

**(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 - 31 MARCH 2023**

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023

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

		(Unaudited) Current Period 31 March 2023 USD'000	(Unaudited) Current Period 31 March 2023 TRY'000	(Audited) Previous Period 31 December 2022 USD'000	(Audited) Previous Period 31 December 2022 TRY'000
<b>ASSETS</b>	<b>Note</b>				
<b>Current Assets</b>		<b>1.496.985</b>	<b>28.672.018</b>	<b>1.673.711</b>	<b>31.295.559</b>
Cash and Cash Equivalents		281.855	5.398.428	347.126	6.490.670
Financial Investments		-	-	1.003	18.760
Trade Receivables		99.059	1.897.292	213.372	3.989.685
<i>Due From Related Parties</i>	3	79.086	1.514.750	148.990	2.785.853
<i>Other Trade Receivables</i>		19.973	382.542	64.382	1.203.832
Other Receivables		3.110	59.559	2.433	45.489
Inventories	4	1.017.662	19.491.492	1.039.582	19.438.419
Prepaid Expenses		6.931	132.744	8.919	166.762
Other Current Assets		88.368	1.692.503	61.276	1.145.774
<b>Non Current Assets</b>		<b>2.379.334</b>	<b>45.571.890</b>	<b>2.320.728</b>	<b>43.393.657</b>
Financial Investments		2.757	52.803	2.844	53.174
Other Receivables		319	6.107	327	6.107
Investments Accounted For Using Equity Method	5	32.391	620.399	32.412	606.053
Property, Plant and Equipment	6	2.207.463	42.279.987	2.176.160	40.690.492
Right of Use Assets		6.154	117.878	6.223	116.352
Intangible Assets	6	40.952	784.364	41.604	777.927
Prepaid Expenses		89.298	1.710.352	61.158	1.143.552
<i>Due From Related Parties</i>	3	3.654	69.992	1.938	36.241
<i>Other Prepaid Expenses</i>		85.644	1.640.360	59.220	1.107.311
<b>TOTAL ASSETS</b>		<b>3.876.319</b>	<b>74.243.908</b>	<b>3.994.439</b>	<b>74.689.216</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 Financial Statements Originally Issued in Turkish – See Note 18)

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 31 March 2023 USD'000	Current Period 31 March 2023 TRY'000	Previous Period 31 December 2022 USD'000	Previous Period 31 December 2022 TRY'000
<b>LIABILITIES</b>					
<b>Current Liabilities</b>		<b>650.316</b>	<b>12.478.299</b>	<b>719.447</b>	<b>13.476.851</b>
Short Term Borrowings	7	411.197	7.889.957	432.312	8.098.064
Short Term Portion of Long Term Borrowings	7	26.396	506.478	31.986	599.168
Trade Payables		160.314	3.076.262	209.038	3.915.903
<i>Due to Related Parties</i>	3	20.944	401.863	45.852	858.902
<i>Other Trade Payables</i>		139.370	2.674.399	163.186	3.057.001
Payables for Employee Benefits	9	19.356	371.396	16.083	301.263
Other Payables		8.226	157.830	3.166	59.310
Derivative Financial Instruments		-	-	520	9.740
Deferred Revenue		11.946	229.217	13.133	246.003
Current Tax Liabilities	11	6.200	118.959	6.351	118.959
Short Term Provisions	8	6.407	122.938	6.492	121.604
Other Current Liabilities		274	5.262	366	6.837
<b>Non Current Liabilities</b>		<b>497.980</b>	<b>9.555.136</b>	<b>502.473</b>	<b>9.412.341</b>
Long Term Borrowings	7	177.841	3.412.379	166.537	3.119.579
Long Term Provisions		71.570	1.373.272	72.456	1.357.255
<i>Long Term Provisions for Employee Benefits</i>	9	71.570	1.373.272	72.456	1.357.255
Deferred Tax Liabilities	11	248.569	4.769.485	263.480	4.935.507
<b>EQUITY</b>		<b>2.728.023</b>	<b>52.210.473</b>	<b>2.772.519</b>	<b>51.800.024</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)		(53.764)	30.407.153	(53.764)	31.266.658
<i>Actuarial (Loss)/ Gain Funds</i>		(53.764)	(595.956)	(53.764)	(595.956)
<i>Foreign Currency Translation Reserves</i>		-	31.003.109	-	31.862.614
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		-	-	(349)	(6.538)
<i>Cash Flow Hedging Gain (Loss)</i>		-	-	(349)	(6.538)
Restricted Reserves Assorted from Profit		482.127	3.049.060	482.127	3.049.060
Retained Earnings		870.315	16.699.429	419.842	7.864.483
Net Profit for the Period		(44.845)	(845.333)	450.473	6.726.197
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3.876.319</b>	<b>74.243.908</b>	<b>3.994.439</b>	<b>74.689.216</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 Financial Statements Originally Issued in Turkish – See Note 18)

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

		(Unaudited) Current Period 1 January - 31 March 2023	(Unaudited) Current Period 1 January - 31 March 2023	(Unaudited) Previous Period 1 January - 31 March 2022	(Unaudited) Previous Period 1 January - 31 March 2022
	Not	USD'000	TRY'000	USD'000	TRY'000
Revenue	13	539.096	10.162.020	1.121.508	15.591.204
Cost of Sales	13	(584.146)	(11.011.221)	(800.976)	(11.135.167)
<b>GROSS PROFIT</b>		<b>(45.050)</b>	<b>(849.201)</b>	<b>320.532</b>	<b>4.456.037</b>
Marketing, Sales and Distribution Expenses	14	(4.553)	(85.823)	(4.694)	(65.251)
General Administrative Expenses	14	(10.035)	(189.157)	(6.216)	(86.421)
Research and Development Expenses		(21)	(389)	(26)	(357)
Other Operating Income	14	8.639	162.841	1.683	23.402
Other Operating Expenses	14	(1.052)	(19.832)	(3.687)	(51.293)
<b>OPERATING PROFIT</b>		<b>(52.072)</b>	<b>(981.561)</b>	<b>307.592</b>	<b>4.276.117</b>
Income from Investing Activities		26	496	10	142
Expenses from Investing Activities		(1.312)	(24.740)	(18)	(245)
Share of Investments' Profit Accounted by Using The Equity Method	5	(21)	(391)	(165)	(2.287)
<b>OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSES)</b>		<b>(53.379)</b>	<b>(1.006.196)</b>	<b>307.419</b>	<b>4.273.727</b>
Finance Income	15	14.573	274.700	24.531	341.036
Finance Expense	15	(21.038)	(396.562)	(48.171)	(669.671)
<b>PROFIT BEFORE TAX</b>		<b>(59.844)</b>	<b>(1.128.058)</b>	<b>283.779</b>	<b>3.945.092</b>
Tax (Expense)/ Income	11	14.999	282.725	(92.347)	(1.283.810)
Current Corporate Tax (Expense)/ Income		-	-	(102.038)	(1.418.528)
Deferred Tax (Expense)/ Income		14.999	282.725	9.691	134.718
<b>NET PROFIT FOR THE PERIOD</b>		<b>(44.845)</b>	<b>(845.333)</b>	<b>191.432</b>	<b>2.661.282</b>
<b>EARNINGS PER SHARE</b>			(0,2915)		0,9177
(TRY 1 Nominal value per share)					

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

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

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

	(Unaudited) Current Period 1 January - 31 March 2023 USD'000	(Unaudited) Current Period 1 January - 31 March 2023 TRY'000	(Unaudited) Previous Period 1 January - 31 March 2022 USD'000	(Unaudited) Previous Period 1 January - 31 March 2022 TRY'000
Note				
<b>PROFIT FOR THE PERIOD</b>	<b>(44.845)</b>	<b>(845.333)</b>	<b>191.432</b>	<b>2.661.282</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Not to be reclassified subsequently to profit or loss</b>				
Foreign Currency Translation Gain (Loss)	-	1.249.244	-	3.997.929
<b>To be reclassified subsequently to profit or loss</b>				
Gain (Loss) in Cash Flow Hedging Reserves	436	8.173	(1.508)	(20.765)
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11 (87)	(1.635)	332	4.568
<b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>	<b>349</b>	<b>1.255.782</b>	<b>(1.176)</b>	<b>3.981.732</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(44.496)</b>	<b>410.449</b>	<b>190.256</b>	<b>6.643.014</b>

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

	Note	Share Capital	Inflation Adjustment to Capital	Other Comprehensive Income (Expense) Not to be Reclassified to Profit/ (Loss)		Other comprehensive income (expense) to be reclassified subsequently to profit or loss	Retained Earnings		Total Shareholders' Equity	
				Foreign Currency Translation Reserves	Actuarial (Loss)/ Gain Funds	Cash Flow Hedging Gain (Loss)	Restricted Reserves Assorted from Profit	Retained Earnings		Net Profit for the Period
(Unaudited)										
<b>1 January 2023</b>		<b>2.900.000</b>	<b>164</b>	<b>31.862.614</b>	<b>(595.956)</b>	<b>(6.538)</b>	<b>3.049.060</b>	<b>7.864.483</b>	<b>6.726.197</b>	<b>51.800.024</b>
Net profit for the period		-	-	-	-	-	-	-	(845.333)	(845.333)
Other comprehensive income/(loss)		-	-	1.249.244	-	6.538	-	-	-	1.255.782
Total comprehensive income/(loss)		-	-	1.249.244	-	6.538	-	-	(845.333)	410.449
Increase (decrease) due to other changes	2.1	-	-	(2.108.749)	-	-	-	2.108.749	-	-
Transfers		-	-	-	-	-	-	6.726.197	(6.726.197)	-
<b>31 March 2023</b>		<b>2.900.000</b>	<b>164</b>	<b>31.003.109</b>	<b>(595.956)</b>	<b>-</b>	<b>3.049.060</b>	<b>16.699.429</b>	<b>(845.333)</b>	<b>52.210.473</b>
(Unaudited)										
<b>1 January 2022</b>		<b>2.900.000</b>	<b>164</b>	<b>23.667.446</b>	<b>(166.482)</b>	<b>10.809</b>	<b>2.193.560</b>	<b>4.083.318</b>	<b>6.468.354</b>	<b>39.157.169</b>
Net profit for the period		-	-	-	-	-	-	-	2.661.282	2.661.282
Other comprehensive income/(loss)		-	-	3.997.929	-	(16.197)	-	-	-	3.981.732
Total comprehensive income/(loss)		-	-	3.997.929	-	(16.197)	-	-	2.661.282	6.643.014
Increase (decrease) due to other changes	2.1	-	-	(5.160.190)	-	-	-	5.160.190	-	-
Dividends (*)		-	-	-	-	-	-	(8.700.000)	-	(8.700.000)
Transfers		-	-	-	-	-	855.500	5.612.854	(6.468.354)	-
<b>31 March 2022</b>		<b>2.900.000</b>	<b>164</b>	<b>22.505.185</b>	<b>(166.482)</b>	<b>(5.388)</b>	<b>3.049.060</b>	<b>6.156.362</b>	<b>2.661.282</b>	<b>37.100.183</b>

(\*) At the Ordinary General Assembly Meeting of the Company held on March 31, 2023, the decision not to distribute cash dividends was unanimously approved (March 17, 2022 : TRY 8.700.000).

Retained earnings or losses; condensed interim financial statements, in accordance with TAS 21, they are converted to US Dollars at historical rates and followed as US \$. The details of the conversion of retained earnings or losses in the condensed interim statement of 31 March 2023 financial position to the presentation currency, Turkish Lira, are explained in Note 2.1.

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

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

		(Unaudited) 1 January - 31 March 2023	(Unaudited) 1 January - 31 March 2023	(Unaudited) 1 January - 31 March 2022	(Unaudited) 1 January - 31 March 2022
		USD'000	TRY'000	USD'000	TRY'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Profit (Loss) for The Period</b>	<b>Note</b>	<b>37.194</b>	<b>735.265</b>	<b>107.599</b>	<b>1.457.089</b>
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>(2.929)</b>	<b>(48.196)</b>	<b>93.367</b>	<b>1.209.417</b>
Adjustments for Depreciation and Amortisation Expenses	13/14	23.236	437.980	27.401	380.910
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(19.580)	(369.089)	(23)	(318)
Adjustments for Provision (Reversal of Provision) for Inventories	4	(19.580)	(369.089)	(23)	(318)
Adjustments for Provisions		5.508	103.837	4.134	57.477
Adjustments for Provision (Reversal of Provision) for Employee Termination	9	5.444	102.618	3.361	46.730
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or	8	64	1.219	773	10.747
Adjustments for Interest (Income) and Expenses		2.480	46.769	(15.777)	(219.343)
Adjustments for Interest Income	15	(14.453)	(272.433)	(23.094)	(321.052)
Adjustments for Interest Expense	15	16.847	317.572	9.586	133.258
Unearned Financial Income from Credit Sales		86	1.630	(2.269)	(31.549)
Adjustments for Unrealised Foreign Exchange Differences		(764)	(7.400)	(13.419)	(275.525)
Adjustments for Fair Value (Gains) Losses		(120)	(2.267)	(1.437)	(19.984)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(120)	(2.267)	(1.437)	(19.984)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity	5	21	391	165	2.287
Adjustments for Tax (Income) Expenses	11	(14.999)	(282.725)	92.347	1.283.810
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		1.289	24.308	8	103
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		1.289	24.308	8	103
Other adjustments for Losses (Gains) Reconciliation		-	-	(32)	-
<b>Changes in Working Capital</b>		<b>89.532</b>	<b>1.714.824</b>	<b>(36.706)</b>	<b>(537.269)</b>
Adjustments for Decrease (Increase) in Trade Receivables		118.342	2.266.628	(6.367)	(93.194)
Decrease (Increase) in Trade Receivables from Related Parties		69.904	1.338.885	(37.740)	(552.404)
Decrease (Increase) in Trade Receivables from Third Parties		48.438	927.743	31.373	459.210
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(669)	(12.814)	228	3.337
Decrease (Increase) in Other Receivables from Operations from Third Parties		(669)	(12.814)	228	3.337
Decrease (Increase) in Derivative Financial Instruments		-	-	3.859	56.485
Adjustments for Decrease (Increase) in Inventories		38.587	739.057	(118.207)	(1.730.204)
Decrease (Increase) in Prepaid Expenses		1.998	38.275	3.070	44.932
Adjustments for Increase (Decrease) in Trade Payables		(48.724)	(933.221)	59.098	865.023
Increase (Decrease) in Trade Payable to Related Parties		(24.908)	(477.068)	18.994	278.017
Increase (Decrease) in Trade Payable to Third Parties		(23.816)	(456.153)	40.104	587.006
Adjustments for Increase (Decrease) in Other Payables Related from Operations		8.333	159.604	1.213	17.755
Increase (Decrease) in Other Payables to Third Parties Related from Operations		8.333	159.604	1.213	17.755
Increase (Decrease) in Derivative Liabilities		36	690	391	5.723
Adjustments for Other Increase (Decrease) in Working Capital		(28.371)	(543.395)	20.009	292.874
Decrease (Increase) in Other Assets Related from Operations		(27.092)	(518.898)	(1.330)	(19.467)
Increase (Decrease) in Other Payables Related from Operations		(1.279)	(24.497)	21.339	312.341
<b>Cash Flows Provided by Operating Activities</b>		<b>41.758</b>	<b>821.295</b>	<b>248.093</b>	<b>3.333.430</b>
Payments Related to Provisions for Employee Termination Benefits	9	(4.543)	(85.641)	(567)	(7.883)
Payments Related to Other Provisions	8	(21)	(389)	(21)	(290)
Income Taxes Refund (Paid)	11	-	-	(139.906)	(1.868.168)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(77.350)</b>	<b>(1.466.762)</b>	<b>(60.151)</b>	<b>(922.342)</b>
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		68	1.269	25	364
Cash Inflow from Sales of Property, Plant and Equipment		68	1.269	25	364
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(50.281)	(947.820)	(46.328)	(644.052)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(50.201)	(946.308)	(46.307)	(643.755)
Cash Outflow from Purchase of Intangible Assets	6	(80)	(1.512)	(21)	(297)
Cash Advances and Debts Given		(28.140)	(538.971)	(13.848)	(278.654)
Cash Advance and Debts Given to Related Parties		(1.720)	(32.944)	-	-
Other Cash Advances and Debts Given		(26.420)	(506.027)	(13.848)	(278.654)
Other Cash Inflow (Outflow)		1.003	18.760	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(22.974)</b>	<b>(441.501)</b>	<b>(307.432)</b>	<b>(4.646.992)</b>
Cash Inflow from Borrowings		178.702	3.368.551	305.695	4.249.766
Cash Inflow from Loans		178.702	3.368.551	305.695	4.249.766
Cash Outflow from Repayments of Borrowings		(187.302)	(3.538.924)	(50.244)	(609.527)
Cash Outflow from Loan Repayments		(187.302)	(3.538.924)	(50.244)	(609.527)
Decrease in Other Payables to Related Parties		-	-	1.592	21.225
Cash Outflow from Debt Payments for Leasing Contracts		(102)	(1.931)	(88)	(1.227)
Dividends Paid		-	-	(589.689)	(8.656.991)
Interest Paid		(24.550)	(462.771)	(1.755)	(24.396)
Interest Received		10.278	193.574	27.057	374.158
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(63.130)</b>	<b>(1.172.998)</b>	<b>(259.984)</b>	<b>(4.112.245)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(2.203)	79.436	(7.021)	1.065.661
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(65.333)</b>	<b>(1.093.562)</b>	<b>(267.005)</b>	<b>(3.046.584)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>346.824</b>	<b>6.485.015</b>	<b>658.673</b>	<b>8.779.460</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>281.491</b>	<b>5.391.453</b>	<b>391.668</b>	<b>5.732.876</b>

- As of March 31, 2023, the total accrual of interest on time deposits is TRY 6.975 thousand (USD 364 thousand) (March 31, 2022: TRY 1.058 thousand (USD 72 thousand)).
- In the statement of financial position, since the functional currency of the Company is USD, exchange differences between the accrued and payment dates of the dividend payables to the shareholders whose original currency is Turkish Lira are reported in “Other Adjustments to reconcile Profit (Loss)”.

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



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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 1 – COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

Name Of Company	Country of Operation	Operation	2023 Share %	2022 Share %
Teknopark Hatay A.Ş.	Turkey	R&D Centre	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Energy	50	50

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

The number of the personnel employed by the Company as of reported period 31 March 2023 are as follows:

	31 March 2023 Personnel	31 December 2022 Personnel
Paid Hourly Personnel	2.823	3.017
Paid Monthly Personnel	1.619	1.650
	4.442	4.667

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

##### 2.1 Basis of Presentation

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

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

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(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 2022.

In addition, interim condensed financial statements are prepared in accordance with TFRS Taxonomy Announcement published by the POA on October 4, 2022 and Financial Statement Examples formats specified in the User's Guide published 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 and has a significant impact on the operations of the Company and reflects the economic substance of the underlying events and circumstances relevant to the Company. Therefore, the Company uses the US Dollar in measuring items in its financial statements and as the functional currency.

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

##### Functional currency of the joint venture

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

##### Inflation accounting

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

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

##### Presentation currency translation

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

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

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

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 31 March 2023 are translated from US Dollars into TRY using the Central Bank of the Republic of Turkey's buying rate of exchange which is 19,1532 TRY = 1 US \$ and the liabilities selling rate of exchange which is 19,1878 TRY = 1 US \$ (31 December 2022 foreign exchange buying rate: 18,6983 TRY = 1 US \$, foreign exchange selling rate: 18,7320 TRY = 1 US \$).
- b) For the three months period ended 31 March 2023, using the quarterly (2023 January – March period) average of 18,8501 TRY = 1 US \$ to TRY translated (31 March 2022: 13,9020 TRY = 1 US \$).
- c) Retained earnings; In the condensed interim financial statements, in accordance with TAS 21, they are converted to US Dollars at historical rates and followed in US Dollars. Retained earnings in the statement of financial position dated 31 March 2023 are presented by converting them into TRY using the foreign exchange selling rate effective as of 31 March 2023 announced by the Central Bank of the Republic of Turkey, 19,1878 TRY = 1 US \$ (31 December 2022: 18,7320 TRY = 1 US \$).
- 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 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 31 March 2023 and 31 December 2022, condensed statement of income and other comprehensive income and statement of cash flows for the interim period ended 31 March 2023 and 2022 represent the financial statements prepared according to USD reporting currency within the frame of functional currency change that the Company has made, which is effective as of July 1, 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

###### Going concern

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

###### Approval of the financial statements

The condensed interim financial statements have been approved on 2 May 2023 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

##### **2.2 Comparative Information and Restatement of Financial Statements with Prior Periods**

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

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

The accounting policies adopted in preparation of the interim condensed financial statements as at 31 March 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2023 summarized below

##### **The new standards, amendments and interpretations which are effective from 2023**

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

The effects of these standards and comments on the financial statements and performance of the company are explained in the relevant paragraphs.

##### **Amendments to TAS 1 Disclosure of Accounting Policies**

This amendment requires businesses to take materiality as a basis in the disclosure of accounting policies.

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

##### **Amendments to TAS 8 Definition of Accounting Estimates**

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

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

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

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

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

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

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

The Company Management has evaluated that these amendments and comments, which are effective since 2023, have no effect on the summary financial statements of the Company.

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

###### **Standards that have not yet entered into force and amendments to existing previous standards, and comments**

The company, with the following standards that have not yet entered into force, has not yet implemented the following changes and comments:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</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 has been deferred for 1 year for insurance, reinsurance and pension companies and will replace TFRS 4 Insurance Contracts as of 1 January 2024.

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

With the postponement of the effective date of TFRS 17 to 1 January 2024 for insurance and reinsurance and pension companies, the expiry date of the temporary exemption period for the application of TFRS 9 provided to these companies has been revised to 1 January 2024.

###### **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 delay for a one year effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

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

Amendments to TFRS 16 are delay for a one year effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

## **İSKENDERUN DEMİR VE ÇELİK A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(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)**

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

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

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

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

The possible effects of the mentioned standards, amendments and improvements on the financial status and performance of the Company are being evaluated.

##### **2.4 Summary of Significant Accounting Policies**

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

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

##### **2.5 Restatement and errors in the accounting policies and estimates**

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

##### **2.6 Segment Reporting**

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

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

(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:

	31 March 2023	31 December 2022
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	1.468.806	2.585.187
OYAK Çimento Fabrikaları A.Ş. <sup>(3)</sup>	40.908	45.535
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. <sup>(3)</sup>	57	36
Erdemir Asia Pacific PTE LTD <sup>(2)</sup>	59	57
Erdemir Romania SRL <sup>(2)</sup>	4.514	128.448
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	406	26.590
	<u>1.514.750</u>	<u>2.785.853</u>

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

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

	31 March 2023	31 December 2022
<u>Prepaid expenses (long term)</u>		
OYAK İnşaat A.Ş. <sup>(3)</sup>	32.869	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	37.123	36.241
	<u>69.992</u>	<u>36.241</u>

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

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(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:

	31 March 2023	31 December 2022
<u>Due to related parties (short term)</u>		
Erdemir Madencilik San. ve Tic. A.Ş. <sup>(2)</sup>	200.540	612.241
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	21.192	25.945
Omsan Lojistik A.Ş. <sup>(3)</sup>	73.152	36.552
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	14.375	10.947
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	11.281	14.959
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	2.466	4.047
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. <sup>(2)</sup>	49.263	16.478
Kümaş Manyezit Sanayi A.Ş. <sup>(2)</sup>	5.069	55.810
Other	24.525	81.923
	<u>401.863</u>	<u>858.902</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:

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Major sales to related parties</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	8.680.375	10.555.972
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	1.253	1.369
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	99.709	45.522
Erdemir Romania SRL <sup>(2)</sup>	7.342	59.306
Omsan Lojistik A.Ş. <sup>(3)</sup>	135	7
OYAK Çimento Fabrikaları A.Ş. <sup>(3)</sup>	18.123	11.915
OYAK Elektrik Enerjisi Toptan Satış A.Ş. <sup>(3)</sup>	57.573	26.548
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	2.402	599
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	92	93
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	108	258
Other	18	202
	<u>8.867.130</u>	<u>10.701.791</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 THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(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:

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Major purchases from related parties</u>		
Doco Petrol ve Danışmanlık A.Ş. <sup>(3)</sup>	7.277	14.973
OYAK Elektrik Enerjisi Toptan Satış A.Ş. <sup>(3)</sup>	37.810	15.968
Erdemir Madencilik San. ve Tic. A.Ş. <sup>(2)</sup>	747.173	1.124.123
Erdemir Asia Pacific PTE LTD <sup>(2)</sup>	-	1.614.250
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. <sup>(1)</sup>	43.336	127.814
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(3)</sup>	60.382	36.510
Omsan Denizcilik A.Ş. <sup>(3)</sup>	248	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(3)</sup>	32.022	13.817
Omsan Lojistik A.Ş. <sup>(3)</sup>	119.078	26.727
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. <sup>(2)</sup>	6.511	4.494
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. <sup>(2)</sup>	65.578	32.904
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(4)</sup>	127.787	68.702
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(3)</sup>	26.906	42.951
Kümaş Manyezit Sanayi A.Ş. <sup>(2)</sup>	6.215	89.296
Other	30.198	5.859
	<u>1.310.521</u>	<u>3.218.388</u>

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

In the three-month interim period ending on March 31, 2023, the Company has obtained a financing income of TRY 23.144 thousand from related party transactions, all of which are interest income from forward sales. (31 March 2022: TRY 27.423 thousand)

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

For the three 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 31 March 2023, the Company provides no provision for the receivables from related parties (31 December 2022: None).

Benefits provided to executive managers:

The company's executive management team consists of the Board of Directors, General Manager and Assistant General Managers. For the three months period ended 31 March 2023, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Company is TRY 9.116 thousand (31 March 2022: TRY 4.976 thousand).

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

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

(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:

	31 March 2023	31 December 2022
Raw materials	5.868.445	7.188.423
Work in progress	3.791.378	5.151.216
Finished goods	1.305.145	2.090.850
Spare parts	2.210.905	1.992.963
Goods in transit	5.169.744	2.359.235
Other inventories	1.683.067	1.546.282
Allowance for impairment on inventories (-)	(537.192)	(890.550)
	<u>19.491.492</u>	<u>19.438.419</u>

The movement of the allowance for impairment on inventories:

	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	890.550	377.367
Provision released (-)	(369.089)	(318)
Translation difference	15.731	37.017
Closing balance	<u>537.192</u>	<u>414.066</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).

#### 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 %	31 March 2023	Right to vote ratio %	31 December 2022	Business segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	620.399	50	606.053	Industrial Gas Production and Sale

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

	31 March 2023	31 December 2022
Total assets	1.276.784	1.299.886
Total liabilities	35.986	87.781
Net assets	<u>1.240.798</u>	<u>1.212.105</u>
Company's share on net assets	<u>620.399</u>	<u>606.053</u>

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont’d)

	31 March 2023	31 December 2022
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş. has the right of to deduct TRY 183.112 thousand (31 December 2022: TRY 196.398 thousand) from corporate tax of the investment deduction where profit will occur in the upcoming years pursuant to the Resolution No 2012/3305 on Government Aids in Investments and the Cabinet Decision issued in the Official gazette on 22 February 2017. The deferred tax asset of TRY 13.236 thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY 6.643 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 - 31 March 2023	1 January - 31 March 2022
Revenue	93.519	79.989
Operating Profit	18.732	14.352
Net profit (loss) for the period	(782)	(4.573)
Company's share on net profit	(391)	(2.287)

#### NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS

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

	31 March 2023	31 March 2022
<u>Opening balance as of 1 January</u>		
Cost	96.839.451	66.051.606
Accumulated depreciation	(56.148.959)	(38.684.657)
Net book value	40.690.492	27.366.949
Opening net book value	40.690.492	27.366.949
Additions(*)	979.667	633.579
Disposals (-)	(25.577)	(467)
<i>Cost disposals</i>	(39.493)	(4.803)
<i>Accumulated depreciation disposals</i>	13.916	4.336
Transfers from property, plant and equipment	-	(537)
Currency translation difference	999.425	2.699.058
<i>Cost currency translation difference</i>	2.371.152	6.515.819
<i>Accumulated depreciation currency translation difference</i>	(1.371.727)	(3.816.761)
Current period depreciation (-)	(364.020)	(381.421)
Net book value at the end of the period	42.279.987	30.317.161
<u>Closing balance as of</u>		
Cost	100.150.777	73.195.664
Accumulated depreciation	(57.870.790)	(42.878.503)
Net book value	42.279.987	30.317.161

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

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

(\*) The amount of capitalized borrowing cost is TRY 33.359 thousand for the current period (31 March 2022: TRY (10.176) thousand).

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (31 March 2022: None).

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

	31 March 2023	31 March 2022
<u>Opening balance as of 1 January</u>		
Cost	1.567.846	1.078.849
Accumulated amortisation	(789.919)	(529.279)
Net book value	<u>777.927</u>	<u>549.570</u>
Net book value at the begin.of the period	777.927	549.570
Additions	1.512	297
Transfers from property, plant and equipment	-	537
Currency translation difference	18.728	53.520
<i>Cost currency translation difference</i>	38.168	105.922
<i>Accumulated depreciation currency translation difference</i>	(19.440)	(52.402)
Current period amortisation (-)	(13.803)	(8.672)
Net book value at the end of the period	<u>784.364</u>	<u>595.252</u>
<u>Closing balance as of</u>		
Cost	1.607.526	1.185.605
Accumulated amortisation	(823.162)	(590.353)
Net book value	<u>784.364</u>	<u>595.252</u>

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (31 March 2022: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use to TRY 4.328 Thousand (31 March 2022: TRY 7.733 Thousand) assets are as follows:

	31 March 2023	31 March 2022
Associated with cost of production	362.938	373.542
General administrative expenses	6.173	4.174
Marketing, sales and distribution expenses	11.399	14.069
Other Operating Expenses	1.641	6.041
	<u>382.151</u>	<u>397.826</u>

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 7 – BORROWINGS

Breakdown of borrowings is as follows:

	31 March 2023	31 December 2022
Short term bank borrowings	7.889.957	8.098.064
Short term portion of long term bank borrowings	497.094	590.387
Long term bank borrowings	3.352.401	3.062.306
Total bank borrowings	<u>11.739.452</u>	<u>11.750.757</u>
Current portion of long term lease payables	9.851	9.392
Cost of current portion of long term lease payables (-)	(467)	(611)
Long term lease payables	204.649	196.386
Cost of long term lease payables (-)	(144.671)	(139.113)
Total leases borrowings	<u>69.362</u>	<u>66.054</u>
Total borrowings	<u><u>11.808.814</u></u>	<u><u>11.816.811</u></u>

As of 31 March 2023, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 March 2023
Fixed	US Dollars	8,95	6.425.381	-	6.425.381
Floating	US Dollars	Libor+2,62	358.823	2.448.920	2.807.743
Floating	EURO	Euribor+0,5	138.272	903.481	1.041.753
Fixed	TRY	18,43	1.464.575	-	1.464.575
			<u>8.387.051</u>	<u>3.352.401</u>	<u>11.739.452</u>

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

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

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 7 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	31 March 2023			31 December 2022		
	Financial liabilities	Lease liabilities	Total liabilities	Financial liabilities	Lease liabilities	Total liabilities
Within 1 year	8.387.051	9.384	8.396.435	8.688.451	8.781	8.697.232
Between 1-2 years	1.490.168	6.766	1.496.934	1.154.909	9.314	1.164.223
Between 2-3 years	271.747	4.244	275.991	261.745	5.862	267.607
Between 3-4 years	271.747	3.626	275.373	261.603	4.371	265.974
Between 4-5 years	242.004	3.241	245.245	243.757	3.908	247.665
Five years or more	1.076.735	42.101	1.118.836	1.140.292	33.818	1.174.110
	<u>11.739.452</u>	<u>69.362</u>	<u>11.808.814</u>	<u>11.750.757</u>	<u>66.054</u>	<u>11.816.811</u>

#### NOTE 8 – PROVISIONS

The Company’s short term provisions are as follows:

	31 March 2023	31 December 2022
Provision for lawsuits	112.824	111.276
Penalty provision for employment shortage of disabled person	8.006	8.443
Provision for land occupation	2.108	1.885
	<u>122.938</u>	<u>121.604</u>

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

	31 March 2023	31 December 2022
Lawsuits filed by the Company	155.100	166.282
Lawsuits filed against the Company	7.349	7.187

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

	31 March 2023	31 December 2022
Lawsuits filed against the Company	76.451	75.531
Provision for lawsuits filed by the Company	112.824	111.276

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

**NOTE 8 – PROVISIONS (cont’d)**

The movement of the short term provisions is as follows:

	1 January 2023	Change for the period	Payments	Provision released	Translation difference	31 March 2023
Provision for lawsuits	111.276	1.434	(389)	-	503	112.824
Penalty provision for employment shortage of disabled personnel	8.443	-	-	(437)	-	8.006
Provision for land occupation	1.885	292	-	(70)	1	2.108
	<u>121.604</u>	<u>1.726</u>	<u>(389)</u>	<u>(507)</u>	<u>504</u>	<u>122.938</u>
	1 January 2022	Change for the period	Payments	Provision released	Translation difference	31 March 2022
Provision for lawsuits	68.859	11.481	(290)	(305)	2.066	81.811
Penalty provision for employment shortage of disabled personnel	9.932	-	-	(374)	(6)	9.552
Provision for land occupation	2.993	190	-	(245)	8	2.946
	<u>81.784</u>	<u>11.671</u>	<u>(290)</u>	<u>(924)</u>	<u>2.068</u>	<u>94.309</u>

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 8 – PROVISIONS (cont’d)

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

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

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

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

Litigation provision amounts; It has been determined by taking legal opinion, and according to the legal opinions received, it is evaluated by the Company Management that it will not cause a more significant loss than the provision amount reserved for lawsuits.

#### NOTE 9 – EMPLOYEE BENEFITS

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

	31 March 2023	31 December 2022
Due to personnel	228.744	219.267
Social security premiums payable	142.652	81.996
	<u>371.396</u>	<u>301.263</u>

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

	31 March 2023	31 December 2022
Provisions for employee termination benefits	1.153.989	1.171.313
Provisions for seniority incentive premium	91.599	85.832
Provision for unpaid vacations	127.684	100.110
	<u>1.373.272</u>	<u>1.357.255</u>



**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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**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 31 March 2023, the employee termination benefit has been updated to a maximum of TRY 19.982,83 (31 December 2022: TRY 15.371,40).

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

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Company’s obligation under defined benefit plans. The obligation as of 31 March 2023 has been calculated by an independent actuary and projected unit credit method is used in the calculation. Actuarial assumptions, used in calculating the present value of liabilities are compared with used in the financial statement for the year ended 31 December 2022 period, is the same.

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 March 2023, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

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

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	1.171.313	505.562
Service cost	20.092	8.657
Interest cost	45.354	22.673
Termination benefits paid	(82.032)	(7.104)
Translation difference	(738)	291
Closing balance	<u>1.153.989</u>	<u>530.079</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 - 31 March 2023	1 January - 31 March 2022
Opening balance	85.832	90.872
Service cost	2.666	2.159
Interest cost	3.076	3.092
Translation difference	25	68
Closing balance	<u>91.599</u>	<u>96.191</u>

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

	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	100.110	51.363
Provision for the period	40.447	10.149
Vacation paid during the period (-)	(3.609)	(779)
Provisions released (-)	(9.017)	-
Translation difference	(247)	(248)
Closing balance	<u>127.684</u>	<u>60.485</u>

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 10 – COMMITMENTS

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

	31 March 2023	31 December 2022
Letters of guarantees received	3.676.237	3.694.662
	<u>3.676.237</u>	<u>3.694.662</u>

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

	31 March 2023	31 December 2022
A. Total CPM given for the Company's own legal entity	657.747	78.776
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>657.747</u>	<u>78.776</u>

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

The breakdown of the collatarel given by the Company in TRY equivalent to original currency is as follows:

	31 March 2023	31 December 2022
US Dollar	572.202	-
TRY	43.855	38.906
EURO	41.690	39.870
	<u>657.747</u>	<u>78.776</u>

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

#### NOTE 11 – TAX ASSETS AND LIABILITIES

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

	31 March 2023	31 December 2022
<u>Corporate tax payable:</u>		
Corporation tax for the year of 2022	3.954.588	-
Current corporate tax provision	-	3.954.588
Prepaid taxes and funds (-)	(3.835.629)	(3.835.629)
	<u>118.959</u>	<u>118.959</u>
	1 January - 31 March 2023	1 January - 31 March 2022
<u>Taxation:</u>		
Current corporate tax expense	-	1.418.528
Deferred tax expense	(282.725)	(134.718)
	<u>(282.725)</u>	<u>1.283.810</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 year.

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 20% as of reporting date (31 December 2022: 22%).

By the Ministry of Treasury and Finance ; taxpayers in the provinces affected by the earthquake, it has been accepted as force majeure between 6 February 2023 and 31 July 2023. In this context, the deadlines for submitting tax returns and notifications during force majeure have been extended until August 15, 2023.

No corporate tax payment has been made by the Company in the three-month interim period of 2023 (31 March 2022: TRY 1.868.168 thousand).

Except for the change in the corporate tax rate, the exemption rate applied to the gains arising from the sale of immovables is 50%, and the tax rate to be applied to the deferred tax to be calculated over the temporary differences that arise in case of revaluation of the relevant assets should be considered as 10% in case the book value of the relevant immovable is recovered through sales.

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

Deferred tax

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

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

	31 March 2023	31 December 2022
<u>Deferred tax assets:</u>		
Provisions for employee benefits	274.655	271.451
Leasing payables	13.873	13.211
Provision for lawsuits	22.362	22.021
Adjustment of receivable rediscount	3.974	3.990
Fair values of the derivative financial instruments	-	1.948
Unused tax losses	234.002	-
Other	53.186	57.057
	<u>602.052</u>	<u>369.678</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets including revaluation adjustment (net)	(5.105.456)	(5.072.274)
Right of use assets	(23.618)	(23.312)
Amortized cost adjustment on loans	(21.940)	(21.501)
Inventories	(217.158)	(188.098)
Other	(3.365)	-
	<u>(5.371.537)</u>	<u>(5.305.185)</u>
Presentation of deferred tax assets/(liabilities):	<u>(4.769.485)</u>	<u>(4.935.507)</u>

The partially or fully recoverable amount of the deferred tax assets of the Company that can be deducted from the future profits is estimated under the current conditions. During the evaluation, future profit projections, financial losses in current periods, expiry dates of unused financial losses carried and other tax assets are taken into consideration. It has been evaluated that tax losses subject to deferred tax will be subject to deduction within 1 year, according to future profit projections.

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.

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

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

##### Deferred tax (cont’d)

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

	1 January - 31 March 2023	1 January - 31 March 2022
Opening balance	(4.935.507)	(5.106.530)
Deferred tax expense	282.725	134.718
The amount in comprehensive income/(expense)	(1.635)	4.568
Translation difference	(115.068)	(493.492)
Closing balance	<u>(4.769.485)</u>	<u>(5.460.736)</u>

Reconciliation of tax provision is as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Profit before tax	(1.128.058)	3.945.092
Statutory tax rate	20%	22%
Calculated tax acc. to effective tax rate	225.612	(867.920)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(386)	(135)
- Unused tax losses	234.002	-
- Non-taxable income	16	77
- Effect of currency translation (*)	(176.519)	(415.832)
Tax expense in reported in the statement of income	<u>282.725</u>	<u>(1.283.810)</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:

	31 March 2023	31 December 2022
	(%)	(%)
<u>Shareholders</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	94,87	94,87
Quoted in Stock Exchange	5,13	5,13
Historical capital	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 THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

**NOTE 13 – SALES AND COST OF SALES**

The Company derives its revenue from the transfer of goods at a point in time in the following major product lines. As of reporting date, the amount of performance obligations in the ongoing contracts of the Company will be eligible for recognition in the future is TRY 220.183 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 - 31 March 2023	1 January - 31 March 2022
<u>Sales Revenue</u>		
Domestic sales	8.912.057	13.038.610
Export sales	516.884	2.204.256
Other revenues (*)	705.830	316.627
Interest income from sales with maturities	27.946	33.315
Sales returns (-)	(697)	(1.604)
	<u>10.162.020</u>	<u>15.591.204</u>
<u>Cost of sales (-)</u>	<u>(11.011.221)</u>	<u>(11.135.167)</u>
Gross profit	<u>(849.201)</u>	<u>4.456.037</u>

(\*) The total amount of by product exports in other revenues is TRY 124.114 thousand (31 March 2022: TRY 165.870 thousand).

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

	1 January - 31 March 2023	1 January - 31 March 2022
Raw material usage	(6.380.087)	(9.494.440)
Personnel costs	(321.531)	(287.106)
Energy costs	(774.828)	(591.081)
Depreciation and amortization expenses	(418.767)	(356.626)
Factory overheads	(238.752)	(93.086)
Other cost of goods sold	(2.014.937)	(141.598)
Non-operating costs (*)	(1.134.364)	(3.594)
Freight costs for sales delivered to customers	(32.366)	(111.390)
Reversal of inventory write-downs (Note 4)	369.089	318
Other	(64.678)	(56.564)
	<u>(11.011.221)</u>	<u>(11.135.167)</u>

(\*) Due to the earthquake on 6 February 2023; until due diligence studies are completed, the company's production activities were suspended. TRY (1.134.364) thousand non-working part expense due to unexpected stoppage at the Company's production facilities, is not associated with the product cost and is directly included in the cost of sales.

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

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

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

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses (-)	(27.550)	(12.099)
Depreciation and amortization(-)	(11.399)	(14.069)
Tax, duty and charges (-)	(128)	(72)
Service expenses (-)	(46.746)	(39.011)
	<u>(85.823)</u>	<u>(65.251)</u>

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

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses (-)	(52.018)	(28.195)
Depreciation and amortization expenses(-)	(3.486)	(2.482)
Amortization expense of right of use (-)	(2.687)	(1.692)
Tax, duty and charges (-)	(3.059)	(884)
Service expenses (-)	(127.907)	(53.168)
	<u>(189.157)</u>	<u>(86.421)</u>

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

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Other operating income</u>		
Foreign exchange gains from trade receivables and payables	9.812	-
Discount income	81	78
Provisions released	437	679
Service income	3.963	3.743
Maintenance repair and rent income	3.700	4.418
Lawsuit income	9	42
Indemnity and penalty detention income	3.026	1.978
Insurance indemnity income	118.923	-
Warehouse income	6.337	2.382
Customers delay interest income	1.625	161
Other income and gains	14.928	9.921
	<u>162.841</u>	<u>23.402</u>

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



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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

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

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

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Other operating expenses (-)</u>		
Provision expenses	(1.434)	(11.481)
Donation expenses	(738)	(9.218)
Amortisation expenses of right of use	(1.641)	(6.041)
Foreign exchange expenses from trade receivables and payables	-	(8.793)
Penalty expenses	(149)	(75)
Service expenses	(3.050)	(1.536)
Lawsuit compensation expenses	(420)	(568)
Stock exchange registration expenses	(1.044)	-
Other expenses and losses	(11.356)	(13.581)
	<u>(19.832)</u>	<u>(51.293)</u>

#### NOTE 15 – FINANCE INCOME AND EXPENSES

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

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Finance income</u>		
Interest income on bank deposits	272.433	321.052
Fair value differences of derivative financial instruments (net)	2.267	19.984
	<u>274.700</u>	<u>341.036</u>

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

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Finance expenses (-)</u>		
Interest expenses on borrowings	(315.571)	(123.683)
Foreign exchange loss (net)	(29.183)	(508.103)
Interest cost of employee benefits	(48.430)	(25.765)
Interest expenses on leases	(2.001)	(9.575)
Other financial expenses	(1.377)	(2.545)
	<u>(396.562)</u>	<u>(669.671)</u>

During the period, the interest expenses of TRY 33.359 thousand have been capitalized as part of the Company’s property, plant and equipment (31 March 2022: TRY (10.176) thousand)).

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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

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

##### Additional information about financial instruments

###### Foreign currency risk management

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

	31 March 2023			
	TRY (Total in currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	229.134	224.064	243	-
2a. Monetary financial assets	4.476.860	4.472.479	210	21
2b. Non- monetary financial assets	-	-	-	-
3. Other	50.518	46.006	216	-
<b>4. Current assets (1+2+3)</b>	<b>4.756.512</b>	<b>4.742.549</b>	<b>669</b>	<b>21</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	58.909	58.909	-	-
6b. Non- monetary financial assets	-	-	-	-
7. Other	1.356.114	884.194	22.639	-
<b>8. Non-current assets (5+6+7)</b>	<b>1.415.023</b>	<b>943.103</b>	<b>22.639</b>	-
<b>9. Total assets (4+8)</b>	<b>6.171.535</b>	<b>5.685.652</b>	<b>23.308</b>	<b>21</b>
10. Trade payables	1.260.955	1.053.834	9.914	708
11. Financial liabilities	1.612.231	1.473.959	6.621	-
12a. Other monetary financial liabilities	750.236	747.305	140	-
12b. Other non-monetary financial liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>3.623.422</b>	<b>3.275.098</b>	<b>16.675</b>	<b>708</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	963.455	59.974	43.265	-
16a. Other monetary financial liabilities	1.373.272	1.373.272	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>2.336.727</b>	<b>1.433.246</b>	<b>43.265</b>	-
<b>18. Total liabilities (13+17)</b>	<b>5.960.149</b>	<b>4.708.344</b>	<b>59.940</b>	<b>708</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>211.386</b>	<b>977.308</b>	<b>(36.632)</b>	<b>(687)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1.195.246)</b>	<b>47.108</b>	<b>(59.487)</b>	<b>(687)</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	640.998	-	-	-
26. Imports	5.596.567	-	-	-

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

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

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

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

Foreign currency risk management (cont’d)

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

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

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

For assets with foreign currency balances in the summary statement of financial position as of 31 March 2023: 19,1532 TRY = US \$ 1, 20,8450 TRY = Euro 1; 0,1434 TRY = JPY 1 for liabilities: 19,1878 TRY = US \$ 1, 20,8825 TRY = Euro 1, 0,1443 TRY = JPY 1 converted at rates (31 December 2022: For assets; 18,6983 TRY = US \$ 1, 19,9349 TRY = Euro 1; 0,1413 TRY = JPY, 1 For Liabilities; 18,7320 TRY = US \$ 1, 19,9708 TRY = Euro 1, 0,1422 TRY = JPY 1).

	<u>Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
<b>31 March 2023</b>		
1- TRY net asset/liability	97.731	(97.731)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
<b>4- TRY net effect (1+2+3)</b>	<b>97.731</b>	<b>(97.731)</b>
5- Euro net asset/liability	(76.584)	76.584
6- Hedged portion from Euro risk (-)	-	-
7- Effect of capitalization (-)	-	-
<b>8- Euro net effect (5+6+7)</b>	<b>(76.584)</b>	<b>76.584</b>
9- Jap. Yen net asset/liability	(10)	10
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
<b>12- Jap. Yen net effect (9+10+11)</b>	<b>(10)</b>	<b>10</b>
<b>TOTAL (4+8+12)</b>	<b>21.137</b>	<b>(21.137)</b>

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

**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

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

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

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**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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

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

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value
<b>31 March 2023</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	5.398.428	-	-	5.398.428
Trade receivables	1.897.292	-	-	1.897.292
Financial investments	-	-	52.803	52.803
Other financial assets	65.666	-	-	65.666
<b>Financial Liabilities</b>				
Financial liabilities	11.808.814	-	-	11.808.814
Trade payables	3.076.262	-	-	3.076.262
Other liabilities	471.687	-	-	471.687
<b>31 December 2022</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	6.490.670	-	-	6.490.670
Trade receivables	3.989.685	-	-	3.989.685
Financial investments	-	-	71.934	71.934
Other financial assets	51.596	-	-	51.596
<b>Financial Liabilities</b>				
Financial liabilities	11.816.811	-	-	11.816.811
Trade payables	3.915.903	-	-	3.915.903
Other liabilities	479.910	-	-	479.910
Derivative financial instruments	-	8.158	1.582	9.740

The Company Management states that the fair values of financial assets and liabilities reflect their book values. thinks.

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

## İSKENDERUN DEMİR VE ÇELİK A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

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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 (con’t)

##### 31 March 2023

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>				
Venture capital investment fund	52.284	-	52.284	-
Total	52.284	-	52.284	-

##### 31 December 2022

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

*Level one:* Active market traded (unadjusted) for identical assets and liabilities valuation techniques using market price.

*Second level:* Valuation techniques, other than the market price of the relevant asset or liability specified in the first level includes the inputs used in determining the price observable directly or indirectly in the market.

*Third level:* Valuation techniques that include inputs that are not based on market observable data used to determine the fair value of an asset or liability.

#### NOTE 17 – SUBSEQUENT EVENTS

Production has started in a gradual and controlled manner at the Company's production facilities, as of the announcement date of report, pre-earthquake production levels have been reached. Insurance appraisal and damage assessment studies continue, and the Company's damages due to earthquakes are covered by the insurance coverage.

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**İSKENDERUN DEMİR VE ÇELİK A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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

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**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 31 March 2023, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.