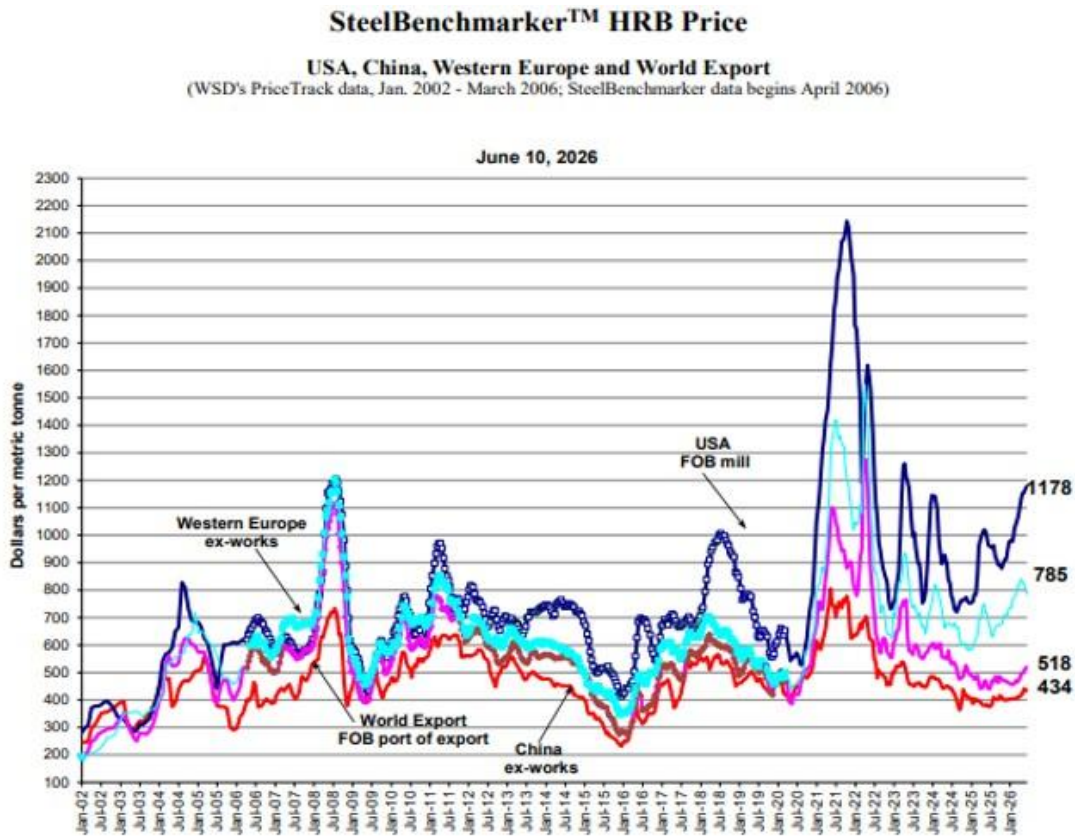
The CIS registered a crude steel output of 6,8 million tonnes, decreasing by 2,2 percent on year on year basis, with Russia's estimated output at 5,6 million tonnes, down 3,4 percent year on year.

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

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

In the given month, Africa produced 2,2 million tonnes of crude steel, increasing by 20 percent year on year. In the Middle East, crude steel output totaled 4 million tonnes, moving down by 13,4 percent.

Price changes of hot rolled products follows:



Türkiye produced 3,3 million tonnes of crude steel in June, with a 14,7 percent increase compared to the same month in the previous year. Türkiye's crude steel output by electric arc furnaces increased by 11% (2,3 million tonnes) and the production by integrated plants increased by 25,1% (0,9 million tonnes) both year on year.

In the January-June period this year, Türkiye produced 19,8 million tonnes of crude steel, up by 8,1 percent year on year. Türkiye's crude steel output by electric arc furnaces increased by 3,9% (13,9 million tonnes) and the production by integrated plants increased by 19,3% (5,9 million tonnes) both year on year.

6. The Position within the Sector

The Company produced 2,8 million tonnes crude steel in the first six month of 2026.

7. Development Regarding the Plants

The company, which is the only integrated long and flat steel producer in Türkiye, has successfully continued its production, operation, maintenance and modernization activities in all facilities and continued its activities in line with the principle of quality production with optimum cost and maximum efficiency, and realized 14% of Türkiye's crude steel production in the six months of 2026.

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8. Production Plants and Productivity

Capacity utilization rates are provided below:

Capacity Utilization ratios (%)	1 January - 30 June 2026	1 January - 30 June 2025
Liquid Steel	97%	96%
Crude Steel	95%	94%

9. Products

The main products produced are;

- Billet,
- Wire Rod,
- Slab,
- Hot Roll.

10. Production (quantity)

Final Products (000 Tonne)	1 January - 30 June 2026	1 January - 30 June 2025
Flat products (*)	2.173	2.267
Long products	497	366
Total	2.670	2.633

(*) Slab production included to flat production.

11. Development in Sales

The iron and steel industry is of strategic importance to national economies due to its contributions to industrial production, employment, and foreign trade. Türkiye, with its production capacity and strong domestic market, is among the leading countries in the world iron and steel sector. Türkiye, which is the seventh largest crude steel producer in the world, reached 19,8 million tonnes of crude steel production in the first six months of 2026, an increase of 8,1% compared to the same period of the previous year.

The Company's total sales in the first six months of 2026 reached 2,6 million tonnes. 2,1 million tonnes of total sales were realized as flat products and 0,5 million tonnes as long products. 18% of the Company's total sales were realized through exports.

12. Sales(quantity)

Finished Product (000 Tonne)	1 January - 30 June 2026	1 January - 30 June 2025
Flat products (*)	2.128	2.192
Long products	494	367
Total	2.622	2.559

(*) As of 30 June 2026, sales of 0,4 million tonnes in total flat product sales are transactions made to related parties (30 June 2025: 0,7 million tonnes).

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
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F - Risks and Evaluation of the Board**1. Enterprise Risk Management**

Enterprise Risk Management Procedure has been published with the purpose of ensuring systematic and comprehensive identification, evaluation, control and monitoring of threat and opportunities that may affect Company's assets, reputation, profitability. The procedure includes guidance, risk identification, prioritization, improvement, reporting, monitoring/surveillance and communication principles related to risks in order to manage Company wide risks to the highest standard.

In order to measure the risks incurred by the company and ensure conformity to the risk tolerance limits; risks are monitored and managed in accordance with regulations and guidelines developed for critical risks.

2. Early Detection of Risk Committee

The Early Detection of Risk Committee Regulation is included in the Corporate Governance Policies and Regulations tab under Corporate Governance section of Investor Relations title on the company's website.

The purpose of the Committee is to identify the risks that may threaten the existence, progress and continuation of the Company operations within the scope of The Early Detection of Risk Committee Regulation and legal legislation, to implement the necessary measures related to the risks identified and to manage those risks.

The meetings of the Committee are held at least six times a year and in accordance with the regular meetings of the Board of Directors. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes. Meeting minutes are kept by the Corporate Risk Management Directorate.

G - Other Information**1. Organizations Out of the Headquarters**

None.

2. Information for Shareholders

None.