

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY - 30 SEPTEMBER 2023**

TABLE OF CONTENTS		PAGE
CONDENSED STATEMENT OF FINANCIAL POSITION		1-2
CONDENSED STATEMENT OF PROFIT OR LOSS		3
CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME		4
CONDENSED STATEMENT OF CHANGES IN EQUITY		5
CONDENSED STATEMENT OF CASH FLOWS		6
NOTES TO THE CONDENSED FINANCIAL STATEMENTS		7-42
NOTE 1	COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS	7
NOTE 2	BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS	7-13
NOTE 3	RELATED PARTY TRANSACTIONS	13-16
NOTE 4	INVENTORIES	16
NOTE 5	INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	17
NOTE 6	TANGIBLE AND INTANGIBLE ASSETS	18-19
NOTE 7	BORROWINGS	20-21
NOTE 8	PROVISIONS	21-23
NOTE 9	EMPLOYEE BENEFITS	23-25
NOTE 10	COMMITMENTS	26
NOTE 11	TAX ASSETS AND LIABILITIES	27-29
NOTE 12	EQUITY	29
NOTE 13	SALES AND COST OF SALES	30-31
NOTE 14	OPERATING EXPENSES ACCORDING TO THEIR NATURE AND OTHER OPERATING INCOME/ (EXPENSES).....	32-34
NOTE 15	FINANCE INCOME / EXPENSES	35
NOTE 16	NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	36-41
NOTE 17	SUBSEQUENT EVENTS	41
NOTE 18	OTHER ISSUES AFFECTING THE CONDENSED INTERIM FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION	42

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2023

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 30 September 2023 USD'000	Current Period 30 September 2023 TRY'000	Previous Period 31 December 2022 USD'000	Previous Period 31 December 2022 TRY'000
ASSETS					
Current Assets		1.816.578	49.731.932	1.673.711	31.295.559
Cash and Cash Equivalents		358.188	9.806.006	347.126	6.490.670
Financial Investments		-	-	1.003	18.760
Trade Receivables		180.099	4.930.512	213.372	3.989.685
<i>Due From Related Parties</i>	3	158.752	4.346.093	148.990	2.785.853
<i>Other Trade Receivables</i>		21.347	584.419	64.382	1.203.832
Other Receivables		42.402	1.160.827	2.433	45.489
<i>Due From Related Parties</i>	3	38.980	1.067.135	-	-
<i>Other Receivables</i>		3.422	93.692	2.433	45.489
Financial Derivative Instruments		1.098	30.060	-	-
Inventories	4	980.237	26.835.643	1.039.582	19.438.419
Prepaid Expenses		23.972	656.294	8.919	166.762
<i>Due From Related Parties</i>	3	64	1.759	-	-
<i>Other Prepaid Expenses</i>		23.908	654.535	8.919	166.762
Other Current Assets		230.582	6.312.590	61.276	1.145.774
Non Current Assets		2.597.700	71.116.432	2.320.728	43.393.657
Financial Investments		1.927	52.747	2.844	53.174
Other Receivables		223	6.107	327	6.107
Investments Accounted For Using Equity Method	5	28.422	778.087	32.412	606.053
Property, Plant and Equipment	6	2.335.435	63.936.494	2.176.160	40.690.492
Right of Use Assets		7.723	211.418	6.223	116.352
Intangible Assets	6	39.540	1.082.462	41.604	777.927
Prepaid Expenses		184.430	5.049.117	61.158	1.143.552
<i>Due From Related Parties</i>	3	1.600	43.799	1.938	36.241
<i>Other Prepaid Expenses</i>		182.830	5.005.318	59.220	1.107.311
TOTAL ASSETS		4.414.278	120.848.364	3.994.439	74.689.216

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2023

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 30 September 2023 USD'000	Current Period 30 September 2023 TRY'000	Previous Period 31 December 2022 USD'000	Previous Period 31 December 2022 TRY'000
LIABILITIES					
Current Liabilities		1.103.478	30.264.262	719.447	13.476.851
Short Term Borrowings	7	609.019	16.702.968	432.312	8.098.064
Short Term Portion of Long Term Borrowings	7	103.554	2.840.076	31.986	599.168
Trade Payables		250.239	6.863.332	209.038	3.915.903
<i>Due to Related Parties</i>	3	73.077	2.004.220	45.852	858.902
<i>Other Trade Payables</i>		177.162	4.859.112	163.186	3.057.001
Payables for Employee Benefits	9	29.837	818.304	16.083	301.263
Other Payables		8.573	235.126	3.166	59.310
Derivative Financial Instruments		-	-	520	9.740
Deferred Revenue		32.288	885.523	13.133	246.003
Current Tax Liabilities	11	44.781	1.228.157	6.351	118.959
Short Term Provisions	8	5.381	147.576	6.492	121.604
Other Current Liabilities		19.806	543.200	366	6.837
Non Current Liabilities		612.718	16.804.436	502.473	9.412.341
Long Term Borrowings	7	127.003	3.483.171	166.537	3.119.579
Long Term Provisions		63.026	1.728.551	72.456	1.357.255
<i>Long Term Provisions for Employee Benefits</i>	9	63.026	1.728.551	72.456	1.357.255
Deferred Tax Liabilities	11	422.689	11.592.714	263.480	4.935.507
EQUITY		2.698.082	73.779.666	2.772.519	51.800.024
Share Capital	12	1.474.105	2.900.000	1.474.105	2.900.000
Inflation Adjustment to Capital		85	164	85	164
Other Comprehensive Income/Expense Not to be Reclassified to Profit/ (Loss)		(57.916)	45.517.714	(53.764)	31.266.658
<i>Actuarial (Loss)/ Gain Funds</i>		(57.916)	(703.179)	(53.764)	(595.956)
<i>Foreign Currency Translation Reserves</i>		-	46.220.893	-	31.862.614
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		869	23.824	(349)	(6.538)
<i>Cash Flow Hedging Gain (Loss)</i>		869	23.824	(349)	(6.538)
Restricted Reserves Assorted from Profit		482.127	3.049.060	482.127	3.049.060
Retained Earnings		870.315	23.869.257	419.842	7.864.483
Net Profit /(Loss) for the Period		(71.503)	(1.580.353)	450.473	6.726.197
TOTAL LIABILITIES AND EQUITY		4.414.278	120.848.364	3.994.439	74.689.216

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

		(Unaudited) Current Period 1 January - 30 September 2023	(Unaudited) Current Period 1 January - 30 September 2023	(Unaudited) Current Period 1 July - 30 September 2023	(Unaudited) Previous Period 1 January - 30 September 2022	(Unaudited) Previous Period 1 January - 30 September 2022	(Unaudited) Current Period 1 July - 30 September 2022
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
Revenue	13	2.287.064	50.548.013	23.363.657	3.304.535	52.373.912	17.549.200
Cost of Sales	13	(2.157.831)	(47.691.737)	(20.899.914)	(2.608.089)	(41.335.861)	(16.132.235)
GROSS PROFIT		129.233	2.856.276	2.463.743	696.446	11.038.051	1.416.965
Marketing Expenses	14	(18.170)	(401.583)	(167.894)	(14.302)	(226.670)	(86.062)
General Administrative Expenses	14	(27.914)	(616.938)	(217.318)	(20.496)	(324.844)	(134.899)
Research and Development Expenses		(32)	(711)	(282)	(45)	(708)	(218)
Other Operating Income	14	115.008	2.541.867	2.180.971	7.162	113.505	(14.794)
Other Operating Expenses	14	(4.225)	(93.380)	(39.983)	(6.707)	(106.295)	(30.956)
OPERATING PROFIT		193.900	4.285.531	4.219.237	662.058	10.493.039	1.150.036
Income from Investing Activities		32	698	36	22	342	60
Expenses from Investing Activities	14	(28.284)	(625.129)	(53.984)	(71)	(1.124)	(129)
Share of Investments' Profit Accounted by Using The Equity Method	5	1.688	37.297	20.972	1.835	29.081	13.083
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSES)		167.336	3.698.397	4.186.261	663.844	10.521.338	1.163.050
Finance Income	15	24.829	548.762	125.827	41.979	665.325	183.487
Finance Expense	15	(62.920)	(1.390.639)	(533.350)	(62.697)	(993.685)	(187.705)
PROFIT BEFORE TAX		129.245	2.856.520	3.778.738	643.126	10.192.978	1.158.832
Tax (Expense)/ Income	11	(200.748)	(4.436.873)	(2.893.656)	(203.380)	(3.223.404)	(511.016)
Current Corporate Tax (Expense)/ Income		(40.443)	(893.865)	(893.865)	(205.774)	(3.261.340)	(497.423)
Deferred Tax (Expense)/ Income		(160.305)	(3.543.008)	(1.999.791)	2.394	37.936	(13.593)
NET PROFIT/ (LOSS) FOR THE PERIOD		(71.503)	(1.580.353)	885.082	439.746	6.969.574	647.816
EARNINGS PER SHARE			(0,5449)	0,3052		2,4033	0,2234
(TRY 1 Nominal value per share)							

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

	(Unaudited) Current Period 1 January - 30 September 2023	(Unaudited) Current Period 1 January - 30 September 2023	(Unaudited) Current Period 1 July - 30 September 2023	(Unaudited) Previous Period 1 January - 30 September 2022	(Unaudited) Previous Period 1 January - 30 September 2022	(Unaudited) Previous Period 1 July - 30 September 2022
Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
PROFIT /(LOSS) FOR THE PERIOD	(71.503)	(1.580.353)	885.082	439.746	6.969.574	647.816
OTHER COMPREHENSIVE INCOME/(LOSS)						
Not to be reclassified subsequently to profit or loss						
Foreign Currency Translation Gain (Loss)	-	23.636.856	4.581.211	-	14.112.149	4.730.648
Actuarial Gain/(Loss) of Defined Benefit Plans	9 (5.536)	(142.964)	-	(11.538)	(192.318)	-
Tax Effect of Actuarial Gain/(Loss) of Defined Benefit Plans	11 1.384	35.741	7.148	2.308	38.464	-
To be reclassified subsequently to profit or loss						
Gain (Loss) in Cash Flow Hedging Reserves	1.624	40.483	32.535	(600)	(5.749)	(20.731)
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11 (406)	(10.121)	(8.531)	132	1.265	4.561
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD	(2.934)	23.559.995	4.612.363	(9.698)	13.953.811	4.714.478
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	(74.437)	21.979.642	5.497.445	430.048	20.923.385	5.362.294

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

	Note	Share Capital	Inflation Adjustment to Capital	Other Comprehensive Income (Expense) Not to be Reclassified to Profit/ (Loss)		Other Comprehensive Income (Expense) to be Reclassified Subsequently to Profit or Loss	Retained Earnings		Total Shareholders' Equity	
				Foreign Currency Translation Reserves	Actuarial (Loss)/ Gain Funds	Cash Flow Hedging Gain (Loss)	Restricted Reserves Assorted from Profit	Retained Earnings		Net Profit/(Loss) for the Period
(Unaudited)										
1 January 2023		2.900.000	164	31.862.614	(595.956)	(6.538)	3.049.060	7.864.483	6.726.197	51.800.024
Net profit/(loss) for the period		-	-	-	-	-	-	-	(1.580.353)	(1.580.353)
Other comprehensive income/(loss)		-	-	23.636.856	(107.223)	30.362	-	-	-	23.559.995
Total comprehensive income/(loss)		-	-	23.636.856	(107.223)	30.362	-	-	(1.580.353)	21.979.642
Increase (decrease) due to other changes (*)	2.1	-	-	(9.278.577)	-	-	-	9.278.577	-	-
Transfers		-	-	-	-	-	-	6.726.197	(6.726.197)	-
30 September 2023		2.900.000	164	46.220.893	(703.179)	23.824	3.049.060	23.869.257	(1.580.353)	73.779.666
(Unaudited)										
1 January 2022		2.900.000	164	23.667.446	(166.482)	10.809	2.193.560	4.083.318	6.468.354	39.157.169
Net profit for the period		-	-	-	-	-	-	-	6.969.574	6.969.574
Other comprehensive income/(loss)		-	-	14.112.149	(153.854)	(4.484)	-	-	-	13.953.811
Total comprehensive income/(loss)		-	-	14.112.149	(153.854)	(4.484)	-	-	6.969.574	20.923.385
Increase (decrease) due to other changes (*)	2.1	-	-	(6.792.781)	-	-	-	6.792.781	-	-
Dividends		-	-	-	-	-	-	(8.700.000)	-	(8.700.000)
Transfers		-	-	-	-	-	855.500	5.612.854	(6.468.354)	-
30 September 2022		2.900.000	164	30.986.814	(320.336)	6.325	3.049.060	7.788.953	6.969.574	51.380.554

At the Ordinary General Assembly Meeting of the Company held on March 31, 2023, the decision not to distribute cash dividends was majority of votes approved (March17, 2022 : TRY 8.700.000).

(*) Retained earnings; in the condensed financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the condensed statement of financial position dated 30 September 2023 by converting to US Dollars at historical rates, are explained in Note 2.1.

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

		(Unaudited) 1 January - 30 September 2023	(Unaudited) 1 January - 30 September 2023	(Unaudited) 1 January - 30 September 2022	(Unaudited) 1 January - 30 September 2022
	Note	USD'000	TRY'000	USD'000	TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (Loss) for the Period		258.000	6.309.187	(7.100)	(966.673)
Profit (Loss) for the Period		(71.503)	(1.580.353)	439.746	6.969.574
Adjustments to Reconcile Profit (Loss)		223.405	4.924.845	222.657	3.738.673
Adjustments for Depreciation and Amortisation Expenses	13/14	76.780	1.696.966	81.418	1.290.385
Adjustments for Impairment Loss (Reversal of Impairment Loss)		9.441	208.655	(54)	(851)
Adjustments for Provision (Reversal of Provision) for Receivables		(362)	(7.990)	8	127
Adjustments for Provision (Reversal of Provision) for Inventories	4	(17.026)	(376.316)	(62)	(978)
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	6	26.829	592.961	-	-
Adjustments for Provisions		21.270	470.129	14.084	223.248
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	20.372	450.289	12.603	199.764
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	898	19.840	1.481	23.484
Adjustments for Interest (Income) and Expenses		31.052	686.288	(17)	(281)
Adjustments for Interest Income	15	(24.829)	(548.762)	(34.924)	(553.510)
Adjustments for Interest Expense	15	55.793	1.233.110	39.485	625.792
Unearned Financial Income from Credit Sales		88	1.940	(4.578)	(72.563)
Adjustments for Unrealised Foreign Exchange Differences		(15.596)	(357.500)	(61.634)	(857.118)
Adjustments for Fair Value (Gains) Losses		19	412	(7.055)	(111.815)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		19	412	(7.055)	(111.815)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	5	(1.688)	(37.297)	(1.835)	(29.081)
Adjustments for Tax (Income) Expenses	11	200.748	4.436.873	203.380	3.223.404
Other Adjustments for Non-Cash Items	14	(100.000)	(2.210.170)	-	-
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		1.379	30.489	49	782
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		1.379	30.489	49	782
Other adjustments for Losses (Gains) Reconciliation		-	-	(5.679)	-
Changes in Working Capital		117.488	3.216.435	(359.553)	(6.658.451)
Adjustments for Decrease (Increase) in Trade Receivables		37.676	1.031.445	(97.019)	(1.796.665)
Decrease (Increase) in Trade Receivables from Related Parties		(9.762)	(267.251)	(128.572)	(2.380.986)
Decrease (Increase) in Trade Receivables from Third Parties		47.438	1.298.696	31.553	584.321
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(885)	(24.229)	636	11.778
Decrease (Increase) in Other Receivables from Operations from Third Parties		(885)	(24.229)	636	11.778
Decrease (Increase) in Derivative Financial Instruments		(1.098)	(30.060)	3.518	65.149
Adjustments for Decrease (Increase) in Inventories		79.349	2.172.322	(301.014)	(5.574.383)
Decrease (Increase) in Prepaid Expenses		(28.290)	(774.494)	11.329	209.794
Adjustments for Increase (Decrease) in Trade Payables		41.201	1.127.948	72.386	1.340.495
Increase (Decrease) in Trade Payable to Related Parties		27.225	745.331	56.770	1.051.307
Increase (Decrease) in Trade Payable to Third Parties		13.976	382.617	15.616	289.188
Adjustments for Increase (Decrease) in Other Payables Related from Operations		19.161	524.565	(1.038)	(19.222)
Increase (Decrease) in Other Payables to Third Parties Related from Operations		19.161	524.565	(1.038)	(19.222)
Increase (Decrease) in Derivative Liabilities		1.085	29.704	6.223	115.242
Adjustments for Other Increase (Decrease) in Working Capital		(30.711)	(840.766)	(54.574)	(1.010.639)
Decrease (Increase) in Other Assets Related from Operations		(69.306)	(1.897.370)	(34.032)	(630.228)
Increase (Decrease) in Other Payables Related from Operations		38.595	1.056.604	(20.542)	(380.411)
Cash Flows Provided by Operating Activities		269.390	6.560.927	302.850	4.049.796
Payments Related to Provisions for Employee Termination Benefits	9	(11.330)	(250.415)	(2.286)	(36.222)
Payments Related to Other Provisions	8	(60)	(1.325)	(75)	(1.191)
Income Taxes Refund (Paid)	11	-	-	(307.589)	(4.979.056)
CASH FLOWS FROM INVESTING ACTIVITIES		(353.762)	(8.398.045)	(164.580)	(2.595.988)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		83	1.821	88	1.397
Cash Inflow from Sales of Property, Plant and Equipment		83	1.821	88	1.397
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(249.720)	(5.519.219)	(169.333)	(2.683.775)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(249.612)	(5.516.841)	(169.256)	(2.682.557)
Cash Outflow from Purchase of Intangible Assets	6	(108)	(2.378)	(77)	(1.218)
Cash Advances and Debts Given		(110.027)	(3.012.176)	4.665	86.390
Cash Advance and Debts Given to Related Parties		340	9.308	(580)	(10.741)
Other Cash Advances and Debts Given		(110.367)	(3.021.484)	5.245	97.131
Dividends Received	5	4.899	112.769	-	-
Other Cash Inflow (Outflow)		1.003	18.760	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		136.592	2.787.175	(216.687)	(2.763.380)
Cash Inflow from Borrowings		597.948	13.215.664	597.801	9.474.609
Cash Inflow from Loans		597.948	13.215.664	597.801	9.474.609
Cash Outflow from Repayments of Borrowings		(384.644)	(8.525.301)	(323.227)	(5.242.584)
Cash Outflow from Loan Repayments		(384.644)	(8.525.301)	(323.227)	(5.242.584)
Decrease in Other Payables to Related Parties		(41.501)	(1.122.852)	73.428	1.356.173
Cash Outflow from Debt Payments for Leasing Contracts		(746)	(16.490)	(3.240)	(51.359)
Dividends Paid		-	-	(587.019)	(8.696.814)
Interest Paid		(55.276)	(1.221.701)	(15.373)	(243.641)
Interest Received		20.811	457.855	40.943	640.236
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		40.830	698.317	(388.367)	(6.326.041)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(29.671)	2.617.056	(24.110)	2.105.826
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		11.159	3.315.373	(412.477)	(4.220.215)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		346.824	6.485.015	658.674	8.779.460
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		357.983	9.800.388	246.197	4.559.245

- As of 30 September 2023, the Company's total amount of time deposit interest accrual is TRY 5.618 thousand (USD 205 thousand) (30 September 2022: TRY 1.022 thousand (USD 55 thousand)).
- In the statement of financial position, since the functional currency of the Company is USD, exchange differences between the accrued and payment dates of the dividend payables to the shareholders whose original currency is Turkish Lira are reported in Other Adjustments to reconcile Profit (Loss).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 1 – COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS

İskenderun Demir ve Çelik A.Ş. (“the Company”) registered in 12 November 1968 and published at 19 November 1968 in the trade registry gazette. The Company established in 3 October 1970 in the southern of Turkey on the Mediterranean coast in the distance of 17 km from İskenderun in Payas region. The principal activities of the Company are production and sale of iron products, flat and long steel products and their by-products. The Company’s main products are billet,slab,coil,plate,wire rod and by-products are coke,benzol,ammonium sulphate and slag.

The Company had become an affiliated company of the Turkish Iron and Steel Administration with the decision no 93/T-85 dated 10 September 1993 of Supreme Planning Committee.Then with the decision no 98/20 of Privatization Committee dated 2 March 1998, the Company was transferred to Turkish Privatization Administration.Ultimately, shares of the Company were transferred to Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (“Erdemir”) in 31 January 2002 by the Turkish Privatization Administration with the decision no 2001/08 which dated 8 February 2001. The immediate parent of Ereğli Demir ve Çelik Fabrikaları T.A.Ş is Ataer Holding A.Ş. The ultimate controlling party is Ordu Yardımlaşma Kurumu (OYAK). İskenderun Demir ve Çelik A.Ş. (“the Company”) stocks continue to be traded on Borsa İstanbul since March 26, 2016.

The main operations of the subsidiaries of the Company and the share percentages of İsdemir for these companies are as follows:

Name Of Company	Country of Operation	Operation	2023 Share Rate%	2022 Share Rate%
Teknopark Hatay A.Ş.	Turkey	R&D Centre	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sale	50	50

The registered address of the Company is Karayılan Beldesi, 31319 İskenderun/HATAY.

The number of the personnel employed by the Company as at 30 September 2023 are as follows:

	30 September 2023	31 December 2022
	Personnel	Personnel
Paid Hourly Personnel	2.978	3.017
Paid Monthly Personnel	1.515	1.650
	4.493	4.667

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

The accompanying condensed financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (cont’d)

In accordance with the Turkish Accounting Standard No: 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Company has preferred to prepare condensed financial statements in the interim period. Accordingly, these condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

Also, the condensed interim financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

Functional and Reporting Currency

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

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

Functional currency of the joint venture

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

Inflation accounting

The Public Oversight, Accounting and Auditing Standards Authority (“POA”) adopted TAS 29 Financial Reporting in Hyperinflationary Economies (“TAS 29”) in the 2021 financial reporting period of the companies that implemented the Turkish Financial Reporting Standards (“TFRS”) on 20 January 2022, made a statement about whether they will implement it or not. According to this statement, it is stated that companies applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29.

As of the reporting date, no new statement has been made by the POA regarding the scope and application of TAS 29. Since the functional currency of the Company is USD, there is no need to make any adjustments within the scope of TAS 29 in the financial statements to be prepared in accordance with TFRS.

Presentation currency translation

Company; Pursuant to the Public Oversight, Accounting and Auditing Standards Authority's "POA" announcement dated March 15, 2021, "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards", the assets and liabilities in the summary financial statements are used by using the buying and selling rates valid as of the end of the reporting period. It has been valued and translated into the presentation currency at the same exchange rates.

According to TAS 21 (“The Effects of Changes in Foreign Exchange Rates”) financial statements that are prepared in US Dollars for the Company have been translated in TRY as the following method:

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.1 Basis of Presentation (cont’d)

Presentation currency translation (cont’d)

- a) The assets on condensed financial position as of 30 September 2023 are translated from US Dollars into TRY using the Central Bank of the Republic of Turkey's buying rate of exchange which is TRY 27,3767 =US \$ 1 and the liabilities selling rate of exchange which is TRY 27,4260 =US \$ 1 on the balance sheet date (31 December 2022 foreign exchange buying rate: 18,6983 TRY = 1 US \$, foreign exchange selling rate: 18,7320 TRY = 1 US \$).
- b) For the nine months period ended 30 September 2023, condensed profit or loss statements are translated from the 9 months average 22,1017 TRY = 1 US \$ rates of 2023 January-September period (30 September 2022: 15,8491 TRY = 1 US \$).
- c) Retained earnings; In the summary financial statements, in accordance with TAS 21, they are converted to US Dollars at historical rates and followed in US Dollars. Retained earnings in the summary statement of financial position dated 30 September 2023 are presented by converting them into TRY using the foreign exchange selling rate effective as of 30 September 2023 announced by the Central Bank of the Republic of Turkey, TRY 27,4260 = US \$ 1 (31 December 2022: TRY 18,7320 = US \$ 1).
- d) Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- e) Share capital and other 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.

USD amounts presented in the condensed interim financial statements

The figures in USD amounts presented in the accompanying condensed interim financial statements comprising the statements of financial position as of 30 September 2023 and 31 December 2022, condensed statement of income and other comprehensive income and statement of cash flows for the interim period ended 30 September 2023 and 2022, represent the financial statements prepared according to USD reporting currency within the frame of functional currency change that the Company has made, which is effective as of July 1, 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

Going concern

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

Approval of the financial statements

The condensed interim financial statements have been approved on 26 October 2023 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

2.2 Comparative Information and Restatement of Financial Statements with Prior Periods

The Company's financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statements. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period financial statements.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.3 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in preparation of the interim condensed financial statements as of 30 September 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2023 summarized below.

Amendments that are mandatorily effective from 2023

Amendments to TAS 1	: <i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	: <i>Definition of Accounting Estimates</i>
Amendments to TAS 12	: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TAS 12	: <i>International Tax Reform — Pillar Two Model Rules</i>
Amendments to TFRS 17	: <i>Initial Application of TFRS 17 and TFRS 9 — :Comparative Information</i>

The effects of these standards and interpretations on the Company's condensed financial statements and performance are explained in the relevant paragraphs.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.3 Adoption of New and Revised Financial Reporting Standards (cont’d)

The new standards, amendments and interpretations which are effective from 2023 (cont’d)

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application. The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of TFRS 17.

The Company Management has evaluated that these amendments and interpretations, effective from 2023, have no impact on the Company's condensed financial statements.

New and revised TFRSs in issue but not yet effective

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	: <i>Insurance Contracts</i>
Amendments to TFRS 4	: <i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	: <i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TAS 1	: <i>Non-current Liabilities with Covenants</i>
Amendments to TFRS 16	: <i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 7 and TFRS7	: <i>Supplier Finance Arrangements</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.3 Adoption of New and Revised Financial Reporting Standards (cont’d)

Standards that have not yet entered into force and amendments to existing previous standards, and comments (cont’d)

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and earlier applications are permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements for the nine months period ended 30 September 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim financial statements for the period ended 30 September 2023 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

There has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope as of 30 September 2023, from the interests reported as of 31 December 2022.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

2.5 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standards is made either retrospectively or prospectively in accordance with the transition requirements of the standards. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.6 Segment Reporting

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

NOTE 3 –RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling parent of the Company are Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and Ordu Yardımlaşma Kurumu respectively (Note 1).

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

	30 September 2023	31 December 2022
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	4.274.359	2.585.187
OYAK Çimento Fabrikaları A.Ş. ⁽³⁾	49.775	45.535
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. ⁽³⁾	131	36
Erdemir Asia Pacific PTE LTD ⁽²⁾	-	57
Erdemir Romania SRL ⁽²⁾	-	128.448
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	21.828	26.590
	<u>4.346.093</u>	<u>2.785.853</u>

The trade receivables from related parties mainly arise from sales of iron, steel and by- products.

The details of other receivables between the Company and related parties are as follows:

	30 September 2023	31 December 2022
<u>Other receivables from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	1.067.135	-
	<u>1.067.135</u>	<u>-</u>

Other receivables to related parties arise from central cash planning

- (1) Immediate parent company
- (2) Subsidiaries of the immediate parent company
- (3) Subsidiaries of the ultimate company
- (4) Joint venture

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

	30 September 2023	31 December 2022
<u>Prepaid expenses (short term)</u>		
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	1.759	-
	1.759	-
	30 September 2023	31 December 2022
<u>Prepaid expenses (long term)</u>		
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	43.799	36.241
	43.799	36.241

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

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

	30 September 2023	31 December 2022
<u>Due to related parties (short term)</u>		
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	1.552.628	612.241
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	84.937	25.945
Omsan Lojistik A.Ş. ⁽³⁾	111.827	36.552
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	14.398	10.947
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	29.347	14.959
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	5.086	4.047
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	22.748	16.478
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	90.958	55.810
Other	92.291	81.923
	2.004.220	858.902

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

(1) Immediate parent company

(2) Subsidiaries of the immediate parent company

(3) Subsidiaries of the ultimate company

(4) Joint venture

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

	1 January - 30 September 2023	1 January - 30 September 2022
<u>Major sales to related parties</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	39.724.814	36.449.407
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	5.290	4.762
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	245.266	203.747
Erdemir Romania SRL ⁽²⁾	8.609	208.292
Omsan Lojistik A.Ş. ⁽³⁾	430	71
OYAK Çimento Fabrikaları A.Ş. ⁽³⁾	75.290	55.029
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽³⁾	118.454	98.917
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	3.258	1.491
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	452	398
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	135	917
Other	2.165	965
	<u>40.184.163</u>	<u>37.023.996</u>

The major sales to related parties are generally due to the sales transactions of iron, steel, service, energy and by- products.

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

	1 January - 30 September 2023	1 January - 30 September 2022
<u>Major purchases from related parties</u>		
Doco Petrol ve Danışmanlık A.Ş. ⁽³⁾	34.849	39.709
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽³⁾	95.197	81.456
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	4.441.735	4.292.790
Erdemir Asia Pacific PTE LTD ⁽²⁾	1.086.565	3.641.610
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	336.312	475.415
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	317.540	127.001
Omsan Denizcilik A.Ş. ⁽³⁾	8.898	3.912
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	116.486	152.491
Omsan Lojistik A.Ş. ⁽³⁾	531.647	181.965
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	29.710	19.280
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	172.423	87.826
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	388.654	296.069
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	169.764	154.151
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	124.862	270.294
OYAK Yenilenebilir Enerji A.Ş. ⁽³⁾	744.072	-
Other	280.549	24.213
	<u>8.879.263</u>	<u>9.848.182</u>

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

- (1) Immediate parent company
- (2) Subsidiaries of the immediate parent company
- (3) Subsidiaries of the ultimate company
- (4) Joint venture

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

The Company earned TRY 160.009 thousand of revenue from related party transactions of the nine- months period ended 30 September 2023, amounting to TRY 1.436 thousand of interest income and TRY 158.573 thousand of interest accrued on term. (30 September 2022: TRY 160.463 thousand) Interest expense from related party transactions was TRY (55.717) thousand (30 September 2022: TRY (13.101) thousand).

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

For the nine months period end balances are secured and their collections will be done in cash. Other receivables from related parties balances are non-secured, interest free and their collections will be done in cash. As of 30 September 2023, the Company provides no provision for the receivables from related parties (31 December 2022: None).

Benefits provided to executive managers:

The company's executive management team consists of the Board of Directors, General Manager and Assistant General Managers. For the nine months period ended 30 September 2023, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Company is TRY 15.274 thousand (30 September 2022: TRY 14.729 thousand).

NOTE 4 – INVENTORIES

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

	30 September 2023	31 December 2022
Raw materials	7.219.238	7.188.423
Work in progress	5.515.774	5.151.216
Finished goods	3.913.799	2.090.850
Spare parts	3.589.046	1.992.963
Goods in transit	5.124.858	2.359.235
Other inventories	2.310.676	1.546.282
Allowance for impairment on inventories (-)	(837.748)	(890.550)
	<u>26.835.643</u>	<u>19.438.419</u>

The movement of the allowance for impairment on inventories:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	890.550	377.367
Provision for the period	82.318	-
Provision released (-)	(458.634)	(978)
Translation difference	323.514	146.764
Closing balance	<u>837.748</u>	<u>523.153</u>

The Company has provided an allowance for the impairment on the inventories of finished goods, work in progress and raw materials within the scope of aging reports in the cases when their net realizable values are lower than their costs or for slow moving inventories. The provision released has been recognized under cost of sales (Note 13).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

<i>Joint Venture</i>	Right to 30 September		Right to 31 December		Business segment
	vote ratio %	2023	vote ratio %	2022	
İsdemir Linde Gaz Ortaklığı A.Ş.	50	778.087	50	606.053	Industrial Gas Production and Sale

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

	30 September 2023	31 December 2022
Total assets	1.668.903	1.299.886
Total liabilities	112.730	87.781
Net assets	1.556.173	1.212.105
Company's share on net assets	778.087	606.053
	30 September 2023	31 December 2022
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş has the right of to deduct TRY 176.494 thousand (31 December 2022: TRY 196.398 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 (19.904) thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY (9.952) 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., dated 25 May 2023, decisions regarding the distribution of cash dividend of TRY 225.538 thousand (its effect in the cash flows of Isdemir is TRY 112.769 thousand) from the net profit of 2022 have been unanimously approved. The dividend payment was completed at 8 June 2023.

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

	1 January - 30 September 2023	1 January - 30 September 2022
Revenue	422.331	356.589
Operating Profit	125.465	72.910
Net profit (loss) for the period	74.593	58.162
Company's share on net profit	37.297	29.081

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS

The movement of tangible assets for the reporting period is as follows:

	30 September 2023	30 September 2022
<u>Opening balance as of 1 January</u>		
Cost	96.839.451	66.051.606
Accumulated depreciation	(56.148.959)	(38.684.657)
Net book value	<u>40.690.492</u>	<u>27.366.949</u>
Net book value at the beginning of the period	40.690.492	27.366.949
Additions (*)	5.846.574	2.581.440
Disposals (-)	(32.310)	(2.179)
<i>Cost disposals</i>	(56.338)	(22.719)
<i>Accumulated depreciation disposals</i>	24.028	20.540
Transfers to intangible assets	-	(750)
Currency translation difference	19.725.763	10.875.217
<i>Cost currency translation difference</i>	46.233.863	26.149.648
<i>Accumulated depreciation currency translation difference</i>	(26.508.100)	(15.274.431)
Current period depreciation (-)	(1.701.064)	(1.273.672)
Impairment (-)	(592.961)	-
Net book value at the end of the period	<u>63.936.494</u>	<u>39.547.005</u>
<u>Closing balance as of</u>		
Cost	148.863.550	94.759.225
Accumulated depreciation	(84.927.056)	(55.212.220)
Net book value	<u>63.936.494</u>	<u>39.547.005</u>

(*) The amount of capitalized borrowing cost is TRY 329.733 thousand for the current period. (30 September 2022: TRY (101.117) thousand).

Due to the earthquake on 6 February 2023; The Company's production activities have been suspended until the due diligence studies are completed. As a result of the due diligence studies carried out by the Company as of the reporting period, an impairment of TRY (592.961) thousand has been calculated for the assets that will be out of use. The calculated provision for impairment is recorded in the “Expenses from Investing Activities” account of the summary profit or loss statement

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (30 September 2022: None).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS (cont’d)

The movement of intangible assets for the reporting period is as follows:

	30 September 2023	30 September 2022
<u>Opening balance as of 1 January</u>		
Cost	1.567.846	1.078.849
Accumulated amortisation	(789.919)	(529.279)
Net book value	<u>777.927</u>	<u>549.570</u>
Net book value at the begin.of the period	777.927	549.570
Additions	2.378	1.218
Transfers form tangible assets	-	750
Currency translation difference	350.167	209.324
<i>Cost currency translation difference</i>	728.250	420.389
<i>Accumulated depreciation currency translation difference</i>	(378.083)	(211.065)
Current period amortisation (-)	(48.010)	(29.600)
Net book value at the end of the period	<u>1.082.462</u>	<u>731.262</u>
<u>Closing balance as of</u>		
Cost	2.298.474	1.501.206
Accumulated amortisation	(1.216.012)	(769.944)
Net book value	<u>1.082.462</u>	<u>731.262</u>

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (30 September 2022: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use to TRY 13.710 thousand (30 September 2022: TRY 28.247 thousand) assets are as follows:

	30 September 2023	30 September 2022
Associated with cost of production	1.684.528	1.251.785
General administrative expenses	17.424	14.021
Marketing expenses	52.069	43.436
Other Operating Expenses	8.763	22.277
	<u>1.762.784</u>	<u>1.331.519</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 7 – BORROWINGS

Breakdown of borrowings is as follows:

	30 September 2023	31 December 2022
Short term bank borrowings	16.702.968	8.098.064
Short term portion of long term bank borrowings	2.821.902	590.387
Long term bank borrowings	3.400.415	3.062.306
Total bank borrowings	<u>22.925.285</u>	<u>11.750.757</u>
Current portion of long term lease payables	19.448	9.392
Cost of current portion of long term lease payables (-)	(1.274)	(611)
Long term lease payables	311.606	196.386
Cost of long term lease payables (-)	<u>(228.850)</u>	<u>(139.113)</u>
Total leases borrowings	<u>100.930</u>	<u>66.054</u>
Total borrowings	<u>23.026.215</u>	<u>11.816.811</u>

As of 30 September 2023, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	30 September 2023
Fixed	US Dollars	10,28	15.059.703	-	15.059.703
Floating	US Dollars	TERM SOFR+3,3	3.323.816	2.217.354	5.541.170
Floating	EURO	Euribor+0,5	196.329	1.183.061	1.379.390
Fixed	TRY	13,45	945.022	-	945.022
			<u>19.524.870</u>	<u>3.400.415</u>	<u>22.925.285</u>

As of 31 December 2022, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 December 2022
Fixed	US Dollars	8,48	4.061.589	-	4.061.589
Floating	US Dollars	Libor+1,94	31.014	2.161.995	2.193.009
Floating	EURO	Euribor+0,7	269.041	900.311	1.169.352
Fixed	TRY	21,53	4.326.807	-	4.326.807
			<u>8.688.451</u>	<u>3.062.306</u>	<u>11.750.757</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 7 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	30 September 2023			31 December 2022		
	Bank Borrowings	Lease Payables	Total Borrowings	Bank Borrowings	Lease Payables	Total Borrowings
Within 1 year	19.524.870	18.174	19.543.044	8.688.451	8.781	8.697.232
Between 1-2 years	899.606	9.671	909.277	1.154.909	9.314	1.164.223
Between 2-3 years	394.508	6.065	400.573	261.745	5.862	267.607
Between 3-4 years	394.508	5.183	399.691	261.603	4.371	265.974
Between 4-5 years	394.907	4.632	399.539	243.757	3.908	247.665
Five years or more	1.316.886	57.205	1.374.091	1.140.292	33.818	1.174.110
	<u>22.925.285</u>	<u>100.930</u>	<u>23.026.215</u>	<u>11.750.757</u>	<u>66.054</u>	<u>11.816.811</u>

NOTE 8 – PROVISIONS

The Company’s short term provisions are as follows:

	30 September 2023	31 December 2022
Provision for lawsuits	137.809	111.276
Penalty provision for employment shortage of disabled personnel	7.072	8.443
Provision for land occupation	2.695	1.885
	<u>147.576</u>	<u>121.604</u>

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

	30 September 2023	31 December 2022
Lawsuits filed by the Company	165.521	166.282
Provision for Lawsuits filed by the Company	426	7.187

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

	30 September 2023	31 December 2022
Lawsuits filed against the Company	96.244	75.531
Provision for lawsuits filed against the Company	137.809	111.276

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 8 – PROVISIONS (cont’d)

The movement of the short term provisions is as follows:

	1 January 2023	Change for the period	Payments	Provision released	Translation difference	30 September 2023
Provision for lawsuits	111.276	24.762	(1.325)	(4.342)	7.438	137.809
Penalty provision for employment shortage of disabled personnel	8.443	-	-	(1.378)	7	7.072
Provision for land occupation	1.885	880	-	(82)	12	2.695
	<u>121.604</u>	<u>25.642</u>	<u>(1.325)</u>	<u>(5.802)</u>	<u>7.457</u>	<u>147.576</u>

	1 January 2022	Change for the period	Payments	Provision released	Translation difference	30 September 2022
Provision for lawsuits	68.859	26.646	(518)	(1.060)	5.706	99.633
Penalty provision for employment shortage of disabled personnel	9.932	-	-	(1.114)	(2)	8.816
Provision for land occupation	2.993	546	(673)	(1.534)	(211)	1.121
	<u>81.784</u>	<u>27.192</u>	<u>(1.191)</u>	<u>(3.708)</u>	<u>5.493</u>	<u>109.570</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 8 – PROVISIONS (cont’d)

The Decision of the Constitutional Court for Electricity and Air Gas Consumption Tax

The claims filed every month since May 2012 for refunding of taxes paid and deduction there of from Electric and Coal Gas Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the company. There after, the Company used its right on 15 January 2015 to apply the Constitutional Court individually. As a result of the General Assembly Resolution of the Supreme Court the Company, which was issued on 25 October 2018 and published in the Official Gazette on 25 December 2018, was notified and stated that the property rights of the Company were violated, and retrial was decided 22 trials for the applicable claims to eliminate the consequences of the violation of the property rights.

Similarly, it was decided by the Supreme Court that it was combined within the scope of our individual application and that the Company's right to property was violated in 34 cases that were concluded, and that the trials in the relevant lawsuits were taken to eliminate the consequences of the violation of the right to property.

56 lawsuits, which were decided to be retrial by the Constitutional Court, were heard again at the Hatay Tax Court, and the Local Court decided to accept the cases in favor of the Company. In addition, in 9 cases, based on the decision of the Constitutional Court, in favor of the Hatay 1st Tax Court, and in favor of the Adana Regional Court of Justice after the Council of State reversed 12 cases, the cases were decided to be accepted in a total of 77 cases. All of these 77 files have been finalized in favor of the Company. The total number of lawsuits filed by the company in this regard is 80, and the Constitutional Court's review for 3 files is still ongoing.

Litigation provision amounts is provided by taking legal opinion of Company’s lawyers. It is evaluated by the Company Management that it will not cause a more significant loss than the provision amount reserved for lawsuits.

NOTE 9 – EMPLOYEE BENEFITS

Short term payables of the employee termination benefits of the Company is as follows:

	30 September 2023	31 December 2022
Due to personnel	216.058	219.267
Social security premiums payable	602.246	81.996
	<u>818.304</u>	<u>301.263</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	30 September 2023	31 December 2022
Provisions for employee termination benefits	1.396.700	1.171.313
Provisions for seniority incentive premium	124.069	85.832
Provision for unpaid vacations	207.782	100.110
	<u>1.728.551</u>	<u>1.357.255</u>

According to the Turkish Labor Law, the company is obliged to pay severance pay to every employee who has completed at least one year of service and retired after 25 years of working life, who has been dismissed, called for military service or died.

As of 30 September 2023, the employee termination benefit has been updated to a maximum of TRY 23.489,83 (31 December 2022: TRY 15.371,40).

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

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Company’s obligation under defined benefit plans. The obligation as of 30 September 2023 has been calculated by an independent actuary and projected unit credit method is used in the calculation.

The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

	30 September 2023	31 December 2022
Discount rate	% 18,12	% 16,19
Inflation rate	% 16,30	% 14,23

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 30 September 2023, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

The anticipated rate of resignation which do not result in the payment of employee benefits is also considered in the calculation. The anticipated rate of resignation is assumed to be related with the past experience, therefore past experiences of employees are analyzed and considered in the calculation. In the actuarial calculation as of reporting period, the anticipated rate of resignation is considered to be inversely proportional to the past experience. The anticipated rate of resignation is between 2%-0% for the employees with past experience between 0-15 years or over.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	1.171.313	505.562
Service cost	151.140	29.987
Interest cost	132.765	81.199
Actuarial loss / (gain)	142.964	192.318
Termination benefits paid	(227.120)	(31.247)
Translation difference	25.638	808
Closing balance	1.396.700	778.627

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

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	85.832	90.872
Service cost	8.781	6.788
Interest cost	10.615	10.748
Actuarial loss/(gain)	18.483	17.711
Translation difference	358	263
Closing balance	124.069	126.382

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	100.110	51.363
Provision for the period	163.132	87.105
Vacation paid during the period (-)	(23.295)	(4.975)
Provisions released (-)	(34.627)	(33.774)
Translation difference	2.462	1.249
Closing balance	207.782	100.968

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

NOTE 10 – COMMITMENTS

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

	30 September 2023	31 December 2022
Letters of guarantees received	4.318.461	3.694.662
	<u>4.318.461</u>	<u>3.694.662</u>

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

	30 September 2023	31 December 2022
A. Total CPM given for the Company's own legal entity	2.288.890	78.776
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>2.288.890</u>	<u>78.776</u>

As of reporting period, the ratio of the other CPM given by the Company to shareholders equity is 0% (31 December 2022: 0%).

The breakdown of the Company’s collaterals according to their original currency is as follows:

	30 September 2023	31 December 2022
US Dollars	2.043.178	-
TRY	187.651	38.906
EURO	58.061	39.870
	<u>2.288.890</u>	<u>78.776</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 11 – TAX ASSETS AND LIABILITIES

The period income tax liabilities by the Company are as follows:

	30 September 2023	31 December 2022
<u>Corporate tax payable:</u>		
Corporation tax for the year of 2022	3.954.588	-
Current corporate tax provision	1.109.198	3.954.588
Prepaid taxes and funds (-)	(3.835.629)	(3.835.629)
	<u>1.228.157</u>	<u>118.959</u>
	1 January - 30 September 2023	1 January - 30 September 2022
<u>Taxation:</u>		
Current corporate tax expense	893.865	3.261.340
Deferred tax expense/(income)	3.543.008	(37.936)
	<u>4.436.873</u>	<u>3.223.404</u>

Corporate Tax

The Company is subject to corporation tax applicable in Turkey. The necessary provisions are allocated in the financial statements for the estimated liabilities based on the Company’s results for the current period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other deductions (retained losses if any, used investment allowance if required).

With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the first paragraph of Article 32 of the Corporate Tax Law was amended, and the corporate tax rate was increased to 25% for the corporate earnings of 2023 and the following taxation periods. The effective corporate tax rate is 25% as of reporting date (31 December 2022: 22%).

By the Ministry of Treasury and Finance; taxpayers in the provinces affected by the earthquake, it has been accepted as force majeure between 6 February 2023 and 30 November 2023. In this context, the deadlines for submitting tax returns and notifications during force majeure have been extended until December 15, 2023. Corporate tax payment hasn’t been made by the Company in the nine-month interim period of 2023 (30 September 2022: TRY 4.979.056 thousand).

With the Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, the exemption rate applied to the gains arising from the sale of immovable properties in the assets of institutions before 15 July 2023 is 25% and will be applied to the deferred tax to be calculated on the temporary differences arising in case of revaluation of the relevant immovable properties. The tax rate should be taken into account as 18,75% if the book value of the relevant real estate is recovered through sale.

In accordance with the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the financial statements prepared according to the tax procedure law was postponed to 31 December 2023.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon the temporary differences arising between its statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of some income and expenses statutory in different reporting periods in the financial statements prepared according to TFRS. The tax rate used in the calculation of deferred tax assets and liabilities (excluding land and land) is based on 25% (31 December 2022: 20%). Deferred tax on temporary timing differences arising from land and land is calculated with 18,75% (31 December 2022: 10%).

Deferred tax assets and liabilities by the Company are as follows:

	30 September 2023	31 December 2022
<u>Deferred tax assets:</u>		
Provisions for employee benefits	432.137	271.451
Financial lease payables	25.233	13.211
Provision for lawsuits	35.126	22.021
Adjustment of receivable rediscount	4.928	3.990
Fair values of the derivative financial instruments	-	1.948
Other	73.692	57.057
	<u>571.116</u>	<u>369.678</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets including revaluation adjustment (net)	(10.277.390)	(5.072.274)
Right of use assets	(52.950)	(23.312)
Amortized cost adjustment on loans	(17.662)	(21.501)
Fair values of the derivative financial instruments	(7.528)	-
Inventories	(1.122.650)	(188.098)
Other	(685.650)	-
	<u>(12.163.830)</u>	<u>(5.305.185)</u>
Deferred tax assets/(liabilities) net:	<u>(11.592.714)</u>	<u>(4.935.507)</u>

The partially or fully recoverable amount of the deferred tax assets of the Company that can be deducted from the future profits is estimated under the current conditions. During the evaluation, future profit projections, financial losses in current periods, expiry dates of unused financial losses carried and other tax assets are taken into consideration.

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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

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

Deferred tax (cont’d)

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	(4.935.507)	(5.106.530)
Deferred tax expense	(3.543.008)	37.936
The amount in comprehensive income/(expense)	25.620	39.729
Translation difference	(3.139.819)	(1.976.267)
Closing balance	<u>(11.592.714)</u>	<u>(7.005.132)</u>

Reporting date of the Company reconciliation of tax provision is as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Profit before tax	2.856.520	10.192.978
Statutory tax rate	25%	22%
Calculated tax acc. to effective tax rate	(714.130)	(2.242.455)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(2.123)	(565)
- Tangible and intangible assets revaluation tax effect	(864.903)	-
- Non-taxable income	28.212	77
- Effect of currency translation (*)	(2.883.929)	(980.461)
Tax expense in reported in the statement of income	<u>(4.436.873)</u>	<u>(3.223.404)</u>

(*) The difference between the Company’s functional currency and the currency in basis of tax base cause to translation difference.

NOTE 12 – EQUITY

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

	30 September (%) 2023	31 December (%) 2022
<u>Shareholders</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	94,87	94,87
Quoted in Stock Exchange	5,13	5,13
Historical capital	<u>2.900.000</u>	<u>2.900.000</u>
Effect of inflation	164	164
Restated capital	<u>2.900.164</u>	<u>2.900.164</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 13 – SALES AND COST OF SALES

The Company derives its revenue from the transfer of goods at a point in time in the following major product lines. As of reporting date, the amount of performance obligations in the ongoing contracts of the Company will be eligible for recognition in the future is TRY 872.576 thousand. The Company planning to recognize related revenue amount as a revenue in a year.

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Sales Revenue				
Domestic sales	44.289.382	20.323.539	43.873.534	13.985.151
Export sales	3.903.014	2.402.664	7.124.095	3.192.107
Other revenues (*)	2.190.051	555.922	1.224.773	296.761
Interest income from sales with maturities	177.835	93.052	156.991	76.430
Sales returns (-)	(12.269)	(11.520)	(5.481)	(1.249)
	<u>50.548.013</u>	<u>23.363.657</u>	<u>52.373.912</u>	<u>17.549.200</u>
Cost of sales (-)	<u>(47.691.737)</u>	<u>(20.899.914)</u>	<u>(41.335.861)</u>	<u>(16.132.235)</u>
Gross profit	<u>2.856.276</u>	<u>2.463.743</u>	<u>11.038.051</u>	<u>1.416.965</u>

(*) The total amount of by product exports in other revenues is TRY 717.969 thousand (30 September 2022: TRY 479.420 thousand).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 13 – SALES AND COST OF SALES (cont’d)

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Raw material usage	(35.129.496)	(16.835.877)	(34.302.487)	(12.957.279)
Personnel costs	(1.943.151)	(910.011)	(1.030.425)	(412.034)
Energy costs	(2.623.032)	(934.113)	(2.354.958)	(986.199)
Depreciation and amortization expenses	(1.618.710)	(710.637)	(1.210.651)	(446.488)
Manufacturing overheads	(987.745)	(593.112)	(245.517)	(48.168)
Other cost of goods sold	(3.853.078)	(552.823)	(1.380.854)	(873.000)
Non-operating costs (*)	(1.374.255)	(114.825)	(88.478)	(74.864)
Freight costs for sales delivered to customers	(215.233)	(114.232)	(420.867)	(171.849)
Allowance expenses for impairment on inventories (Note 4)	(82.318)	(6.878)	-	-
Inventory provision released (Note 4)	458.634	38.321	978	638
Other	(323.353)	(165.727)	(302.602)	(162.992)
	<u>(47.691.737)</u>	<u>(20.899.914)</u>	<u>(41.335.861)</u>	<u>(16.132.235)</u>

(*) Due to the earthquake on 6 February 2023; until due diligence studies are completed, the company's production activities were suspended. TRY (1.374.255) thousand non-working part expense due to unexpected stoppage at the Company's production facilities, is not associated with the product cost and is directly included in the cost of sales

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel expenses (-)	(89.980)	(32.451)	(44.961)	(18.628)
Depreciation and amortization(-)	(52.069)	(22.962)	(43.436)	(14.440)
Tax, duty and charges (-)	(451)	(176)	(259)	(97)
Service expenses (-)	(259.083)	(112.305)	(138.014)	(52.897)
	<u>(401.583)</u>	<u>(167.894)</u>	<u>(226.670)</u>	<u>(86.062)</u>

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel expenses (-)	(139.286)	(20.914)	(105.266)	(44.338)
Depreciation and amortization expenses(-)	(12.477)	(4.940)	(8.051)	(3.009)
Amortization expense of right of use (-)	(4.947)	(3.012)	(5.970)	(2.290)
Provision for doubtful receivables (-) net	7.990	7.988	(127)	(177)
Tax, duty and charges (-)	(14.782)	(8.599)	(4.608)	(1.947)
Service expenses (-)	(453.436)	(187.841)	(200.822)	(83.138)
	<u>(616.938)</u>	<u>(217.318)</u>	<u>(324.844)</u>	<u>(134.899)</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Other operating incomes</u>				
Foreign exchange gains from trade receivables and payables	84.906	(84.769)	7.169	(45.350)
Discount income	238	77	229	74
Provisions released	5.720	4.641	2.174	583
Service income	19.721	9.794	12.851	4.942
Maintenance repair and rent income	8.825	2.743	13.449	4.847
Lawsuit income	62	30	517	40
Indemnity and penalty detention income	14.448	7.073	10.879	3.442
Insurance indemnity income	148.456	12.545	-	-
Warehouse income	10.749	2.539	13.873	7.027
Customers delay interest income	1.949	173	223	17
Current period insurance damage compensation income	2.210.170	2.210.170	-	-
Other income and gains	36.623	15.955	52.141	9.584
	<u>2.541.867</u>	<u>2.180.971</u>	<u>113.505</u>	<u>(14.794)</u>

The Company's production facilities are covered by insurance; as of the reporting period past compensated insurance claims are accounted as other operating income.

Due to the earthquake on 6 February 2023, an agreement has been reached to collect the advance amount of TRY 2.210.170 thousand for damage compensation to be collected under the Company's insurance. In accordance with the agreement, the amount related to insurance damages that will be compensated within the scope of the earthquake has been accounted for in the accounts of other income from the main activities and income accruals in other current assets as of the reporting period.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Other operating expenses (-)</u>				
Provision expenses	(24.762)	(10.334)	(26.646)	(7.072)
Donation expenses	(5.662)	(1.622)	(13.682)	(1.962)
Amortisation expenses of right of use	(8.763)	(1.964)	(22.277)	(8.749)
Penalty expenses	(2.913)	(998)	(340)	(114)
Service expenses	(14.112)	(6.393)	(6.710)	(3.026)
Lawsuit compensation expenses	(1.820)	(776)	(2.205)	(711)
Stock exchange registration expenses	(3.671)	(1.428)	-	-
Other expenses and losses	(31.677)	(16.468)	(34.435)	(9.322)
	<u>(93.380)</u>	<u>(39.983)</u>	<u>(106.295)</u>	<u>(30.956)</u>

The breakdown of expenses from Investing Activities for the reporting period is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Expenses from Investing Activities (-)</u>				
Loss on disposal of tangible assets	(30.780)	(4.059)	(1.124)	(129)
Venture capital at fair value through profit or loss net gain/(loss) from mutual fund	(1.388)	(380)	-	-
Impairment provision for tangible assets (Note 6)	(592.961)	(49.545)	-	-
	<u>(625.129)</u>	<u>(53.984)</u>	<u>(1.124)</u>	<u>(129)</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 15 – FINANCE INCOME AND EXPENSES

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Finance incomes</u>				
Interest income on bank deposits	547.326	124.391	526.714	82.653
Interest income on related party	1.436	1.436	26.796	17.063
Fair value differences of derivative financial instruments (net)	-	-	111.815	83.771
	<u>548.762</u>	<u>125.827</u>	<u>665.325</u>	<u>183.487</u>

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Finance expenses (-)</u>				
Interest expenses on borrowings	(1.169.889)	(452.630)	(580.085)	(280.463)
Foreign exchange loss (net)	(5.102)	8.885	(262.532)	162.228
Interest cost of employee benefits	(143.380)	(45.551)	(91.947)	(40.106)
Interest expense from related party payables	(55.717)	(40.257)	(13.101)	(13.101)
Interest expenses on leases	(7.504)	(2.761)	(32.606)	(11.941)
Other financial expenses	(8.635)	(3.154)	(13.414)	(4.322)
Fair value differences of derivative financial instruments (net)	(412)	2.118	-	-
	<u>(1.390.639)</u>	<u>(533.350)</u>	<u>(993.685)</u>	<u>(187.705)</u>

During the period, the interest expenses TRY 329.733 thousand have been capitalized as part of the Company’s property, plant and equipment (30 September 2022: TRY (101.117) thousand).

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional information about financial instruments

Foreign currency risk management

As of reporting period, the foreign currency position of the Company in terms of original currency is calculated as it as follows:

	30 September 2023			
	TRY (Total in reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)
1. Trade Receivables	60.117	59.889	8	-
2a. Monetary financial assets	6.929.659	6.928.713	32	21
2b. Non- monetary financial assets	140.055	135.370	161	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	7.129.831	7.123.972	201	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	58.853	58.853	-	-
6b. Non- monetary financial assets	3.260.002	2.769.210	16.895	1.712
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	3.318.855	2.828.063	16.895	1.712
9. Total assets (4+8)	10.448.686	9.952.035	17.096	1.733
10. Trade payables	3.321.848	3.099.743	7.637	-
11. Financial liabilities	1.159.525	963.197	6.751	-
12a. Other monetary financial liabilities	2.928.269	2.921.839	221	-
12b. Other non-monetary financial liabilities	1.001	-	34	-
13. Current liabilities (10+11+12)	7.410.643	6.984.779	14.643	-
14. Trade payables	-	-	-	-
15. Financial liabilities	1.265.819	82.758	40.679	-
16a. Other monetary financial liabilities	1.728.551	1.728.551	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	2.994.370	1.811.309	40.679	-
18. Total liabilities (13+17)	10.405.013	8.796.088	55.322	-
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(18.177)	-	(625)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	18.177	-	625	-
20. Net foreign currency asset/liability position (9-18+19)	25.496	1.155.947	(38.851)	1.733
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(3.355.383)	(1.748.633)	(55.248)	21
22. Fair value of derivative financial instruments used in foreign currency hedge	740	-	25	-
23. Hedged foreign currency assets	18.177	-	625	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	4.620.983	-	-	-
26. Imports	26.923.876	-	-	-

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

**NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(cont’d)**

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

	31 December 2022			
	TRY (Total in reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	870.165	338.548	29.307	-
2a. Monetary financial assets	3.885.733	3.885.622	6	23
2b. Non- monetary financial assets	-	-	-	-
3. Other	36.390	30.709	313	-
4. Current assets (1+2+3)	4.792.288	4.254.879	29.626	23
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	59.281	59.281	-	-
6b. Non- monetary financial assets	-	-	-	-
7. Other	809.776	525.015	15.698	-
8. Non-current assets (5+6+7)	869.057	584.296	15.698	-
9. Total assets (4+8)	5.661.345	4.839.175	45.324	23
10. Trade payables	1.787.734	1.594.595	10.572	7.954
11. Financial liabilities	4.604.629	4.335.588	14.805	-
12a. Other monetary financial liabilities	686.902	660.766	1.438	-
12b. Other non-monetary financial liabilities	-	-	-	-
13. Current liabilities (10+11+12)	7.079.265	6.590.949	26.815	7.954
14. Trade payables	-	-	-	-
15. Financial liabilities	957.584	57.273	49.543	-
16a. Other monetary financial liabilities	1.357.255	1.357.255	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	2.314.839	1.414.528	49.543	-
18. Total liabilities (13+17)	9.394.104	8.005.477	76.358	7.954
19. Net asset/liability position of off-balance sheet derivative financial	(16.954)	-	(933)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	16.954	-	933	-
20. Net foreign currency asset/liability position (9-18+19)	(3.749.713)	(3.166.302)	(31.967)	(7.931)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(4.578.925)	(3.722.026)	(47.045)	(7.931)
22. Fair value of derivative financial instruments used in foreign currency hedge	(870)	-	(48)	-
23. Hedged foreign currency assets	16.954	-	933	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	9.125.183	-	-	-
26. Imports	34.884.202	-	-	-

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

**NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(cont’d)**

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

The following table shows the Company’s sensitivity to a 10% (+/-) change in the TRY and EURO 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates.

For assets with foreign currency balances in the summary statement of financial position as of 30 September 2023: 27,3767 TRY = US \$ 1, 29,0305 TRY = Euro 1; 0,1833 TRY = JPY 1 for liabilities: 27,4260 TRY = US \$ 1, 29,0828 TRY = Euro 1, 0,1845 TRY = JPY 1 converted at rates (31 December 2022: For assets; 18,6983 TRY = US \$ 1, 19,9349 TRY = Euro 1; 0,1413 TRY = JPY, 1 For Liabilities; 18,7320 TRY = US \$ 1, 19,9708 TRY = Euro 1, 0,1422 TRY = JPY 1).

	Profit/(loss) after capitalization on tangible assets and before tax	
	Appreciation of foreign currency	Depreciation of foreign currency
30 September 2023		
1- TRY net asset/liability	(174.863)	174.863
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(174.863)	174.863
5- Euro net asset/liability	(111.261)	111.261
6- Hedged portion from Euro risk (-)	(1.818)	1.818
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(113.079)	113.079
9- Jap. Yen net asset/liability	32	(32)
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	32	(32)
TOTAL (4+8+12)	(287.910)	287.910

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

**NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(cont’d)**

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

	Profit/(loss) after capitalization on tangible assets and before tax	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2022		
1- TRY net asset/liability	(316.630)	316.630
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(316.630)	316.630
5- Euro net asset/liability	(56.544)	56.544
6- Hedged portion from Euro risk (-)	(1.695)	1.695
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(58.239)	58.239
9- Jap. Yen net asset/liability	(102)	102
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	(102)	102
TOTAL (4+8+12)	(374.971)	374.971

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

**NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(cont’d)**

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value
30 September 2023				
Financial Assets				
Cash and cash equivalents	9.806.006	-	-	9.806.006
Trade receivables	4.930.512	-	-	4.930.512
Financial investments	-	-	52.747	52.747
Other financial assets	1.166.934	-	-	1.166.934
Derivative financial instruments	-	29.320	740	30.060
Financial Liabilities				
Financial liabilities	23.026.215	-	-	23.026.215
Trade payables	6.863.332	-	-	6.863.332
Other liabilities	1.125.149	-	-	1.125.149
31 December 2022				
Financial Assets				
Cash and cash equivalents	6.490.670	-	-	6.490.670
Trade receivables	3.989.685	-	-	3.989.685
Financial investments	-	-	71.934	71.934
Other financial assets	51.596	-	-	51.596
Financial Liabilities				
Financial liabilities	11.816.811	-	-	11.816.811
Trade payables	3.915.903	-	-	3.915.903
Other liabilities	479.910	-	-	479.910
Derivative financial instruments	-	8.158	1.582	9.740

The Company Management, considers that the fair values of financial assets and liabilities reflect their carrying values.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

NOTE 16 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Additional information about financial instruments (cont’d)

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

30 September 2023

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	52.005	-	52.005	-
Derivative financial assets	740	-	740	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	29.320	-	29.320	-
Total	82.065	-	82.065	-

31 December 2022

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	52.667	-	52.667	-
Currency hedged time deposit	18.760	-	18.760	-
Derivative financial liabilities	(1.582)	-	(1.582)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial liabilities	(8.158)	-	(8.158)	-
Total	61.687	-	61.687	-

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 17 – SUBSEQUENT EVENTS

None.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2023**

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

**NOTE 18 – OTHER ISSUES AFFECTING THE CONDENSED INTERIM FINANCIAL
STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR,
UNDERSTANDABLE AND INTERPRETABLE PRESENTATION**

Convenience translation to English:

As of 30 September 2023, 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.