

**(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 2021**

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2021

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 30 September 2021 USD'000	Current Period 30 September 2021 TRY'000	Previous Period 31 December 2020 USD'000	Previous Period 31 December 2020 TRY'000
<b>ASSETS</b>					
<b>Current Assets</b>		<b>2.357.860</b>	<b>20.934.277</b>	<b>1.764.025</b>	<b>12.948.824</b>
Cash and Cash Equivalents		422.365	3.749.969	5.259	38.603
Trade Receivables		321.068	2.850.601	174.539	1.281.204
<i>Due From Related Parties</i>	3	206.117	1.830.009	135.274	992.977
<i>Other Trade Receivables</i>		114.951	1.020.592	39.265	288.227
Other Receivables		659.220	5.852.888	942.017	6.914.878
<i>Due From Related Parties</i>	3	654.804	5.813.681	937.255	6.879.919
<i>Other Receivables</i>		4.416	39.207	4.762	34.959
Derivative Financial Instruments		5.552	49.296	-	-
Inventories	4	929.542	8.252.938	625.386	4.590.643
Prepaid Expenses		12.116	107.572	6.833	50.154
Other Current Assets		7.997	71.013	9.991	73.342
<b>Non Current Assets</b>		<b>2.198.812</b>	<b>19.522.125</b>	<b>2.097.214</b>	<b>15.394.599</b>
Financial Investments		27	241	27	199
Other Receivables		1.148	10.193	1.389	10.193
Investments Accounted For Using Equity Method	5	30.978	275.041	31.327	229.956
Property, Plant and Equipment	6	2.003.924	17.791.842	1.897.591	13.929.264
Right of Use Assets		44.183	392.276	40.951	300.598
Intangible Assets	6	39.974	354.908	41.338	303.443
Prepaid Expenses		78.578	697.624	84.591	620.946
<i>Due From Related Parties</i>	3	5.157	45.786	1.753	12.868
<i>Other Prepaid Expenses</i>		73.421	651.838	82.838	608.078
<b>TOTAL ASSETS</b>		<b>4.556.672</b>	<b>40.456.402</b>	<b>3.861.239</b>	<b>28.343.423</b>

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 2021

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 30 September 2021 USD'000	Current Period 30 September 2021 TRY'000	Previous Period 31 December 2020 USD'000	Previous Period 31 December 2020 TRY'000
<b>LIABILITIES</b>					
<b>Current Liabilities</b>		<b>766.882</b>	<b>6.821.288</b>	<b>383.427</b>	<b>2.814.545</b>
Short Term Borrowings	7	206.604	1.837.640	6.613	48.544
Short Term Portion of Long Term Borrowings	7	58.950	524.327	21.842	160.334
Trade Payables		314.733	2.799.641	252.202	1.851.288
<i>Due to Related Parties</i>	3	<i>102.397</i>	<i>910.768</i>	<i>52.443</i>	<i>384.960</i>
<i>Other Trade Payables</i>		<i>212.336</i>	<i>1.888.873</i>	<i>199.759</i>	<i>1.466.328</i>
Payables for Employee Benefits	9	9.878	87.862	9.154	67.192
Other Payables		5.692	50.631	4.768	35.000
Deferred Revenue		27.489	244.498	15.094	110.800
Current Tax Liabilities	11	130.492	1.160.664	48.612	356.834
Short Term Provisions	8	7.591	67.515	8.479	62.243
Other Current Liabilities		5.453	48.510	16.663	122.310
<b>Non Current Liabilities</b>		<b>533.522</b>	<b>4.745.409</b>	<b>483.354</b>	<b>3.548.061</b>
Long Term Borrowings	7	156.550	1.392.433	134.433	986.802
Long Term Provisions	9	57.042	507.362	54.922	403.156
<i>Long Term Provisions for Employee Benefits</i>		<i>57.042</i>	<i>507.362</i>	<i>54.922</i>	<i>403.156</i>
Deferred Tax Liabilities	11	319.930	2.845.614	293.999	2.158.103
<b>EQUITY</b>		<b>3.256.268</b>	<b>28.889.705</b>	<b>2.994.458</b>	<b>21.980.817</b>
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		(23.854)	12.265.675	(19.821)	9.020.007
<i>Gain / (Loss) on Remeasurement of Defined Benefit Plans</i>		<i>(23.854)</i>	<i>(89.404)</i>	<i>(19.821)</i>	<i>(54.295)</i>
<i>Foreign Currency Translation Reserves</i>		-	<i>12.355.079</i>	-	<i>9.074.302</i>
Other Comprehensive Income/Expense Not to be Reclassified to Profit/ (Loss)		<i>1.509</i>	<i>13.422</i>	-	-
<i>Cash Flow Hedging Gain (Loss)</i>		<i>1.509</i>	<i>13.422</i>	-	-
Restricted Reserves Assorted from Profit		392.036	1.758.560	344.712	1.401.860
Accumulated Profit or Loss		655.576	5.831.027	849.456	6.235.437
Period Net Income/ Loss		756.811	6.120.857	345.921	2.423.349
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4.556.672</b>	<b>40.456.402</b>	<b>3.861.239</b>	<b>28.343.423</b>

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 2021

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

		(Unaudited) Current Period 1 January - 30 September 2021	(Unaudited) Current Period 1 January - 30 September 2021	(Unaudited) Current Period 1 July - 30 September 2021	(Unaudited) Previous Period 1 January - 30 September 2020	(Unaudited) Previous Period 1 January - 30 September 2020	(Unaudited) Previous Period 1 July - 30 September 2020
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
Revenue	13	3.092.052	25.007.591	10.500.349	1.719.325	11.551.629	4.324.884
Cost of Sales	13	(1.923.663)	(15.558.012)	(6.331.847)	(1.438.461)	(9.664.591)	(3.600.214)
<b>GROSS PROFIT</b>		<b>1.168.389</b>	<b>9.449.579</b>	<b>4.168.502</b>	<b>280.864</b>	<b>1.887.038</b>	<b>724.670</b>
Marketing, Sales and Distribution Expenses	14	(14.001)	(113.235)	(39.603)	(12.268)	(82.427)	(29.947)
General Administrative Expenses	14	(18.288)	(147.909)	(53.729)	(20.088)	(134.966)	(44.663)
Research and Development Expenses		(39)	(316)	(80)	(20)	(134)	(68)
Other Operating Income	14	6.273	50.735	16.211	30.658	205.982	26.212
Other Operating Expenses	14	(21.108)	(170.716)	(26.473)	(3.567)	(23.964)	(10.509)
<b>OPERATING PROFIT</b>		<b>1.121.226</b>	<b>9.068.138</b>	<b>4.064.828</b>	<b>275.579</b>	<b>1.851.529</b>	<b>665.695</b>
Income from Investing Activities		6	45	45	21.350	143.446	143.446
Expenses from Investing Activities		(238)	(1.919)	(169)	(341)	(2.290)	(159)
Share of Investments' Profit Accounted by Using The Equity Method	5	547	4.425	5.725	462	3.104	(5.673)
<b>OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)</b>		<b>1.121.541</b>	<b>9.070.689</b>	<b>4.070.429</b>	<b>297.050</b>	<b>1.995.789</b>	<b>803.309</b>
Finance Income	15	74.740	604.472	288.167	15.133	225.610	125.608
Finance Expense	15	(104.157)	(593.184)	(205.959)	(13.882)	(93.266)	(39.853)
<b>PROFIT BEFORE TAX</b>		<b>1.092.124</b>	<b>9.081.977</b>	<b>4.152.637</b>	<b>298.301</b>	<b>2.128.133</b>	<b>889.064</b>
Tax (Expense) Income	11	(335.313)	(2.961.120)	(1.148.037)	(139.135)	(1.058.743)	(493.095)
Current Corporate Tax (Expense) Income		(308.878)	(2.747.318)	(1.160.664)	(113.780)	(888.391)	(394.820)
Deferred Tax (Expense) Income		(26.435)	(213.802)	12.627	(25.355)	(170.352)	(98.275)
<b>NET PROFIT FOR THE PERIOD</b>		<b>756.811</b>	<b>6.120.857</b>	<b>3.004.600</b>	<b>159.166</b>	<b>1.069.390</b>	<b>395.969</b>
<b>EARNINGS PER SHARE</b>			2,1106	1,0361		0,3688	0,1365
(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 2021

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

	(Unaudited) Current Period 1 January - 30 September 2021 Note	(Unaudited) Current Period 1 January - 30 September 2021 TRY'000	(Unaudited) Current Period 1 July - 30 September 2021 TRY'000	(Unaudited) Previous Period 1 January - 30 September 2020 USD'000	(Unaudited) Previous Period 1 January - 30 September 2020 TRY'000	(Unaudited) Previous Period 1 July - 30 September 2020 TRY'000	
<b>PROFIT FOR THE PERIOD</b>		<b>756.811</b>	<b>6.120.857</b>	<b>3.004.600</b>	<b>159.166</b>	<b>1.069.390</b>	<b>395.969</b>
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Not to be reclassified subsequently to profit or loss</b>							
Foreign Currency Translation Gain		-	4.521.718	767.957	-	5.187.421	2.690.690
Gain/Loss on Remeasurement of Defined Benefit Plan	9	(5.041)	(43.886)	-	(5.728)	(39.193)	-
Tax Effect of Remeasurement of Defined Benefit Plan	11	1.008	8.777	-	1.146	7.839	-
<b>Kar veya Zarar Olarak Yeniden Sınıflandırılacaklar</b>							
Gain (Loss) in Cash Flow Hedging Reserves		2.012	17.896	5.828	-	-	-
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11	(503)	(4.474)	(1.457)	-	-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(2.524)</b>	<b>4.500.031</b>	<b>772.328</b>	<b>(4.582)</b>	<b>5.156.067</b>	<b>2.690.690</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>754.287</b>	<b>10.620.888</b>	<b>3.776.928</b>	<b>154.584</b>	<b>6.225.457</b>	<b>3.086.659</b>

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 İnterim 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 2021

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

(Unaudited)	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 to Profit/ (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	Period Net Income/ Loss	
<b>1 January 2021 (Previously reported)</b>		<b>2.900.000</b>	<b>164</b>	<b>13.629.734</b>	<b>(54.295)</b>	-	<b>1.401.860</b>	<b>1.680.005</b>	<b>2.423.349</b>	<b>21.980.817</b>
Impact of accounting policy change	2.5	-	-	(4.555.432)	-	-	-	4.555.432	-	-
<b>1 January 2021</b>		<b>2.900.000</b>	<b>164</b>	<b>9.074.302</b>	<b>(54.295)</b>	-	<b>1.401.860</b>	<b>6.235.437</b>	<b>2.423.349</b>	<b>21.980.817</b>
Net profit for the period		-	-	-	-	-	-	-	6.120.857	6.120.857
Other comprehensive income/(loss)		-	-	4.521.718	(35.109)	13.422	-	-	-	4.500.031
Total comprehensive income/(loss)		-	-	4.521.718	(35.109)	13.422	-	-	6.120.857	10.620.888
Increase (decrease) due to other changes	2.1	-	-	(1.240.941)	-	-	-	1.240.941	-	-
Dividends (*)		-	-	-	-	-	-	(3.712.000)	-	(3.712.000)
Transfers		-	-	-	-	-	356.700	2.066.649	(2.423.349)	-
<b>30 September 2021</b>		<b>2.900.000</b>	<b>164</b>	<b>12.355.079</b>	<b>(89.404)</b>	<b>13.422</b>	<b>1.758.560</b>	<b>5.831.027</b>	<b>6.120.857</b>	<b>28.889.705</b>
(Unaudited)										
<b>1 January 2020 (Previously reported)</b>		<b>2.900.000</b>	<b>164</b>	<b>9.736.362</b>	<b>(48.664)</b>	-	<b>1.364.160</b>	<b>84.277</b>	<b>2.155.428</b>	<b>16.191.727</b>
Impact of accounting policy change	2.5	-	-	(3.188.482)	-	-	-	3.188.482	-	-
<b>1 January 2020</b>		<b>2.900.000</b>	<b>164</b>	<b>6.547.880</b>	<b>(48.664)</b>	-	<b>1.364.160</b>	<b>3.272.759</b>	<b>2.155.428</b>	<b>16.191.727</b>
Net profit for the period		-	-	-	-	-	-	-	1.069.390	1.069.390
Other comprehensive income/(loss)		-	-	5.187.421	(31.354)	-	-	-	-	5.156.067
Total comprehensive income/(loss)		-	-	5.187.421	(31.354)	-	-	-	1.069.390	6.225.457
Increase (decrease) due to other changes	2.1	-	-	(1.204.371)	-	-	-	1.204.371	-	-
Dividends (*)		-	-	-	-	-	-	(522.000)	-	(522.000)
Transfers		-	-	-	-	-	37.700	2.117.728	(2.155.428)	-
<b>30 September 2020</b>		<b>2.900.000</b>	<b>164</b>	<b>10.530.930</b>	<b>(80.018)</b>	<b>-</b>	<b>1.401.860</b>	<b>6.072.858</b>	<b>1.069.390</b>	<b>21.895.184</b>

(\*) At the Ordinary General Meeting held on March 16, 2021, it has been approved unanimously to distribute net profit of 2020 and accumulated earnings amounting to TRY 3.712.000 thousand (14 July 2020 : TRY 522.000 thousand) (gross dividend per share:TRY 1,28(2020: TRY 0,18)). The dividend payment has started at 24 March 2021.

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 2021 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 2021

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

	Note	(Unaudited)		(Unaudited)	
		1 January - 30 September 2021 USD'000	30 September 2021 TRY'000	1 January - 30 September 2020 USD'000	1 January - 30 September 2020 TRY'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>487.994</b>	<b>3.931.400</b>	<b>431.552</b>	<b>3.193.872</b>
<b>Profit (Loss) for The Period</b>		<b>756.811</b>	<b>6.120.857</b>	<b>159.166</b>	<b>1.069.390</b>
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>339.469</b>	<b>3.137.011</b>	<b>190.523</b>	<b>1.404.915</b>
Adjustments for Depreciation and Amortisation Expenses	13/14	82.453	666.865	80.434	540.415
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(130)	(1.093)	975	6.560
Adjustments for Provision (Reversal of Provision) for Receivables		12	57	463	3.119
Adjustments for Provision (Reversal of Provision) for Inventories	4	(142)	(1.150)	512	3.441
Adjustments for Provisions		10.587	85.633	10.797	72.533
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	10.024	81.084	10.043	67.477
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	563	4.549	754	5.056
Adjustments for Interest (Income) and Expenses		(65.629)	(530.782)	(14.610)	(98.169)
Adjustments for Interest Income	15	(70.626)	(571.198)	(22.942)	(154.146)
Adjustments for Interest Expense	15	6.693	54.131	8.850	59.458
Unearned Financial Income from Credit Sales		(1.696)	(13.715)	(518)	(3.481)
Adjustments for Unrealised Foreign Exchange Differences		(3.610)	(29.203)	(4.601)	(30.907)
Adjustments for Fair Value (Gains) Losses		(1.605)	(12.978)	-	-
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(1.605)	(12.978)	-	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	5	(547)	(4.425)	(462)	(3.104)
Adjustments for Tax (Income) Expenses	11	335.313	2.961.120	139.135	1.058.743
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		232	1.874	(21.009)	(141.156)
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		232	1.874	(21.009)	(141.156)
Other Adjustments to Reconcile Profit (Loss)		(17.595)	-	(136)	-
<b>Changes in Working Capital</b>		<b>(378.394)</b>	<b>(3.359.572)</b>	<b>173.569</b>	<b>1.384.818</b>
Adjustments for Decrease (Increase) in Trade Receivables		(145.499)	(1.291.813)	41.893	327.101
Decrease (Increase) in Trade Receivables from Related Parties		(70.843)	(628.980)	34.622	270.329
Decrease (Increase) in Trade Receivables from Third Parties		(74.656)	(662.833)	7.271	56.772
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		587	5.212	(2.321)	(18.123)
Decrease (Increase) in Other Receivables from Operations from Third Parties		587	5.212	(2.321)	(18.123)
Decrease (Increase) in Derivative Financial Instruments		(5.552)	(49.296)	-	-
Adjustments for Decrease (Increase) in Inventories		(299.315)	(2.657.470)	103.796	810.436
Decrease (Increase) in Prepaid Expenses		468	4.156	(19.484)	(122.536)
Adjustments for Increase (Decrease) in Trade Payables		62.531	555.182	12.861	100.418
Increase (Decrease) in Trade Payable to Related Parties		49.954	443.517	26.462	206.615
Increase (Decrease) in Trade Payable to Third Parties		12.577	111.665	(13.601)	(106.197)
Adjustments for Increase (Decrease) in Other Payables Related from Operations		1.590	14.117	8.653	67.563
Increase (Decrease) in Other Payables to Third Parties Related from Operations		1.590	14.117	8.653	67.563
Increase (Decrease) in Derivative Liabilities		3.617	32.114	(15)	(117)
Adjustments for Other Increase (Decrease) in Working Capital		3.179	28.226	28.186	220.076
Decrease (Increase) in Other Assets Related from Operations		1.994	17.705	4.754	37.119
Increase (Decrease) in Other Payables Related from Operations		1.185	10.521	23.432	182.957
<b>Cash Flows Provided by Operating Activities</b>		<b>717.886</b>	<b>5.898.296</b>	<b>523.258</b>	<b>3.859.123</b>
Payments Related to Provisions for Employee Termination Benefits	9	(2.831)	(22.890)	(3.076)	(20.671)
Payments Related to Other Provisions	8	(64)	(518)	(41)	(276)
Income Taxes Refund (Paid)	11	(226.997)	(1.943.488)	(88.589)	(644.304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(194.183)</b>	<b>(1.689.480)</b>	<b>(98.080)</b>	<b>(729.636)</b>
Cash Inflow Due to Share Sales and Capital Deduction of Subsidiaries' or Joint Ventures'		-	-	1.981	13.333
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		7	61	23.337	156.793
Cash Inflow from Sales of Property, Plant and Equipment		7	61	23.337	156.793
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(195.260)	(1.579.201)	(101.705)	(683.326)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(194.918)	(1.576.438)	(101.506)	(681.991)
Cash Outflow from Purchase of Intangible Assets	6	(342)	(2.763)	(199)	(1.335)
Cash Advances and Debts Given		211	(116.732)	(22.014)	(218.599)
Cash Advance and Debts Given to Related Parties		(3.400)	(32.918)	-	-
Other Cash Advances and Debts Given		3.611	(83.814)	(22.014)	(218.599)
Dividends Received	5	859	6.392	321	2.163
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>142.436</b>	<b>101.888</b>	<b>(318.879)</b>	<b>(3.346.814)</b>
Cash Inflow from Borrowings		301.015	2.480.708	239.234	1.571.697
Cash Inflow from Loans		301.015	2.480.708	239.234	1.571.697
Cash Outflow from Repayments of Borrowings		(31.462)	(256.345)	(245.408)	(1.109.494)
Cash Outflow from Loan Repayments		(31.462)	(256.345)	(245.408)	(1.109.494)
Decrease in Other Payables to Related Parties		282.488	1.066.238	(248.089)	(3.362.077)
Cash Outflow Related to Debt Payments Arising From Financial Leasing Contracts		(4.182)	(33.822)	(4.524)	(30.395)
Ödenen Temettümler		(474.867)	(3.710.630)	(76.115)	(522.000)
Interest Paid		(1.751)	(19.982)	(5.802)	(41.187)
Interest Received		71.195	575.721	21.825	146.642
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE</b>		<b>436.247</b>	<b>2.343.808</b>	<b>14.593</b>	<b>(882.578)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(19.240)	1.366.680	(18.498)	870.385
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>417.007</b>	<b>3.710.488</b>	<b>(3.905)</b>	<b>(12.193)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>5.259</b>	<b>38.603</b>	<b>9.797</b>	<b>58.197</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>422.266</b>	<b>3.749.091</b>	<b>5.892</b>	<b>46.004</b>

- As of 30 September 2021, the Company's total amount of time deposit interest accrual is TRY 878 thousand (USD 99 thousand) (30 September 2020: None).
- 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 INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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).

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	2021 Share%	2020 Share%
Teknopark Hatay A.Ş.	R&D Centre	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	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 for reporting period are as follows:

	30 September 2021 Personnel	31 December 2020 Personnel
Paid Hourly Personnel	3.139	2.988
Paid Monthly Personnel	1.681	1.714
	4.820	4.702

#### NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

##### 2.1 Basis of Presentation

The Company 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 Accounting Standards and interpretations (“TAS”) 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 INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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#### **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 2020.

Also, the condensed interim financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 15 April 2019 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 Joint Venture

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

##### 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:

- a) The assets on condensed financial position as of 30 September 2021 are translated from US Dollars into TRY using the Central Bank of the Republic of Turkey's buying rate of exchange which is TRY 8,8785=US \$ 1 and the liabilities selling rate of exchange which is TRY 8,8945=US \$ 1 on the balance sheet date (31 December 2020: TRY 7,3405= US \$ 1).
- b) For the nine months period ended 30 September 2021, condensed profit or loss statements are translated from the 9 months average TRY 8,0877 = US \$ 1 rates of 2021 January - September period (30 September 2020:TRY 6,7187 = US \$ 1 ).
- 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 2021 are presented by converting them into TRY using the foreign exchange selling rate effective as of 30 September 2021 announced by the Central Bank of the Republic of Turkey, TRY 8.8945 = US \$ 1 (31 December 2020: TRY 7,3405= US \$ 1)

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

##### **2.1 Basis of Presentation (cont’d)**

###### Presentation currency translation (cont’d)

- d) Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- e) The differences between presentation of statutory and historical figures are recognised as translation differences under equity. All capital, capital measures and other measures are represented with their statutory figures, other equity accounts are represented with their historic cost figures in the accompanying condensed financial statements.

###### 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 2021 and 31 December 2020, condensed statement of income and other comprehensive income and statement of cash flows for the interim period ended 30 September 2021 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 2021 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 condensed financial statements are presented in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”). The Company’s condensed 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 and guidance that has been effective from the interim periods ended after 30 June 2013. Accordingly, the reclassified summary financial statements of the Company are detailed in Note 2.5

##### **2.3 Adoption of New and Revised Financial Reporting Standards**

The accounting policies adopted in preparation of the interim condensed financial statements as at 30 September 2021 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 2021 summarized below.

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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 2021

###### Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

These standards, amendments and improvements have no impact on the financial position and performance of the Company.

###### 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 TAS 1	: <i>Classification of Liabilities as Current or NonCurrent</i>
Amendments to TFRS 3	: <i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	: <i>Amendments to TFRS 9 Financial Instruments</i>
Amendments to TFRS 4	: <i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	: <i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
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>

###### **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 2023.

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

###### **New and revised TFRSs in issue but not yet effective (cont’d)**

###### **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 2023 and earlier application is permitted.

###### **Amendments to TFRS 3 Reference to the Conceptual Framework**

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

###### **Amendments to TAS 16 Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

###### **Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

###### **Annual Improvements to TFRS Standards 2018-2020 Cycle Amendments to TFRS 9 Financial Instruments**

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

###### **New and revised TFRSs in issue but not yet effective (cont’d)**

###### **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 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

###### **Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021**

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16) that extends, by one year, the 30 June 2021 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021 and earlier application is permitted.

These standards, amendments and improvements are evaluated on the condensed financial position and performance of the Company.

###### **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.

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

###### **New and revised TFRSs in issue but not yet effective (cont’d)**

###### **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.

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 2021 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 2021 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2020. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

There has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope as of 30 September 2021, from the interests reported as of 31 December 2020.

##### **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 consolidated 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.

“Retained Earnings’ Profit or Loss” in the condensed statement of financial position are translated into US Dollars at historical rates and followed as US Dollars in accordance with TAS 21. For a meaningful representation of the translation of prior years’ profit followed in US Dollars into Turkish Lira, the presentation currency, the differences arising from the translation of “Prior Years’ Profit or Loss” into Turkish Lira at the closing rates announced by the Central Bank of the Republic of Turkey as of the relevant reporting period are recognized under the “Foreign Currency Translation Differences”.

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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 (cont’d)

The classifications made in the summary statement of financial position as of 31 December 2020 are as follows:

<b>Account</b>	(Previously Reported)	(Restated)	(Difference)
	31 December 2020	31 December 2020	31 December 2020
Accumulated profit or loss	1.680.005	6.235.437	4.555.432
Foreign Currency Conversion Adjustments	13.629.734	9.074.302	(4.555.432)
			-

The classifications made in the summary statement of financial position as of 1 January 2020 are as follows:

<b>Account</b>	(Previously Reported)	(Restated)	(Difference)
	1 January 2020	1 January 2020	1 January 2020
Accumulated profit or loss	84.277	3.272.759	3.188.482
Foreign Currency Conversion Adjustments	9.736.362	6.547.880	(3.188.482)
			-

##### 2.6. Significant changes in current period

The Company management took the necessary actions to minimize the impacts of COVID-19 pandemic on the Company’s operations and financial position. The manufacturing activities of the Company were not suspended during the pandemic.

In the preparations of the interim financial statements as at 30 September 2021, the Company assessed the possible impacts of COVID-19 pandemic on the financial statements and reviewed the critical estimates and assumptions used in the preparation of the condensed financial statements. Within this scope, the Company evaluated the trade receivables, inventories, property, plant and equipment and investment properties included in the interim financial statements as at 30 September 2021 for any possible impairment but no impairment were identified.

##### 2.7 Segment Reporting

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



## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

#### NOTE 3 –RELATED PARTY TRANSACTIONS

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

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

<u>Due from related parties (short term)</u>	30 September 2021	31 December 2020
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	1.804.923	967.223
OYAK Çimento Fabrikaları A.Ş. <sup>(3)</sup>	18.711	21.844
OYAK İnşaat A.Ş. <sup>(3)</sup>	3	-
OYAK Beton Sanayi ve Tic. A.Ş. <sup>(3)</sup>	-	103
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	6.372	3.807
	<u>1.830.009</u>	<u>992.977</u>

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

<u>Other receivables from related parties (short term)</u>	30 September 2021	31 December 2020
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	5.813.681	6.873.430
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	-	6.489
	<u>5.813.681</u>	<u>6.879.919</u>

Erdemir’s personnel, data system infrastructure and marketing management system are used by The Company for selling flat products to third parties. Flat products which are produced in İsdemir, directly selling over Erdemir and Erdemir takes these inventories as a “Trade goods”. Erdemir sells such products through their buying price and date, without adding any profit. Accordingly, in the financial statements, balances of trade receivables and other receivables are arisen from centralized selling.

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

<u>Prepaid expenses (long term)</u>	30 September 2021	31 December 2020
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	45.786	12.868
	<u>45.786</u>	<u>12.868</u>

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

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

#### NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

<u>Due to related parties (short term)</u>	30 September 2021	31 December 2020
Erdemir Madencilik San. ve Tic. A.Ş. <sup>(2)</sup>	457.234	284.920
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	12.461	10.298
Erdemir Asia Pacific PTE LTD <sup>(2)</sup>	394.305	47.480
Omsan Lojistik A.Ş. <sup>(3)</sup>	7.938	7.168
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	4.797	3.113
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	9.612	11.406
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	695	865
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. <sup>(2)</sup>	4.233	2.908
Kümaş Manyezit Sanayi A.Ş. <sup>(2)</sup>	11.504	-
Omsan Denizcilik A.Ş. <sup>(3)</sup>	-	9.925
Other	7.989	6.877
	<u>910.768</u>	<u>384.960</u>

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

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

<u>Major sales to related parties</u>	1 January – 30 September 2021	1 January – 30 September 2020
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	17.410.012	7.228.385
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	1.756	1.412
Ordu Yardımlaşma Kurumu	-	156.745
Omsan Lojistik A.Ş. <sup>(3)</sup>	206	94
OYAK Çimento Fabrikaları A.Ş. <sup>(3)</sup>	32.079	28.412
OYAK Elektrik Enerjisi Toptan Satış A.Ş. <sup>(3)</sup>	-	1.588
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	1.423	1.210
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	301	676
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	756	694
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	60.524	44.144
Other	153	225
	<u>17.507.210</u>	<u>7.463.585</u>

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

<sup>(1)</sup> Immediate parent company

<sup>(2)</sup> Subsidiaries of the immediate parent company

<sup>(3)</sup> Subsidiaries of the ultimate company

<sup>(4)</sup> Joint venture

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

#### NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

<u>Major purchases from related parties</u>	<u>1 January – 30 September 2021</u>	<u>1 January – 30 September 2020</u>
Doco Petrol ve Danışmanlık A.Ş. <sup>(3)</sup>	7.600	3.611
OYAK Elektrik Enerjisi Toptan Satış A.Ş. <sup>(3)</sup>	3.799	-
Erdemir Madencilik San. ve Tic. A.Ş. <sup>(2)</sup>	2.192.447	883.383
Erdemir Asia Pacific PTE LTD <sup>(2)</sup>	2.393.374	245.992
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	165.252	36.311
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	66.082	56.638
Omsan Denizcilik A.Ş. <sup>(3)</sup>	34.484	53.179
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	34.631	27.962
Omsan Lojistik A.Ş. <sup>(3)</sup>	57.461	48.532
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	9.143	8.018
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. <sup>(2)</sup>	36.864	25.979
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	103.417	78.803
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	71.537	51.506
Kümaş Manyezit Sanayi A.Ş. <sup>(2)</sup>	26.815	-
Other	1.381	2.347
	<u>5.204.287</u>	<u>1.522.261</u>

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

The Company earned TRY 533.879 thousand of interest income from related party transactions of the nine- months period ended 30 September 2021, amounting to TRY 510.439 thousand of interest accrued on term and TRY 23.440 thousand of interest income from credit sales interest accrued on term. (30 September 2020: TRY 169.839 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 2021, the Company provides no provision for the receivables from related parties (31 December 2020: None).

#### The benefits of the key management:

The Company's key management team consists of the Board of Directors, General Manager and Assistant General Managers. For the nine months period ended 30 September 2021, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Company is TRY 6.696 thousand (30 September 2020: TRY 4.171 thousand).

- (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 INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

**NOTE 4 – INVENTORIES**

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

	30 September 2021	31 December 2020
Raw materials	2.358.458	1.436.403
Work in progress	2.129.250	825.626
Finished goods	945.668	402.557
Spare parts	837.252	631.992
Goods in transit	1.776.275	1.119.449
Other inventories	460.351	385.921
Allowance for impairment on inventories (-)	(254.316)	(211.305)
	<u>8.252.938</u>	<u>4.590.643</u>

The movement of the allowance for impairment on inventories:

	1 January – 30 September 2021	1 January – 30 September 2020
Opening balance	211.305	160.828
Provision for the period	-	7.054
Provision released (-)	(1.150)	(3.613)
Translation difference	44.161	51.127
Closing balance	<u>254.316</u>	<u>215.396</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).

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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 vote ratio (%)	30 September 2021	Right to vote ratio (%)	31 December 2020	Business Segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	275.041	50	229.956	Industrial Gas Production and Sale

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

	30 September 2021	31 December 2020
Total assets	569.440	492.495
Total liabilities	19.358	32.584
Net assets	550.082	459.911
Company's share on net assets	275.041	229.956
	30 September 2021	31 December 2020
Share capital	175.000	175.000

At the Ordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş., dated 25 February 2021, decisions regarding the distribution of cash dividend of TRY 12.784 thousand (its effect in the cash flows of İsdemir is TRY 6.392 thousand ) from the net profit of 2020 have been unanimously approved. The dividend payment was completed at 12 March 2021.

At the Extraordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. dated 9 July 2021, it has been decided to reduce the Company's fully paid-in capital amounting to TL 175.000 thousand to TL 140.000 thousand by reducing the amount of TL 35.000 thousand. The payment for the capital reduction has been completed on 12 October 2021.

İsdemir Linde Gaz Ortaklığı A.Ş has the right of to deduct TRY 113.868 thousand (31 December 2020: TRY 97.254 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 16.614 thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY 8.307 thousand) is included in the financial statements prepared as of reporting date.

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

	1 January – 30 September 2021	1 January – 30 September 2020
Revenue	117.482	89.555
Operating income	26.437	20.347
Net profit (loss) for the period	8.850	6.207
Company's share on net profit (loss)	4.425	3.104

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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 2021	30 September 2020
<u>Opening balance as of 1 January</u>		
Cost	34.530.027	27.088.610
Accumulated depreciation	(20.600.763)	(16.087.374)
Net book value	<u>13.929.264</u>	<u>11.001.236</u>
Net book value at the beginning of the period	13.929.264	11.001.236
Additions (*)	1.540.181	681.991
Disposals (-)	(1.935)	(15.637)
<i>Cost of disposals</i>	<i>(123.104)</i>	<i>(33.759)</i>
<i>Accumulated depreciation of disposals</i>	<i>121.169</i>	<i>18.122</i>
Transfers to intangible assets	-	(497)
Currency translation difference	3.002.584	3.480.496
<i>Cost currency translation difference</i>	<i>7.374.091</i>	<i>8.623.665</i>
<i>Accumulated depreciation currency translation difference</i>	<i>(4.371.507)</i>	<i>(5.143.169)</i>
Current period depreciation (-)	<u>(678.252)</u>	<u>(534.265)</u>
Net book value at the end of the period	<u>17.791.842</u>	<u>14.613.324</u>
<u>Closing balance as of</u>		
Cost	43.321.195	36.360.010
Accumulated depreciation	(25.529.353)	(21.746.686)
Net book value	<u>17.791.842</u>	<u>14.613.324</u>

(\*) The amount of capitalized borrowing cost is TRY 36.257 thousand for the current period (30 September 2020: TRY 1.484 thousand).

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (30 September 2020: None).

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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 2021	30 September 2020
<u>Opening balance as of 1 January</u>		
Cost	578.179	459.313
Accumulated depreciation	(274.736)	(207.865)
Net book value	<u>303.443</u>	<u>251.448</u>
Net book value at the beginning of the period	303.443	251.448
Additions	2.763	1.335
Transfers to tangible assets	-	497
Currency translation difference	62.499	77.355
<i>Cost currency translation difference</i>	<i>121.412</i>	<i>144.720</i>
<i>Accumulated depreciation currency translation difference</i>	<i>(58.913)</i>	<i>(67.365)</i>
Current period depreciation (-)	(13.797)	(12.365)
Net book value at the end of the period	<u>354.908</u>	<u>318.270</u>
<u>Closing balance as of</u>		
Cost	702.336	605.865
Accumulated depreciation	(347.428)	(287.595)
Net book value	<u>354.908</u>	<u>318.270</u>

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (30 September 2020: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use to TRY 12.397 Thousand ( 30 September 2020 : TRY 9.383 Thousand) assets are as follows:

	30 September 2021	30 September 2020
Associated with cost of production	662.235	527.988
General administrative expenses	6.079	4.907
Marketing, sales and distribution expenses	25.987	15.502
Other operating expenses	10.145	7.616
	<u>704.446</u>	<u>556.013</u>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

**NOTE 7 - BORROWINGS**

Breakdown of borrowings for the reporting period are as follows:

	30 September 2021	31 December 2020
Short term bank borrowings	1.837.640	48.544
Short term portion of long term bank borrowings	488.056	129.998
Long term bank borrowings	1.165.992	785.769
Total bank borrowings	<u>3.491.688</u>	<u>964.311</u>
Current portion of long term lease payables	39.270	31.821
Cost of current portion of long term lease payables (-)	(2.999)	(1.485)
Long term lease payables	945.434	857.949
Cost of long term lease payables (-)	(718.993)	(656.916)
Total leases borrowings	<u>262.712</u>	<u>231.369</u>
Total borrowings	<u><u>3.754.400</u></u>	<u><u>1.195.680</u></u>

As of 30 September 2021, 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 2021
Fixed	US Dollars	1,20	2.128.302	-	2.128.302
Floating	US Dollars	Libor+2,3	6.194	682.915	689.109
No interest	TRY	-	17.934	-	17.934
Floating	EURO	Euribor+1,04	173.266	483.077	656.343
			<u>2.325.696</u>	<u>1.165.992</u>	<u>3.491.688</u>

As of 31 December 2020, 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 2020
Fixed	US Dollars	1,76	-	251.229	251.229
Fixed	TRY	7,25	48.544	-	48.544
Floating	EURO	Euribor+1,28	129.998	534.540	664.538
			<u>178.542</u>	<u>785.769</u>	<u>964.311</u>



**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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 2021			31 December 2020		
	Financial Liabilities	Lease Liabilities	Total Liabilities	Financial Liabilities	Lease Liabilities	Total Liabilities
Within 1 year	2.325.696	36.271	2.361.967	178.542	30.336	208.878
Between 1-2 years	125.129	32.806	157.935	399.421	25.529	424.950
Between 2-3 years	512.112	27.962	540.074	101.188	23.601	124.789
Between 3-4years	73.279	22.368	95.647	39.786	20.436	60.222
Between 4-5years	132.163	19.440	151.603	39.786	17.761	57.547
Five years or more	323.309	123.865	447.174	205.588	113.706	319.294
	<u>3.491.688</u>	<u>262.712</u>	<u>3.754.400</u>	<u>964.311</u>	<u>231.369</u>	<u>1.195.680</u>

**NOTE 8 – PROVISIONS**

The Company’s short term provisions for the reporting period are as follows:

	30 September 2021	31 December 2020
Provision for lawsuits	54.450	49.763
Penalty provision for employment shortage of disabled personnel	10.243	9.938
Provision for land occupation	2.822	2.542
	<u>67.515</u>	<u>62.243</u>

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

	30 September 2021	31 December 2020
Lawsuits filed by the Company	152.106	156.769
Provision for lawsuits filed by the Company	3.792	3.183

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

	30 September 2021	31 December 2020
Lawsuits filed by the Company	33.951	28.707
Provision for lawsuits filed by the Company	54.450	49.763

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

**NOTE 8 – PROVISIONS (cont’d)**

The movement of the short term provisions for the reporting period are as follows:

	1 January 2021	Change for the period	Payments	Provision released	Translation difference	30 September 2021
Provision for lawsuits	49.763	12.908	(518)	(8.925)	1.222	54.450
Penalty provision for employment shortage of disabled personnel	9.938	360	-	(43)	(12)	10.243
Provision for land occupation	2.542	507	-	(258)	31	2.822
	<u>62.243</u>	<u>13.775</u>	<u>(518)</u>	<u>(9.226)</u>	<u>1.241</u>	<u>67.515</u>

	1 January 2020	Change for the period	Payments	Provision released	Translation difference	30 September 2020
Provision for lawsuits	35.558	5.681	(276)	(1.069)	2.317	42.211
Penalty provision for employment shortage of disabled personnel	9.635	195	-	-	2	9.832
Provision for land occupation	2.138	467	-	(218)	(2)	2.385
	<u>47.331</u>	<u>6.343</u>	<u>(276)</u>	<u>(1.287)</u>	<u>2.317</u>	<u>54.428</u>

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

#### NOTE 8 – PROVISIONS (cont’d)

##### Resolution of Constitutional Court on Electric and Coal Gas Consumption Tax

The cases filed monthly since May 2012 with regards to the refund and the cancellation of electric and coal gas consumption tax accrued and collected by the Municipality over the quantity of electric and coal gas consumption produced by İsdemir in its facilities and also utilized for İsdemir’s industrial production were concluded against the Company before the Court of First Instance and the Council of State. Thereupon, the Company used its individual application right before the Constitutional Court on January 15, 2015. In 22 cases, that have been consolidated and seen together due to the Constitutional Court’s General Assembly Resolution dated October 25, 2018 and published in trade registry gazette on December 25, 2018, it has been awarded that the property rights of the Company were violated and retrial was decided in order to remove the consequences of this violation.

Similarly, in the consolidated 25 cases subject to the Company’s individual application, the Constitutional Court has decided for retrial of the cases, on the grounds that the property rights of the Company were violated, and the consequences of the violation of the property rights should be removed.

47 cases, which the Constitutional Court awarded for retrial, have been reheard before Hatay 1st Tax Court and have been accepted in favor of the Company. In addition to the above, based upon the decision of the Constitutional Court; Hatay 1st Tax Court has accepted 9 cases in favor of the Company. Adana Regional Court of Justice has accepted 12 cases in favor of the Company after reversal decision of the Council of State. Thus the total number of cases that have been awarded in favor of the Company has reached 68. The number of the cases brought by the Company is 80 in total. 68 out of 80 cases have been awarded in favor of the Company whereas 12 out of 80 cases are still on examination before the Constitutional Court.

#### NOTE 9 – EMPLOYEE BENEFITS

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

	30 September 2021	31 December 2020
Due to personnel	70.694	52.610
Social security premiums payable	17.168	14.582
	<u>87.862</u>	<u>67.192</u>

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

	30 September 2021	31 December 2020
Provisions for employee termination benefits	389.568	313.567
Provisions for seniority incentive premium	64.973	50.568
Provision for unpaid vacations	52.821	39.021
	<u>507.362</u>	<u>403.156</u>

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

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

#### NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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 2021, the employee termination benefit has been updated to a maximum of TRY 8.284,51 (31 December 2020: TRY 7.117,17).

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 2021 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 2021	31 December 2020
Discount rate	% 17,90	% 12,80
Inflation rate	% 14,50	% 8,50
Salary increase	reel % 1,5	reel % 1,5
Maximum liability increase	% 14,50	% 8,50

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 2021, 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.

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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 2021	1 January – 30 September 2020
Opening balance	313.567	273.104
Service cost	16.995	14.550
Interest cost	34.692	25.746
Actuarial loss/(gain)	43.886	39.193
Termination benefits paid	(20.443)	(19.217)
Translation difference	871	453
Closing balance	<u>389.568</u>	<u>333.829</u>

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 2021	1 January – 30 September 2020
Opening balance	50.568	30.904
Service cost	3.997	2.608
Interest cost	5.747	3.243
Actuarial loss/(gain)	4.467	11.101
Translation difference	194	116
Closing balance	<u>64.973</u>	<u>47.972</u>

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

	1 January – 30 September 2021	1 January – 30 September 2020
Opening balance	39.021	30.749
Provision for the period	44.461	36.901
Vacation paid during the period (-)	(2.447)	(1.454)
Provisions released (-)	(29.275)	(26.672)
Translation difference	1.061	482
Closing balance	<u>52.821</u>	<u>40.006</u>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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 2021	31 December 2020
Letters of guarantees received	2.737.144	1.179.636
	<u>2.737.144</u>	<u>1.179.636</u>

The Collaterals, pledges and mortgages (CPM) given by the Company for the reporting period are as follows:

	30 September 2021	31 December 2020
A. Total CPM given for the Company's own legal entity	56.625	57.538
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>56.625</u>	<u>57.538</u>

As of reporting period, the ratio of the other CPM given by the Company to shareholders equity is 0% (31 December 2020: 0%).

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

	30 September 2021	31 December 2020
TRY	36.039	39.522
EURO	20.586	18.016
	<u>56.625</u>	<u>57.538</u>

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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 2021	31 December 2020
<u>Corporate tax payable:</u>		
Current corporate tax provision	2.747.318	1.243.844
Prepaid taxes and funds (-)	(1.586.654)	(887.010)
	<u>1.160.664</u>	<u>356.834</u>
	1 January - 30 September 2021	1 January - 30 September 2020
<u>Taxation:</u>		
Current corporate tax expense	2.747.318	888.391
Deferred tax expense	213.802	170.352
	<u>2.961.120</u>	<u>1.058.743</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).

The effective corporate tax rate is 25% as of reporting date (2020: 22%).

In accordance with the provisional article added to the Corporate Tax Law with the 11th article of the Law No. 7316 published in the Official Gazette No. 31462 dated 22 April 2021, the corporate tax rate has been increased to 25% for corporate income for the 2021 taxation period, and to 23% for corporate income for the 2022 taxation period.

The total amount of corporate tax payments made by the Company in 2021 nine months period is TRY 1.943.488 thousand. (30 September 2020 : TRY 644.304 thousand.)

In Turkey, advance tax returns are filed on a quarterly basis. The temporary tax of 2021 has been calculated over the corporate earnings using the rate 25%, during the temporary taxation period. (31 December 2020: 22%).

Except for the changes in the corporate tax rate, the 75% exemption applied to the earnings generated from the sale of intangibles is reduced to 50% and the deferred tax rate to be applied based on the temporary differences arising on the revaluation of the related assets, 10% instead of 5%.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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.

In accordance with the Provisional article added to the Corporate Tax Law for subsidiaries in Turkey, the tax rate used in the calculation of deferred tax assets and liabilities (other than land) is 25% for corporate earnings for the 2021 taxation period, 23% for corporate earnings for the 2022 taxation period, and 20% for 2023 and the following years. The deferred tax on the temporary timing differences arising from land is calculated with the 10% tax rate (31 December 2020: %10).

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

	30 September 2021	31 December 2020
<u>Deferred tax assets:</u>		
Provisions for employee benefits	105.718	80.631
Financial lease payables	52.542	46.274
Provision for lawsuits	12.105	8.690
Adjustment of receivable rediscount	4.934	3.968
Other	31.375	17.615
	<u>206.674</u>	<u>157.178</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets	(2.783.596)	(2.238.059)
Right use of assets	(79.309)	(60.119)
Amortized cost adjustment on loans	(13.776)	(7.516)
Fair values of the derivative financial instruments	(12.346)	-
Inventories	(163.261)	(9.587)
	<u>(3.052.288)</u>	<u>(2.315.281)</u>
Deferred tax assets/(liabilities):	<u>(2.845.614)</u>	<u>(2.158.103)</u>

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



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

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

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	(2.158.103)	(1.748.423)
Deferred tax expense	(213.802)	(170.352)
The amount in comprehensive income	4.303	7.839
Translation difference	(478.012)	(576.275)
Closing balance	<u>(2.845.614)</u>	<u>(2.487.211)</u>

Reconciliation of tax provision is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Profit before tax	9.081.977	2.128.133
Statutory tax rate	25%	22%
Calculated tax acc. to effective tax rate	(2.270.494)	(468.189)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(1.794)	(132)
- Non-taxable income	3.220	476
- Effect of currency translation (*)	(692.052)	(590.898)
Tax expense in reported in the statement of income	<u>(2.961.120)</u>	<u>(1.058.743)</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 2021	31 December 2020
	(%)	(%)
<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	2.900.000	2.900.000
Effect of inflation	164	164
Restated capital	<u>2.900.164</u>	<u>2.900.164</u>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**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 240.380 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 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
<u>Sales Revenue</u>				
Domestic sales	20.134.030	7.928.612	9.230.117	3.500.448
Export sales	4.428.359	2.413.617	1.946.893	720.030
Other revenues (*)	415.787	145.552	354.906	99.366
Interest income from sales with maturities	30.554	13.265	19.713	5.040
Sales returns (-)	(1.139)	(697)	-	-
	<u>25.007.591</u>	<u>10.500.349</u>	<u>11.551.629</u>	<u>4.324.884</u>
<u>Cost of sales (-)</u>	<u>(15.558.012)</u>	<u>(6.331.847)</u>	<u>(9.664.591)</u>	<u>(3.600.214)</u>
Gross profit	<u>9.449.579</u>	<u>4.168.502</u>	<u>1.887.038</u>	<u>724.670</u>

(\*)The total amount of by product exports in other revenues is TRY 181.065 thousand (30 September 2020: TRY 167.808 thousand).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**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 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Raw material usage	(13.063.035)	(5.370.858)	(7.481.136)	(2.812.832)
Personnel costs	(576.618)	(218.743)	(495.795)	(186.009)
Energy costs	(487.416)	(206.401)	(423.683)	(140.422)
Depreciation and amortization expenses	(624.654)	(222.417)	(512.390)	(192.479)
Factory overheads	(221.266)	(70.431)	(276.752)	(92.362)
Other cost of goods sold	(287.978)	(79.644)	(324.540)	(126.877)
Non-operating costs (*)	(14.179)	(14.179)	(15.693)	(566)
Freight costs for sales delivered to customers	(216.950)	(122.138)	(76.971)	(27.389)
Inventory write-downs within the period (Note 4)	-	-	(7.054)	(1.267)
Reversal of inventory write-downs (Note 4)	1.150	32	3.613	504
Other	(67.066)	(27.068)	(54.190)	(20.515)
	<u>(15.558.012)</u>	<u>(6.331.847)</u>	<u>(9.664.591)</u>	<u>(3.600.214)</u>

(\*) Due to the planned/unplanned halt production of plant of the Company's, operations were suspended temporarily in the current period. As a result of this, unallocated overheads, TRY (14.179) thousand, has been accounted directly under cost of goods sold. (30 September 2020 : TRY (15.693) thousand)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**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 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Personnel expenses (-)	(25.744)	(9.156)	(20.710)	(7.107)
Depreciation and amortization(-)	(25.987)	(8.727)	(15.502)	(5.848)
Tax, duty and charges (-)	(691)	(243)	(689)	(246)
Service expenses (-)	(60.813)	(21.477)	(45.526)	(16.746)
	<u>(113.235)</u>	<u>(39.603)</u>	<u>(82.427)</u>	<u>(29.947)</u>

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

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Personnel expenses (-)	(49.494)	(18.642)	(39.164)	(13.496)
Depreciation and amortization expenses(-)	(3.827)	(1.377)	(3.140)	(1.155)
Right of use expenses (-)	(2.252)	(854)	(1.767)	(667)
Provision for doubtful receivables (-) (net)	(57)	(1)	(3.119)	(131)
Tax, duty and charges (-)	(8.541)	(2.888)	(15.565)	(6.878)
Service expenses (-)	(83.738)	(29.967)	(72.211)	(22.336)
	<u>(147.909)</u>	<u>(53.729)</u>	<u>(134.966)</u>	<u>(44.663)</u>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**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 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
<u>Other operating income</u>				
Foreign exchange gain from trade receivables and payables	-	-	16.324	9.155
Discount income	141	47	141	46
Provisions released	8.968	3.113	1.069	220
Service income	6.841	2.615	4.832	1.372
Maintenance repair and rent income	11.023	3.725	9.720	3.478
Lawsuit income	62	43	953	909
Indemnity and penalty detention income	5.753	2.229	2.745	1.130
Insurance indemnity income	8	-	19.258	912
Warehouse income	1.029	364	1.101	380
Overdue interest income	246	35	732	185
Share transfer agreement receivable income	-	-	140.556	5.363
Other income and gains	16.664	4.040	8.551	3.062
	<u>50.735</u>	<u>16.211</u>	<u>205.982</u>	<u>26.212</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**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 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
<u>Other operating expenses (-)</u>				
Provision expenses	(13.268)	(1.689)	(5.876)	(3.342)
Donation expenses	(2.658)	(730)	(1.764)	(596)
Right of use assets amortization	(10.145)	(3.695)	(7.616)	(2.855)
Foreign exchange expenses from trade receivables and payables	(119.668)	(12.035)	-	-
Penalty expenses	(3.431)	(2.035)	(334)	(116)
Service expenses	(1.780)	(686)	(1.637)	(475)
Lawsuit compensation expenses	(3.696)	(272)	(1.618)	(1.039)
Other expenses and losses	(16.070)	(5.331)	(5.119)	(2.086)
	<u>(170.716)</u>	<u>(26.473)</u>	<u>(23.964)</u>	<u>(10.509)</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2021**

**NOTE 15 – FINANCE INCOME AND EXPENSES**

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

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
<u>Financial incomes</u>				
Interest income on bank deposits	60.759	29.830	1.636	561
Foreign exchange gains	-	-	71.464	55.149
Interest income from related party	510.439	244.798	152.510	69.898
Fair value differences of derivative financial instruments	12.978	11.753	-	-
Other financial incomes	20.296	1.786	-	-
	<u>604.472</u>	<u>288.167</u>	<u>225.610</u>	<u>125.608</u>

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

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
<u>Finance expenses (-)</u>				
Interest expenses on borrowings	(28.833)	(10.996)	(36.529)	(19.228)
Foreign exchange expenses (net)	(497.559)	(167.190)	-	-
Interest cost of employee benefits	(40.439)	(18.384)	(28.989)	(10.994)
Interest expenses on leasings	(25.298)	(8.884)	(22.929)	(7.665)
Other financial expenses	(1.055)	(505)	(4.819)	(1.966)
	<u>(593.184)</u>	<u>(205.959)</u>	<u>(93.266)</u>	<u>(39.853)</u>

During the period, the borrowing costs of TRY (36.257) thousand have been capitalized as part of the Company's tangibles (30 September 2020: TRY (1.484) thousand).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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 2021			
	TRY (Total in currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)
1. Trade Receivables	1.632.057	851.589	75.823	-
2a. Monetary financial assets	8.237.919	7.028.111	117.533	21
2b. Non- monetary financial assets	-	-	-	-
3. Other	42.090	28.885	1.283	-
<b>4. Current assets (1+2+3)</b>	<b>9.912.066</b>	<b>7.908.585</b>	<b>194.639</b>	<b>21</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	10.433	10.433	-	-
6b. Non- monetary financial assets	-	-	-	-
7. Other	502.829	422.979	7.757	-
<b>8. Non-current assets (5+6+7)</b>	<b>513.262</b>	<b>433.412</b>	<b>7.757</b>	-
<b>9. Total assets (4+8)</b>	<b>10.425.328</b>	<b>8.341.997</b>	<b>202.396</b>	<b>21</b>
10. Trade payables	1.017.979	839.197	17.330	980
11. Financial liabilities	227.471	54.205	16.803	-
12a. Other monetary financial liabilities	1.583.610	1.555.757	2.701	-
12b. Other non-monetary financial liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>2.829.060</b>	<b>2.449.159</b>	<b>36.834</b>	<b>980</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	709.518	226.441	46.847	-
16a. Other monetary financial liabilities	507.362	507.362	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>1.216.880</b>	<b>733.803</b>	<b>46.847</b>	-
<b>18. Total liabilities (13+17)</b>	<b>4.045.940</b>	<b>3.182.962</b>	<b>83.681</b>	<b>980</b>
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	<b>(715.246)</b>	<b>-</b>	<b>(69.362)</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	715.246	-	69.362	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>5.664.142</b>	<b>5.159.035</b>	<b>49.353</b>	<b>(959)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>5.834.469</b>	<b>4.707.171</b>	<b>109.675</b>	<b>(959)</b>
22. Fair value of derivative financial instruments used in foreign currency hedge	28.010	-	2.716	-
23. Hedged foreign currency assets	715.246	-	69.362	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	4.609.424	-	-	-
26. Imports	12.509.886	-	-	-



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

**Additional information about financial instruments (cont’d)**

Foreign currency risk management (cont’d)

	31 December 2020			
	TRY (Total in currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	323.301	323.115	21	-
2a. Monetary financial assets	7.002.001	1.443.354	617.086	21
2b. Non-monetary financial assets	-	-	-	-
3. Other	25.286	11.591	1.520	-
<b>4. Current assets (1+2+3)</b>	<b>7.350.588</b>	<b>1.778.060</b>	<b>618.627</b>	<b>21</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	10.392	10.392	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	338.387	259.509	8.757	-
<b>8. Non-current assets (5+6+7)</b>	<b>348.779</b>	<b>269.901</b>	<b>8.757</b>	-
<b>9. Total assets (4+8)</b>	<b>7.699.367</b>	<b>2.047.961</b>	<b>627.384</b>	<b>21</b>
10. Trade payables	693.799	536.630	17.448	-
11. Financial liabilities	208.878	78.879	14.432	-
12a. Other monetary financial liabilities	690.874	687.883	332	-
12b. Other non-monetary financial liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.593.551</b>	<b>1.303.392</b>	<b>32.212</b>	-
14. Trade payables	-	-	-	-
15. Financial liabilities	735.572	201.030	59.341	-
16a. Other monetary financial liabilities	403.156	403.156	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>1.138.728</b>	<b>604.186</b>	<b>59.341</b>	-
<b>18. Total liabilities (13+17)</b>	<b>2.732.279</b>	<b>1.907.578</b>	<b>91.553</b>	-
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	-	-	-	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>4.967.088</b>	<b>140.383</b>	<b>535.831</b>	<b>21</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>4.603.415</b>	<b>(130.717)</b>	<b>525.554</b>	<b>21</b>
22. Fair value of derivative financial instruments used in foreign currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	2.890.332			
26. Imports	8.486.815			

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### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(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.

As of 30 September 2021 asset balances are translated by using the following exchange rates: TRY 8,8785 = US \$ 1, TRY 10,2933 = EUR 1, TRY 0,0791 = JPY 1 and liabilities balances are translated by using the following exchange rates: TRY 8,8945 = US \$ 1, TRY 10,3118 = EUR 1, TRY 0,0796 = JPY 1 (31 December 2020: TRY 7,3405 = US\$ 1, TRY 9,0079 = EUR 1)

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
<b>30 September 2021</b>		
1- TRY net asset/liability	515.904	(515.904)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
<b>4- TRY net effect (1+2+3)</b>	<b>515.904</b>	<b>(515.904)</b>
5- Euro net asset/liability	122.042	(122.042)
6- Hedged portion from Euro risk (-)	(71.525)	71.525
7- Effect of capitalization (-)	-	-
<b>8- Euro net effect (5+6+7)</b>	<b>50.517</b>	<b>(50.517)</b>
9- Jap. Yen net asset/liability	(7)	7
10-Hedged portion from Jap. Yen risk (-)	-	-
11-Effect of capitalization (-)	-	-
<b>12- Jap. Yen net effect (9+10+11)</b>	<b>(7)</b>	<b>7</b>
<b>TOTAL (4+8+12)</b>	<b>566.414</b>	<b>(592.838)</b>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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
<b>31 December 2020</b>		
1- TRY net asset/liability	14.038	(14.038)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
<b>4- TRY net effect (1+2+3)</b>	<b>14.038</b>	<b>(14.038)</b>
5- Euro net asset/liability	482.671	(482.671)
6- Hedged portion from Euro risk (-)	-	-
7- Effect of capitalization (-)	-	-
<b>8- Euro net effect (5+6+7)</b>	<b>482.671</b>	<b>(482.671)</b>
9- Jap. Yen net asset/liability	-	-
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	-	-
<b>TOTAL (4+8+12)</b>	<b>496.709</b>	<b>(496.709)</b>

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

(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
<b>30 September 2021</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3.749.969	-	-	3.749.969
Trade receivables	2.850.601	-	-	2.850.601
Financial investments	-	-	241	241
Other financial assets	5.863.081	-	-	5.863.081
Derivative financial instruments	-	18.156	31.140	49.296
<b>Financial Liabilities</b>				
Financial liabilities	3.754.400	-	-	3.754.400
Trade payables	2.799.641	-	-	2.799.641
Other liabilities	327.533	-	-	327.533
Derivative financial instruments	-	-	-	-
<b>31 December 2020</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	38.603	-	-	38.603
Trade receivables	1.281.204	-	-	1.281.204
Financial investments	-	-	199	199
Other financial assets	6.925.071	-	-	6.925.071
<b>Financial Liabilities</b>				
Financial liabilities	1.195.680	-	-	1.195.680
Trade payables	1.851.288	-	-	1.851.288
Other liabilities	176.032	-	-	176.032

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

**30 September 2021**

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
<b>Financial assets and liabilities at fair value through profit/loss</b>				
Derivative financial assets	31.140	-	31.140	-
Derivative financial liabilities	-	-	-	-
<b>Financial assets and liabilities at fair value through other comprehensive income/expense</b>				
Derivative financial assets	18.156	-	18.156	-
Derivative financial liabilities	-	-	-	-
<b>Total</b>	<b>49.296</b>	<b>-</b>	<b>49.296</b>	<b>-</b>

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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

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

##### **Additional information about financial instruments (cont’d)**

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

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.

#### **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 2021, 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.