



İSKENDERUN DEMİR VE ÇELİK A.Ş.

For the Period 1 January – 31 March 2024
Board of Directors' Activity Report

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

A – GENERAL INFORMATION**1. Period of the Report**

01.01.2024 – 31.03.2024

2. Information About The Association

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

3. Shareholding and Capital Structure

Paid-in Capital : TRY 2.900.000 thousand

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

No change has occurred in shareholding and capital structure in the period.

4. Board of Directors, Executive Management and Number of Personnel

According to the Turkish Commercial Code and related regulations, the election of the Member of Board of Directors is executed by the General Assembly within the framework of the Articles of Association. Should there be a vacant position in the Board of Directors Membership within the respective period; an election is held for the vacant positions according to the provisions of Turkish Commercial Code and Company's Articles of Association and submitted to the next general assembly to be approved. The Company's 2023 Ordinary General Assembly has been executed on 28 March 2024.

Within the framework of the provisions of the Turkish Commercial Code and the Capital Market Law, pursuant to Articles 9th and 10th of the Company's Articles of Association, at the Ordinary General Assembly Meeting held on March 28, 2024, elections were held for Independent Board Members due to the expiration of their terms of office and 3 Independent Board Members were elected to serve for 1 year.

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

Board of Directors	Title	Effective from
ATAER Holding A.Ş. (Represented by Süleyman Savaş ERDEM)	Chairman	27.05.2013 (*)
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Represented by Baran ÇELİK)	Deputy Chairman and Executive Director	13.09.2012 (*)
Erdemir Madencilik Sanayi ve Ticaret A.Ş. (Represented by Gürtan DAMAR)	Board Member and Executive Director	18.09.2012 (*)
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Represented by Orhan ERBİR)	Board Member	20.09.2012 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by Eren Ziya DİK)	Board Member	17.09.2012 (*)
Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. (Represented by Güliz KAYA)	Board Member	17.09.2012
Emre GÖLTEPE	Independent Board Member	17.03.2022
Kadri ÖZGÜNEŞ	Independent Board Member	31.03.2023
Sezai Afif ENSARİ	Independent Board Member	28.03.2024

(*) The dates are given for the legal person represented.

Changes in the Executive Board within the Period

- At the Ordinary General Assembly Meeting held on March 28, 2024, Emre GÖLTEPE, Kadri ÖZGÜNEŞ and Sezai Afif ENSARİ have been elected as independent board members for serving 1 year period.
- In the distribution of duties among the members of the Board of Directors, with the resolution of Board of Directors numbered 812, Board Member ATAER Holding A.Ş. (represented by Süleyman Savaş ERDEM) has been elected as the Chairman and Board Member Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (represented by Baran ÇELİK) has been elected as the Deputy Chairman for serving 1 year period and Deputy Chairman Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (represented by Baran ÇELİK) and Board Member Erdemir Madencilik Sanayi ve Ticaret A.Ş. (represented by Gürtan DAMAR) have been authorized as "Executive Director".

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

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Commercial Code's (TCC) relevant clauses and in the Articles of Association.

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Executive Management

Executive Management	Title	Effective from	Education	Experience
Baran ÇELİK	Deputy Chairman and Executive Director	14.02.2023	Boğaziçi University – International Trade	20 Years
Gürtan DAMAR	Board Member and Executive Director	23.02.2021	Yıldız Technical University – Mechanical Engineering	29 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Bülent Ecevit University - Business Administration (Master's Degree) Karadeniz Technical University - Finance (Bachelor's Degree)	20 Years
Sercan BÜYÜKBAYRAM	Marketing and Sales Group Vice President	19.06.2023	Middle East Technical University - Sociology (Master's Degree) Middle East Technical University- Political Science and Public Administration (Bachelor's Degree)	24 Years
Şevket Selim YILMAZ	Procurement Group Vice President	22.02.2024	Atatürk University – Business Administration	20 Years
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	21.07.2020	Selçuk University - Economics (Doctor's Degree) Hacettepe University - Economics (Master's Degree)	36 Years
Salih Cem ORAL	General Manager	12.09.2022	İstanbul Technical University – Metallurgy Engineering	30 Years
Buğra ŞENER	Operations Deputy General Manager	27.09.2021	İstanbul Technical University – Metallurgy Engineering (Master's Degree) İstanbul Technical University – Metallurgy Engineering (Bachelor's Degree)	26 Years

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5. The Transactions of Board Members Made on Its Behalf or on Behalf of Other and The Activities as Part of Prohibition of Competition

At the Ordinary General Assembly held on 28 March 2024, it is consented to give the authority for transactions according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board. No transaction had been realized in this context.

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

28th Period Collective Labor Agreement, which will be valid between January 1, 2023 and December 31, 2024 has been signed on June 6, 2023 between Özçelik-İş Union and İskenderun Demir ve Çelik A.Ş.

The rights and benefits provided to our employees within the scope of collective bargaining practices, are classified under the heading. Bonuses and social benefits include bonuses, holiday allowance, fuel allowance, annual leave allowance, marriage allowance, maternity benefit, death allowance active military service, child support, educational aid, food aid and vehicle assistance.

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

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

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

The number of the personnel employed by the company as of reporting date:

	31 March 2024 Personnel	31 December 2023 Personnel
Paid Hourly Personnel	3.029	3.069
Paid Monthly Personnel	1.456	1.463
	4.485	4.532

7. Compliance With The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2023 were met during the period 1 January 2024 – 31 March 2024.

8. Amendments in The Articles of Association

None.

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B – Financial Rights Given to Board Members and Executive Management

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

The relevant section of the minutes of the Ordinary General Assembly dated 28 March 2024 is as follows;

- No wages will be paid to the Board members representing Group B shares,
- The monthly net wage that will be paid to the members representing Group A shares will be TRY 22.700 (monthly, in cash),
- The monthly net wage that will be paid to Independent Board Members will be TRY 38.000 (monthly, in cash),
- The new wages will be valid from the date of 1 April 2024.

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

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

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

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

The key management of the Company consists of the Board of Directors, General Manager and Assistant General Managers. For the year ended 31 March 2024, the total compensation consisting of benefits such as salaries, bonuses and other benefits of the key management of the Company is TRY 3.456 thousand (31 March 2023: TRY 9.116 thousand).

C – Research and Development Studies

OYAK Mining Metallurgy conducts its research and development activities at "Erdemir R&D Center, " certified by the Republic of Türkiye Ministry of Industry and Technology in 2014. Erdemir R&D Center performs activities in five main areas: raw materials and iron making, steel making and casting technologies, hot rolled products and process, cold rolled products and process, energy and environment.

Erdemir R&D Center serving OYAK Mining Metallurgy has well-equipped laboratory facilities, such as material characterization, thermomechanical simulation, metal forming, welding, corrosion, fatigue, enameling, rheology, spectral analysis, inclusion analysis and X-ray diffraction, etc., and also simulators for pilot scale trials on raw material and product development, such as agglomeration systems, coking, sintering, melting, rolling and coating processes.

In the first quarter of 2024, 1 new long product grade was developed and the number of long steel products has reached 324. In addition, 4 new flat product grades were developed and the number of flat steel products has reached 252.

As being in the scope of R&D activities 8 projects have been completed and 55 projects have been still going further during that period.

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Company's R&D team has contributed to the intellectual capital of our company by presenting 90 papers and posters at various national/international iron and steel conferences to date.

D – Company Activities and Significant Developments Related to The Activities

1. Investment Activities

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

The first heat has been vacuumed in the Vacuum Degassing Plant Project and tests are ongoing. Equipment procurement, manufacturing and site activities continue within the scope of the 1. New Blast Furnace Project and the Boiler No.3 Retubing and Burner Modification Project. Equipment shipments have been completed and construction and site activities are going on in the scope of the 1. Blast Furnace Top Recovery Turbine (TRT) Project. Engineering, equipment procurement works and field activities continue for the Port-1 New Grab Ship Unloader Cranes Project. Engineering studies are ongoing within the scope of the Upgrade of HSM Level 1 System Project and the İsdemir Port Capacity Increase Investment Project. Equipment procurement and site activities continue in the Seawater Pumping Station Sustainability Investment and the Repair, Renovation and Strengthening Projects of Port Facility Damaged by the Earthquake. Procurement and engineering studies continue in the scope of İsdemir Robotic Applications and Automation Projects.

Procurement activities continue for the New Sinter Plant, the New 1. and 2. Turbo Generator and the Electricity Generation from The Steam Produced in Coke Dry Quenching Projects.

As of March 31, 2024, İsdemir's total investment expense amount is USD 105.662 thousand (March 31, 2023: USD 50.281 thousand).

2. Internal Control System and Internal Auditing Activities

Company does not have an Internal Audit Department. However, in OYAK Mining Metallurgy our company is included; the Internal Audit Directorate is available reporting to the Chairman of the Board and Executive Director to evaluate and improve effectiveness of Risk Management, Control and Governance processes. The Internal Audit Department reports directly to the Vice Chairman of the Board of Directors and the Executive Director, with the aim of evaluating and improving the effectiveness of the risk management, control and governance processes of the Group Companies.

3. Direct and Indirect Subsidiaries

The business areas of the companies in which the Company has shares are provided below with the share ratio in such companies:

Name of the Company	Country of Operation	Operation	2024 Share %	2023 Share %
Teknopark Hatay A.Ş.	Türkiye	R&D Center	5	5
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production & Sales	50	50

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E - Financial Position

1. Summary of Financial Statements

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have not been reviewed as of 31 March 2024.

Summary of Balance Sheet

	(Unaudited)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	31 March 2024	31 December 2023
Current Assets	64.946.730	57.495.472
Non-current Assets	87.281.370	78.075.747
Total Assets	152.228.100	135.571.219
Current Liabilities	40.756.773	37.701.321
Non-current Liabilities	14.057.701	11.867.180
Shareholders' Equity	97.413.626	86.002.718
Total Liabilities	152.228.100	135.571.219

Summary of Income Statement

	(Unaudited)	(Unaudited)
	Current Period	Previous Period
(Thousand TRY)	1 January - 31 March 2024	1 January - 31 March 2023
Sales Revenue	25.681.507	10.162.020
Gross Profit (Loss)	3.010.965	(849.201)
Operating Profit (Loss)	5.762.979	(981.561)
Profit (Loss) Before Tax	5.407.822	(1.128.058)
Net Profit (Loss) for the Period	4.324.058	(845.333)
EBITDA	3.319.105	(1.037.627)

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

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

2. Key Ratios

(%)	1 January - 31 March 2024	1 January - 31 March 2023
Gross Profit (Loss) Margin	12%	-8%
Operating Profit (Loss) Margin	22%	-10%
EBITDA Margin	13%	-10%
Net Profit (Loss) Margin for the Period	17%	-8%

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3. The Availability of Financial Sources and The Policies The Company Applies in This Framework

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

4. Dividend Distribution Policy

Company's Dividend Distribution Policy is as follows:

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

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

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

At the Ordinary General Assembly Meeting held on 28 March 2024, dividend distribution gross dividend per share: TRY 0,50 amounting to TRY 1.450.000 thousand from the profit of 2023 was approved. The dividend payment was started at 16 April 2024.

5. Information About The Sector

Global crude steel production in March this year decreased by 4.3% year on year to 161.2 million tonnes. In the January-March period this year, global crude steel production increased by 0.5% year on year to 469.1 million tonnes.

In March, crude steel output in Asia amounted to 118.3 million tonnes, decreasing 5.8%, with China's output at 88.3 million tonnes, down 7.8 %, with 7.2 million tonnes produced by Japan, falling by 3.9%, 12.7 million tonnes produced by India, rising by 7.8 %, and 5.3 million tonnes produced by South Korea, moving down by 9.5% with all comparisons on year on year basis.

EU-27 countries produced 11.6 million tonnes of crude steel in February, down by 4.3 % year on year. In the given period, Germany's output amounted to 3.5 million tonnes, up 8.4 % year on year.

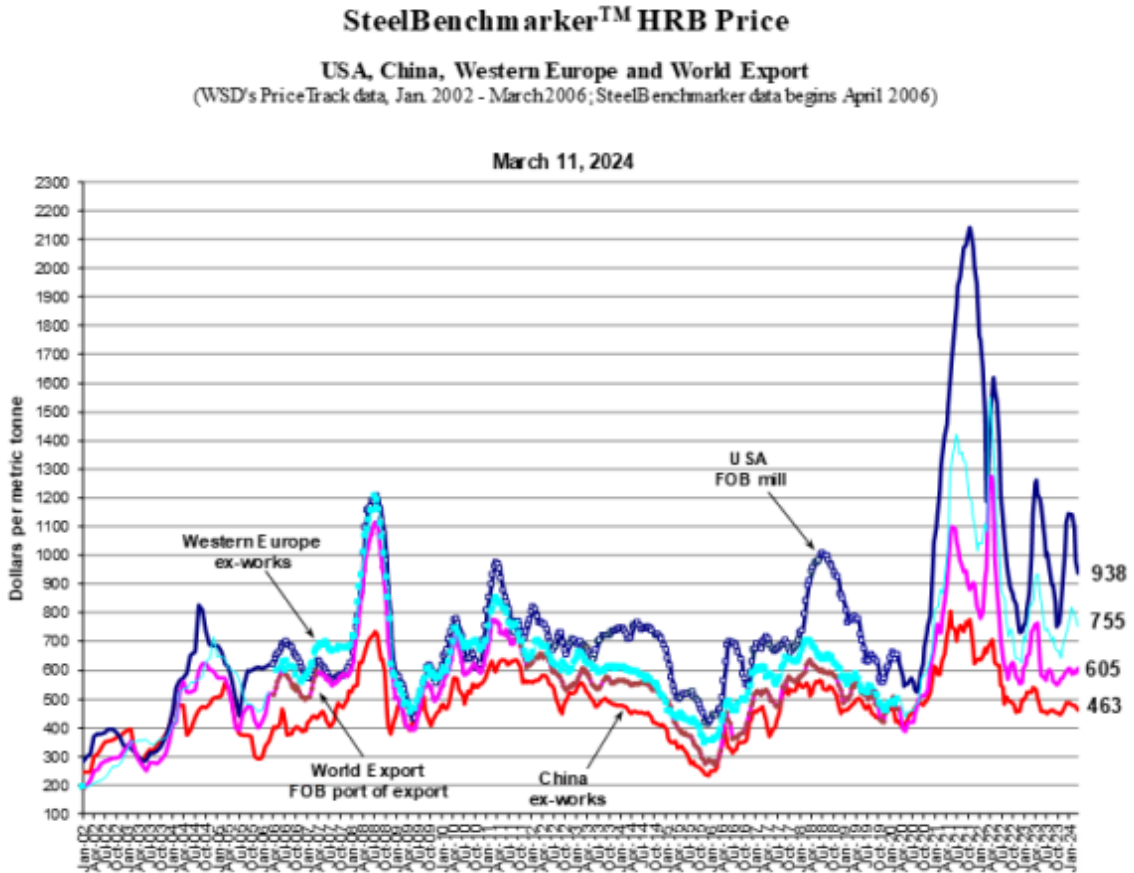
The CIS registered a crude steel output of 7.8 million tonnes, increasing by 1.5% on year on year basis, with Russia's output at 6.6 million tonnes, up 0.8% year on year.

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In North America, in March, crude steel output totaled 9.5 million tonnes, down by 1.4 % year on year, with the US producing 6.9 million tonnes, remaining stable, both year on year. Crude steel output in South America in March amounted to 3.5 million tonnes, down by 0.2 % compared to the same month in the previous year, with Brazil's output totaling 2.8 million tonnes, up by 5.6 % year on year.

In the given month, Africa produced 1.9 million tonnes of crude steel, increasing by 1.1 % year on year. In the Middle East, crude steel output totaled 4.8 million tonnes, moving up by 4.0 %.

Price changes of hot rolled products follows:



Türkiye produced 3.2 million tonnes of crude steel in March, with 18% decrease compared to the same month in the previous year. Türkiye's crude steel output by electric arc furnaces increased by 2.8% (2.3 million tonnes) and the production by integrated plants increased by 80.6% (956.000 tonnes) both year on year.

In the January-March period this year, Türkiye produced 9.5 million tonnes of crude steel, up by 28.4% year on year. Türkiye's crude steel output by electric arc furnaces increased by 18.7% (6.7 million tonnes) and the production by integrated plants increased by 58.7% (2.9 million tonnes) both year on year.

6. The Position Within The Sector

İskenderun Demir ve Çelik A.Ş. produced 4.361 thousand tonnes in 2023, and crude steel production amounted to 1.348 thousand tonnes in first three months of 2024.

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7. Development Regarding the Plants

İskenderun Demir ve Çelik A.Ş., as the Türkiye's only integrated long and flat steel producer continued maintenance and modernization work successfully in all facilities, continued to optimize costs and to conduct activities as per the quality manufacturing principles in line with activities with maximum efficiency in the first three months of 2024, and managed to produce approximately 14 % of Türkiye's crude steel production of 9.5 million tonnes.

8. Production Plants and Productivity

Capacity utilization rates are provided below:

Due to the earthquake that occurred on February 6, 2023, the capacity utilization rates in the first three months of 2023 and, accordingly, the production and sales amounts were low due to the effect of the suspension of production until the due diligence studies at İsdemir facilities were completed.

Capacity Utilization ratios (%)	1 January- 31 March 2024	1 January- 31 March 2023
Liquid Steel	95%	30%
Slab	87%	29%
Billet	41%	9%

9. Products

The main products of İsdemir is Billet, Wire Rod, Slab and Hot Rolled

Production (quantity)

Final Products (000 Tonne)	1 January - 31 March 2024	1 January - 31 March 2023
Flat Products (*)	1.034	415
Long Products	268	60
Total	1.302	475

(*) Slab production included to flat production.

10. Development in Sales

The iron and steel industry is a delivering force in national economies and Türkiye is one of the leading countries in terms of both production and consumption of steel, ranking as the World's 8th largest steel consumer with 38.1 million tonnes consumption in 2023. Steel consumption of Türkiye upward 9% and went to 9.7 million tonnes in the first three months of 2024 compare to the previous year.

Total steel product sales of İsdemir reached to the level of 1.2 million tonnes in the first three months of 2024. The flat products sales increased by 79% compared to the same period of the previous year and went to 980 thousand tonnes, while long products sales reached to 256 thousand tonnes.

Company, also exported 183 thousand tonnes of flat products and 9 thousand tonnes of long products. Total export sales is 192 thousand tonnes in the first three months of 2024, which is 16% of total sales.

Group; managed to include 25 new customers in its customer portfolio composed of 10 customers for long products and 15 customers for flat products, in the first three months of 2024.

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11. Sales (quantity)

Final Products (000 Tonne)	1 January - 31 March 2024	1 January - 31 March 2023
Flat Products (*)	980	546
Long Products	256	76
Total	1.236	622

(*) As of 31 March 2024, 231 thousand tonnes of flat product sales were made to related parties (31 March 2023: 97 thousand tonnes).

F - Risks and Evaluation of the Board

1. Enterprise Risk Management

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

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

2. Early Detection of Risk Committee

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

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

The meetings of the Committee are held bimonthly and in accordance with the regular meetings of the Board of Directors. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes. Meeting minutes are kept by the secretariat.

G - Other Information

1. Organizations Out of the Headquarters

None.

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2. Information for Shareholders

With the Tax Procedural Law General Communiqué numbered 560 published in the Official Gazette dated 30 April 2024 and numbered 32532, it was deemed appropriate not to make inflation adjustments in the first provisional tax period of the 2024 accounting period, and inflation adjustments will continue to be made in the following provisional tax periods.

TAS 10 "Events After the Reporting Period" standard refers to "Changes or announcements of changes in the applicable tax rates or tax laws after the reporting period that will have a significant impact on current and deferred tax assets and liabilities", which are among the events that do not require adjustment after the reporting period. The change in question was considered as an event after the reporting period.

If the change in question had occurred before the reporting period, its impact on the total tax expenses in the Company's summary profit or loss statement would have been TRY (55.393) thousand.