

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
BETWEEN 1 JANUARY - 30 JUNE 2024 AND INDEPENDENT AUDITOR'S
REVIEW REPORT**

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

Report on Review of Interim Condensed Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of İskenderun Demir ve Çelik Anonim Şirketi (the Company) as of June 30, 2024 and the interim condensed statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six-month period then ended, and explanatory notes. The Company management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Other Matter

The full scope audit of the financial statements for the year ended December 31, 2023, and the limited review of the interim condensed financial statements for the six-month period ended June 30, 2023 of the Company, were performed by another auditor. The auditor has expressed an unmodified audit opinion in the full-scope audit report dated February 22, 2024, and an unmodified conclusion in the limited review report dated August 8, 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with TAS 34.

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

Kaan Bircan, SMMM
Partner

August 15, 2024
İstanbul, Türkiye

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024

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

	Note	(Reviewed)	(Reviewed)	(Audited)	(Audited)
		Current Period 30 June 2024 USD'000	Current Period 30 June 2024 TRY'000	Previous Period 31 December 2023 USD'000	Previous Period 31 December 2023 TRY'000
ASSETS					
Current Assets		1.967.024	64.569.924	1.953.090	57.495.472
Cash and Cash Equivalents		480.535	15.774.148	392.968	11.568.280
Trade Receivables		200.683	6.587.672	177.060	5.212.321
<i>Due From Related Parties</i>	3	<i>114.053</i>	<i>3.743.942</i>	<i>129.883</i>	<i>3.823.513</i>
<i>Other Trade Receivables</i>		<i>86.630</i>	<i>2.843.730</i>	<i>47.177</i>	<i>1.388.808</i>
Other Receivables		19.150	628.601	114.111	3.359.220
<i>Due From Related Parties</i>	3	<i>15.839</i>	<i>519.928</i>	<i>110.822</i>	<i>3.262.404</i>
<i>Other Receivables</i>		<i>3.311</i>	<i>108.673</i>	<i>3.289</i>	<i>96.816</i>
Financial Derivative Instruments		1.268	41.638	-	-
Inventories	4	1.097.229	36.017.863	1.075.932	31.673.490
Prepaid Expenses		17.398	571.123	10.255	301.892
Other Current Assets		150.761	4.948.879	182.764	5.380.269
Non Current Assets		2.859.224	93.857.447	2.652.192	78.075.747
Financial Investments		2.042	67.031	2.252	66.285
Other Receivables		163	5.355	182	5.355
Investments Accounted For Using Equity Method	5	33.481	1.099.047	30.039	884.293
Property, Plant and Equipment	6	2.595.199	85.190.515	2.398.380	70.604.004
Right of Use Assets		11.455	376.009	8.343	245.593
Intangible Assets	6	40.980	1.345.220	42.119	1.239.911
Prepaid Expenses		175.904	5.774.270	170.877	5.030.306
<i>Due From Related Parties</i>	3	<i>1.357</i>	<i>44.561</i>	<i>1.600</i>	<i>47.097</i>
<i>Other Prepaid Expenses</i>		<i>174.547</i>	<i>5.729.709</i>	<i>169.277</i>	<i>4.983.209</i>
TOTAL ASSETS		4.826.248	158.427.371	4.605.282	135.571.219

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024

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

	Note	(Reviewed)	(Reviewed)	(Audited)	(Audited)
		Current Period 30 June 2024 USD'000	Current Period 30 June 2024 TRY'000	Previous Period 31 December 2023 USD'000	Previous Period 31 December 2023 TRY'000
LIABILITIES					
Current Liabilities		1.097.361	36.088.070	1.278.371	37.701.321
Short Term Borrowings	7	595.908	19.596.628	582.525	17.179.415
Short Term Portion of Long Term Borrowings	7	98.675	3.244.971	108.274	3.193.139
Trade Payables		250.941	8.253.240	408.165	12.037.825
<i>Due to Related Parties</i>	3	52.730	1.734.041	83.559	2.464.278
<i>Other Trade Payables</i>		198.211	6.519.199	324.606	9.573.547
Payables for Employee Benefits	9	54.201	1.782.432	36.659	1.081.118
Other Payables		6.680	219.671	33.468	987.014
Financial Derivative Instruments		-	-	1.181	34.818
Deferred Revenue		17.224	566.425	13.233	390.267
Current Tax Liabilities	11	67.254	2.211.664	84.616	2.495.441
Short Term Provisions	8	5.400	177.593	5.169	152.452
Other Current Liabilities		1.078	35.446	5.081	149.832
Non Current Liabilities		628.583	20.671.153	402.395	11.867.180
Long Term Borrowings	7	387.858	12.754.842	122.635	3.616.679
Long Term Provisions		80.097	2.634.021	70.741	2.086.239
<i>Long Term Provisions for Employee Benefits</i>	9	80.097	2.634.021	70.741	2.086.239
Deferred Tax Liabilities	11	160.628	5.282.290	209.019	6.164.262
EQUITY		3.100.304	101.668.148	2.924.516	86.002.718
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)		(72.028)	56.023.875	(66.409)	49.811.251
<i>Actuarial (Loss)/ Gain Funds</i>		(72.028)	(1.137.628)	(66.409)	(953.191)
<i>Foreign Currency Translation Reserves</i>		-	57.161.503	-	50.764.442
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		467	15.343	(882)	(26.023)
<i>Cash Flow Hedging Gain (Loss)</i>		467	15.343	(882)	(26.023)
Restricted Reserves Assorted from Profit		486.185	3.179.560	482.127	3.049.060
Retained Earnings		986.353	32.436.504	870.315	25.666.719
Net Profit for the Period		225.137	7.112.702	165.175	4.601.547
TOTAL LIABILITIES AND EQUITY		4.826.248	158.427.371	4.605.282	135.571.219

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

		(Reviewed) Current Period 1 January - 30 June 2024	(Reviewed) Current Period 1 January - 30 June 2024	(Not Reviewed) Current Period 1 April - 30 June 2024	(Reviewed) Previous Period 1 January - 30 June 2023	(Reviewed) Previous Period 1 January - 30 June 2023	(Not Reviewed) Current Period 1 April - 30 June 2023
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
Revenue	13	1.702.140	53.775.357	28.093.850	1.342.106	27.184.356	17.022.336
Cost of Sales	13	(1.531.943)	(48.398.367)	(25.727.825)	(1.322.726)	(26.791.823)	(15.780.602)
GROSS PROFIT/(LOSS)		170.197	5.376.990	2.366.025	19.380	392.533	1.241.734
Marketing, Sales and Distribution Expenses	14	(14.973)	(473.024)	(257.808)	(11.537)	(233.689)	(147.866)
General Administrative Expenses	14	(25.505)	(805.782)	(465.598)	(19.729)	(399.620)	(210.463)
Research and Development Expenses		(28)	(880)	(64)	(21)	(429)	(40)
Other Operating Income	14	117.391	3.708.707	320.673	17.818	360.896	198.055
Other Operating Expenses	14	(4.118)	(130.113)	(50.309)	(2.638)	(53.397)	(33.565)
OPERATING PROFIT/(LOSS)		242.964	7.675.898	1.912.919	3.273	66.294	1.047.855
Income from Investing Activities		922	29.119	29.119	33	662	166
Expenses from Investing Activities		(38)	(1.197)	(146)	(28.198)	(571.145)	(546.405)
Share of Investments' Profit Accounted by Using The Equity Method	5	3.442	108.737	65.645	806	16.325	16.716
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSES)		247.290	7.812.557	2.007.537	(24.086)	(487.864)	518.332
Finance Income	15	50.006	1.579.824	954.041	20.881	422.935	148.235
Finance Expense	15	(51.873)	(1.638.800)	(615.819)	(42.325)	(857.289)	(460.727)
PROFIT/(LOSS) BEFORE TAX		245.423	7.753.581	2.345.759	(45.530)	(922.218)	205.840
Tax (Expense)/ Income	11	(20.286)	(640.879)	442.885	(76.189)	(1.543.217)	(1.825.942)
Current Corporate Tax (Expense)/ Income		(67.254)	(2.124.738)	(1.186.941)	-	-	-
Deferred Tax (Expense)/ Income		46.968	1.483.859	1.629.826	(76.189)	(1.543.217)	(1.825.942)
NET PROFIT/(LOSS) FOR THE PERIOD		225.137	7.112.702	2.788.644	(121.719)	(2.465.435)	(1.620.102)
Earnings/(Loss) per share (TRY 1 Nominal value per share)			2,4527	0,9616		(0,8502)	(0,5587)

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

	(Reviewed) Current Period 1 January - 30 June 2024 USD'000	(Reviewed) Current Period 1 January - 30 June 2024 TRY'000	(Not Reviewed) Current Period 1 April - 30 June 2024 TRY'000	(Reviewed) Previous Period 1 January - 30 June 2023 USD'000	(Reviewed) Previous Period 1 January - 30 June 2023 TRY'000	(Not Reviewed) Previous Period 1 April - 30 June 2023 TRY'000
Note						
PROFIT/(LOSS) FOR THE PERIOD	225.137	7.112.702	2.788.644	(121.719)	(2.465.435)	(1.620.102)
OTHER COMPREHENSIVE INCOME						
Not to be reclassified subsequently to profit or loss						
Foreign Currency Translation Gain/(Loss)	-	10.145.799	1.634.141	-	19.055.645	17.806.401
Actuarial Gain/(Loss) of Defined Benefit Plans	9 (7.492)	(245.916)	(245.916)	(5.536)	(142.964)	(142.964)
Tax Effect of Actuarial Gain/(Loss) of Defined Benefit Plans	11 1.873	61.479	61.479	1.107	28.593	28.593
To be reclassified subsequently to profit or loss						
Gain/(Loss) in Cash Flow Hedging Reserves	1.799	55.155	21.566	428	7.948	(225)
Tax Effect of Gain/(Loss) in Cash Flow Hedging Reserves	11 (450)	(13.789)	(5.392)	(86)	(1.590)	45
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	(4.270)	10.002.728	1.465.878	(4.087)	18.947.632	17.691.850
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	220.867	17.115.430	4.254.522	(125.806)	16.482.197	16.071.748

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

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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
(Reviewed)										
1 January 2024		2.900.000	164	50.764.442	(953.191)	(26.023)	3.049.060	25.666.719	4.601.547	86.002.718
Net profit for the period		-	-	-	-	-	-	-	7.112.702	7.112.702
Other comprehensive income/(loss)		-	-	10.145.799	(184.437)	41.366	-	-	-	10.002.728
Total comprehensive income/(loss)		-	-	10.145.799	(184.437)	41.366	-	-	7.112.702	17.115.430
Increase (decrease) due to other changes ^(*)	2.1	-	-	(3.748.738)	-	-	-	3.748.738	-	-
Dividends ^(*)		-	-	-	-	-	-	(1.450.000)	-	(1.450.000)
Transfers		-	-	-	-	-	130.500	4.471.047	(4.601.547)	-
30 June 2024		2.900.000	164	57.161.503	(1.137.628)	15.343	3.179.560	32.436.504	7.112.702	101.668.148
(Reviewed)										
1 January 2023		2.900.000	164	31.862.614	(595.956)	(6.538)	3.049.060	7.864.483	6.726.197	51.800.024
Net profit for the period		-	-	-	-	-	-	-	(2.465.435)	(2.465.435)
Other comprehensive income/(loss)		-	-	19.055.645	(114.371)	6.358	-	-	-	18.947.632
Total comprehensive income/(loss)		-	-	19.055.645	(114.371)	6.358	-	-	(2.465.435)	16.482.197
Increase (decrease) due to other changes ^(**)	2.1	-	-	(7.924.019)	-	-	-	7.924.019	-	-
Transfers		-	-	-	-	-	-	6.726.197	(6.726.197)	-
30 June 2023		2.900.000	164	42.994.240	(710.327)	(180)	3.049.060	22.514.699	(2.465.435)	68.282.221

(*) At the Ordinary General Assembly Meeting of the Company held on March 28, 2024, dividend per share: 0,50 TRY from the profits of 2023. The decision to distribute a cash dividend of 1.450.000 thousand TRY was unanimously approved. Dividend distribution started on 16 April 2024.

(**) Retained earnings; in the condensed financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the condensed statement of financial position dated 30 June 2024 by converting to US Dollars at historical rates, are explained in Note 2.1

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

		(Reviewed) 1 January - 30 June 2024 USD'000	(Reviewed) 1 January - 30 June 2024 TRY'000	(Reviewed) 1 January - 30 June 2023 USD'000	(Reviewed) 1 January - 30 June 2023 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note	64.745	1.648.344	41.527	950.061
Profit (Loss) for The Period		225.137	7.112.702	(121.719)	(2.465.435)
Adjustments to Reconcile Profit (Loss)		(18.677)	(589.038)	153.410	3.108.302
Adjustments for Depreciation and Amortisation Expenses	13/14	58.563	1.850.157	47.073	953.451
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(0)	(9)	9.803	198.541
Adjustments for Provision (Reversal of Provision) for Receivables		(0)	(9)	(0)	(2)
Adjustments for Provision (Reversal of Provision) for Inventories	4	-	-	(17.026)	(344.873)
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	6	-	-	26.829	543.416
Adjustments for Provisions		11.345	358.425	16.367	331.517
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	10.614	335.311	15.683	317.656
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	731	23.114	684	13.861
Adjustments for Interest (Income) and Expenses		3.301	104.291	15.614	316.294
Adjustments for Interest Income	15	(43.085)	(1.361.170)	(20.881)	(422.935)
Adjustments for Interest Expense	15	46.351	1.464.358	36.408	737.462
Unearned Financial Income from Credit Sales		35	1.103	87	1.767
Adjustments for Unrealised Foreign Exchange Differences		(2.501)	(86.284)	(12.261)	(247.378)
Adjustments for Fair Value (Gains) Losses		(48)	(1.507)	125	2.530
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(48)	(1.507)	125	2.530
Adjustments for Undistributed Profits of Investments Accounted for Using Equity	5	(3.442)	(108.737)	(806)	(16.325)
Adjustments for Tax (Income) Expenses	11	20.286	640.879	76.189	1.543.217
Other Adjustments for Non-Cash Items	14	(105.000)	(3.317.244)	-	-
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(918)	(29.009)	1.306	26.455
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		(918)	(29.009)	1.306	26.455
Other adjustments for Losses (Gains) Reconciliation		(263)	-	-	-
Changes in Working Capital		(255.910)	(8.400.542)	19.390	500.715
Adjustments for Decrease (Increase) in Trade Receivables		(20.296)	(666.231)	24.736	638.763
Decrease (Increase) in Trade Receivables from Related Parties		15.830	519.639	(19.661)	(507.708)
Decrease (Increase) in Trade Receivables from Third Parties		(36.126)	(1.185.870)	44.397	1.146.471
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(3)	(98)	(337)	(8.702)
Decrease (Increase) in Other Receivables from Operations from Third Parties		(3)	(98)	(337)	(8.702)
Decrease (Increase) in Derivative Assets		(1.268)	(41.624)	(153)	(3.951)
Adjustments for Decrease (Increase) in Inventories		(17.326)	(568.732)	(6.059)	(156.457)
Decrease (Increase) in Prepaid Expenses		6.139	201.507	(33.144)	(855.885)
Adjustments for Increase (Decrease) in Trade Payables		(157.224)	(5.161.067)	40.635	1.049.322
Increase (Decrease) in Trade Payable to Related Parties		(30.829)	(1.011.999)	11.917	307.734
Increase (Decrease) in Trade Payable to Third Parties		(126.395)	(4.149.068)	28.718	741.588
Adjustments for Increase (Decrease) in Other Payables Related from Operations		(9.246)	(303.511)	8.199	211.724
Increase (Decrease) in Other Payables to Third Parties Related from Operations		(9.246)	(303.511)	8.199	211.724
Increase (Decrease) in Derivative Liabilities		666	21.862	(209)	(5.397)
Adjustments for Other Increase (Decrease) in Working Capital		(57.352)	(1.882.648)	(14.278)	(368.702)
Decrease (Increase) in Other Assets Related from Operations		(57.340)	(1.882.234)	(29.868)	(771.284)
Increase (Decrease) in Other Payables Related from Operations		(12)	(394)	15.590	402.582
Cash Flows Provided by Operating Activities		(49.450)	(1.876.878)	51.081	1.143.582
Payments Related to Provisions for Employee Termination Benefits	9	(1.102)	(34.811)	(9,509)	(192,618)
Payments Related to Other Provisions	8	(58)	(1,826)	(45)	(903)
Income Taxes Refund (Paid)	11	(1,145)	(36,329)	-	-
Other Cash Inflow (Outflow)		116,500	3,598,188	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		(274.056)	(8.680.709)	(254.737)	(5.573.704)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		979	30,951	82	1,651
Cash Inflow from Sales of Property, Plant and Equipment		979	30,951	82	1,651
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(256,761)	(8,111,794)	(184,220)	(3,731,391)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(256,714)	(8,110,296)	(184,140)	(3,729,766)
Cash Outflow from Purchase of Intangible Assets	6	(47)	(1,498)	(80)	(1,625)
Cash Advances		(18,274)	(599,866)	(76,501)	(1,975,493)
Other Cash Advances to Related Parties		240	7,878	(50)	(1,291)
Other Cash Advances		(18,514)	(607,744)	(76,451)	(1,974,202)
Dividends Received	5	-	-	4,899	112,769
Other Cash Inflow (Outflow)		-	-	1,003	18,760
CASH FLOWS FROM FINANCING ACTIVITIES		309.427	9.450.633	8.419	346.794
Cash Inflow from Borrowings		558,414	17,641,859	277,802	5,626,883
Cash Inflow from Loans		558,414	17,641,859	277,802	5,626,883
Cash Outflow from Repayments of Borrowings		(297,407)	(9,432,950)	(278,737)	(5,678,236)
Cash Outflow from Loan Repayments		(297,407)	(9,432,950)	(278,737)	(5,678,236)
Increase (Decrease) in Other Payables to Related Parties		94,983	2,742,476	36,607	951,297
Cash Outflow from Debt Payments for Leasing Contracts		(870)	(27,491)	(641)	(12,986)
Dividends Paid		(45,080)	(1,449,539)	-	-
Interest Paid		(37,665)	(1,189,954)	(43,561)	(882,319)
Interest Received		37,052	1,166,232	16,949	342,155
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		100.116	2.418.268	(204.791)	(4.276.849)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(15,223)	1,698,779	(25,180)	809,336
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		84.893	4.117.047	(229.971)	(3.467.513)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		392.653	11.558.996	346.824	6.485.015
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		477.546	15.676.043	116.853	3.017.502

- As of June 30, 2024, the total accrual of interest on time deposits is TRY 98.105 thousand (USD 2.989 thousand) (June 30, 2023: TRY 3.101 thousand (USD 120 thousand)).
- As of June 30, 2024, insurance compensation income of TRY 3.317.244 thousand (USD 105.000 thousand) was reported in the summary cash flow statements under “Other Adjustments for Non-Cash Items”, and insurance compensations of TRY 3.598.188 thousand (USD 116.500 thousand) collected in cash were reported in the summary cash flow statements under “Other Cash Inflows (Outflows)”.
- In the statement of financial position, since the functional currency of the Company is USD, exchange differences between the accrued and payment dates of the dividend payables to the shareholders whose original currency is Turkish Lira are reported in Other Adjustments to reconcile Profit (Loss).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 Türkiye 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 İstanbul since March 26, 2016.

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

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

Shares in Subsidiaries and Joint Ventures	Country of Operation	Operation	Share of Capital and right to vote of Company (%)	
			30 June 2024	31 December 2023
Teknopark Hatay A.Ş.	Türkiye	R&D Centre	5%	5%
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sales	50%	50%

The number of the personnel employed by the Company as of reported period 30 June 2024 are as follows:

	30 June 2024	31 December 2023
	Personnel	Personnel
Paid Hourly Personnel	3.018	3.069
Paid Monthly Personnel	1.464	1.463
	4.482	4.532

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company and all its subsidiaries in Türkiye 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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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)

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.

In addition, interim condensed financial statements are prepared in accordance with TFRS Taxonomy Announcement published by the POA on July 3, 2024 and Financial Statement Examples formats specified in the User's Guide published by CMB.

Financial statements are prepared on the basis of historical cost, except for derivative financial instruments and financial investments carried at fair value. In determining historical cost, the fair value of the amount paid for the assets is generally taken as basis.

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 2023.

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”) November 23, 2023, in accordance with the announcement “Adjustment of the Financial Statements of Companies Subject to Independent Audit in Accordance with Inflation”; It has been decided that the financial statements of the enterprises applying the Turkish Financial Reporting Standards for the annual reporting period ended on or after 31 December 2023, in accordance with the relevant accounting principles contained in the Turkish Accounting Standard 29 “Financial Reporting in High-Inflation Economies” (TAS 29) will be presented adjusted for the effect of inflation.

In line with the above explanations, the Company does not need to make any adjustments in accordance with TAS 29 in its financial statements to be prepared in accordance with TFRS due to the fact that the functional currency of the Company is US dollars as of the reporting date.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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

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

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

- a) The assets on condensed financial position as of 30 June 2024 are translated from US Dollars into TRY using the Central Bank of the Republic of Türkiye's buying rate of exchange which is 32,8262 TRY = 1 US \$ and the liabilities selling rate of exchange which is 32,8853 TRY = 1 US \$ (31 December 2023 foreign exchange buying rate: 29,4382 TRY = 1 US \$, foreign exchange selling rate: 29,4913 TRY = 1 US \$).
- b) For the six months period ended 30 June 2024, condensed profit or loss statements are translated from the 6 months average 31,5928 TRY = 1 US \$ rates of 2024 January-June period (30 June 2023: 20,2550 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. In order to show the Turkish Lira equivalent amounts as of the reporting dates Retained earnings in the statement of financial position dated 30 June 2024 are presented by converting them into TRY using the foreign exchange selling rate effective as of 30 June 2024 announced by the Central Bank of the Republic of Türkiye, 32,8853 TRY = 1 US \$ (31 December 2023: 29,4913 TRY = 1 US \$).
- d) Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- e) Capital and other reserves are presented with their legal values in the accompanying financial statements, and other equity items are presented with their historical cost values. The translation differences between the historical values of these items translated into the presentation currency and their carrying values from legal records are accounted for as foreign currency translation differences in the other comprehensive income statement.

USD amounts presented in the condensed interim financial statements

The figures in USD amounts presented in the accompanying condensed interim financial statements comprising the statements of financial position as of 30 June 2024 and 31 December 2023, condensed statement of income and other comprehensive income and statement of cash flows for the interim period ended 30 June 2024 and 2023 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 15 August 2024 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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.

2.3 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in preparation of the interim condensed financial statements as at 30 June 2024 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 2024 summarized below

The new standards, amendments and interpretations which are effective from 2024

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>
Amendments to TAS 7 and TFRS7	<i>Supplier Finance Arrangements</i>
Amendments to TSRS 1	<i>General Requirements for Disclosure of Sustainability Related Financial Information.</i>
Amendments to TSRS 2	<i>Statements About Climate</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 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

The new standards, amendments and interpretations which are effective from 2024 (cont’d)

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

TSRS 1 General Requirements for the Disclosure of Financial Information Related to Sustainability

TFRS 1 sets out general requirements for sustainability-related financial disclosures, with the aim of requiring an entity to disclose information about sustainability-related risks and opportunities that will be useful to primary users of general purpose financial reports in making decisions about resourcing the entity. The implementation of this standard is mandatory for the enterprises that meet the relevant criteria in the POA's announcement dated January 5, 2024 and numbered 2024-5, and for banks, regardless of the criteria, in the annual reporting periods starting on or after January 1, 2024. Other businesses may report in accordance with TSRS standards on a voluntary basis.

TSRS 2 Climate-Related Explanations

TSRS 2 sets forth requirements for identifying, measuring and disclosing climate-related risks and opportunities that will be useful to primary users of general purpose financial reports in their decisions about providing resources to the business. The implementation of this standard is mandatory for the businesses that meet the relevant criteria in the POA's announcement dated January 5, 2024 and numbered 2024-5, and for banks, regardless of the criteria, in the annual reporting periods starting on or after January 1, 2024. Other businesses may report in accordance with TSRS standards on a voluntary basis.

The Company Management has evaluated that these changes and comments, effective from 2024, do not have a significant impact on the Company's condensed financial statements.

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 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</i>
Amendments to TFRS 21	<i>Lack of Exchangeability</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 postponed for 1 year for insurance, reinsurance and pension companies and will replace TFRS 4 Insurance Contracts as of January 1, 2025.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

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

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

Changes have been made to TFRS 17 in order to reduce implementation costs, facilitate the disclosure of results and transition. In addition, with the amendment regarding comparative information, companies that are the first to implement TFRS 7 and TFRS 9 at the same time are allowed to present comparative information regarding their financial assets as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset. The changes will be applied when TFRS 17 is first implemented.

TFRS 21 Lack of Exchangeability

These amendments include guidance on determining when a currency is convertible and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The potential impacts of these standards, amendments and improvements on the Company's summary financial position and performance are being assessed.

2.4 Summary of Significant Accounting Policies

The condensed interim financial statements for the six months period ended 30 June 2024 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim financial statements for the period ended 30 June 2024 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2023. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

There has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope as of 30 June 2024, from the interests reported as of 31 December 2023.

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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 trade receivables between the Company and related parties are disclosed below:

	30 June 2024	31 December 2023
<u>Due from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	3.637.190	3.806.883
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	1.427	-
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	-	146
OYAK Sentetik Karbon Ürünleri San. Ve Tic. A.Ş. ⁽³⁾	1.583	206
Erdemir Asia Pacific PTE LTD ⁽²⁾	49.463	-
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	54.279	16.278
	<u>3.743.942</u>	<u>3.823.513</u>

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

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

	30 June 2024	31 December 2023
<u>Other receivables from related parties (short term)</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	519.928	3.262.404
	<u>519.928</u>	<u>3.262.404</u>

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

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

	30 June 2024	31 December 2023
<u>Prepaid expenses (long term)</u>		
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	44.561	47.097
	<u>44.561</u>	<u>47.097</u>

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

	30 June 2024	31 December 2023
<u>Due to related parties (short term)</u>		
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	1.116.216	1.234.266
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	86.233	61.728
Erdemir Asia Pacific PTE LTD ⁽²⁾	-	706.905
Omsan Lojistik A.Ş. ⁽³⁾	121.054	95.521
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	26.530	23.438
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	52.177	16.154
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	7.916	6.464
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	36.899	25.756
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	137.621	91.452
Omsan Denizcilik A.Ş. ⁽³⁾	30.273	-
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	20.879	-
Other	98.243	202.594
	<u>1.734.041</u>	<u>2.464.278</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 - 30 June 2024	1 January - 30 June 2023
<u>Major sales to related parties</u>		
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	34.186.639	22.499.102
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	6.815	2.940
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	203.575	151.487
Erdemir Romania SRL ⁽²⁾	-	7.890
Omsan Lojistik A.Ş. ⁽³⁾	71	193
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	63.960	41.038
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	69.743	83.315
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	6.774	1.616
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	541	235
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	10	172
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	20.893	-
Other	1.557	1.007
	<u>34.560.578</u>	<u>22.788.995</u>

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 3 –RELATED PARTY TRANSACTIONS (cont’d)

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

<u>Major purchases from related parties</u>	<u>1 January - 30 June 2024</u>	<u>1 January - 30 June 2023</u>
Doco Petrol ve Danışmanlık A.Ş. ⁽³⁾	42.480	17.073
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽³⁾	50.284	66.830
Erdemir Madencilik San. ve Tic. A.Ş. ⁽²⁾	4.383.016	2.233.626
Erdemir Asia Pacific PTE LTD ⁽²⁾	1.127.717	897.739
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ⁽¹⁾	629.624	181.394
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽³⁾	449.754	188.370
Omsan Denizcilik A.Ş. ⁽³⁾	22.457	8.155
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽³⁾	403.901	78.821
Omsan Lojistik A.Ş. ⁽³⁾	591.590	317.941
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. ⁽²⁾	52.448	18.525
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş. ⁽²⁾	211.225	113.985
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽⁴⁾	346.825	231.115
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽³⁾	267.820	77.429
Kümaş Manyezit Sanayi A.Ş. ⁽²⁾	275.633	64.021
OYAK Yenilenebilir Enerji A.Ş. ⁽³⁾	1.204.459	-
OYAK Çimento Fabrikaları A.Ş. ⁽⁵⁾	200.441	-
Other	50.741	183.776
	<u>10.310.415</u>	<u>4.678.800</u>

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

The Company earned TRY 739.643 thousand (30 June 2023: TRY 60.359 thousand) finance income from related party transactions of the first six month period of 2024, amounting to TRY 582.295 thousand of interest income and TRY 157.348 thousand of interest accrued on term.

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

For the six months period ended balances are secured and their collections will be done in cash. Other receivables from related parties balances are non-secured, interest-bearing and their collections will be done in cash. Certain maturity differences are applied for transactions made with related parties, depending on market conditions and product types, and delay interest is applied for overdue sales, again depending on market conditions and product types.

As of 30 June 2024, the Company provides no provision for the receivables from related parties (31 December 2023: None).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 3 – RELATED PARTY TRANSACTIONS (cont’d)

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 six months period ended 30 June 2024, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the executive management of the Company is TRY 17.234 thousand (30 June 2023: TRY 12.104 thousand).

NOTE 4 – INVENTORIES

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

	30 June 2024	31 December 2023
Raw materials	8.106.148	6.118.941
Work in progress	8.788.886	6.930.033
Finished goods	4.379.147	2.734.611
Spare parts	4.631.406	3.919.673
Goods in transit	8.248.997	10.452.725
Other inventories	2.867.261	2.417.868
Allowance for impairment on inventories (-)	(1.003.982)	(900.361)
	<u>36.017.863</u>	<u>31.673.490</u>

The movement of the allowance for impairment on inventories:

	1 January - 30 June 2024	1 January - 30 June 2023
Opening balance	900.361	890.550
Provision for the period	-	75.440
Provision released (-)	-	(420.313)
Translation difference	103.621	244.530
Closing balance	<u>1.003.982</u>	<u>790.207</u>

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

<i>Joint Venture</i>	Right to vote ratio %	30 June 2024	Right to vote ratio %	31 December 2023	Business segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.099.047	50	884.293	Industrial Gas Production and Sale

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

	30 June 2024	31 December 2023
Total assets	2.418.832	1.913.261
Total liabilities	220.738	144.675
Net assets	2.198.094	1.768.586
Company's share on net assets	1.099.047	884.293

	30 June 2024	31 December 2023
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş has the right of to deduct TRY 233.420 thousand (31 December 2023: TRY 228.207 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 5.213 thousand of additional investment deduction (its effect in the profit or loss statement of Company is TRY 2.607 thousand) is included in the financial statements prepared as of reporting date.

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

	1 January - 30 June 2024	1 January - 30 June 2023
Revenue	399.355	231.458
Operating Profit	125.575	60.402
Net profit (loss) for the period	217.473	32.650
Company's share on net profit (loss)	108.737	16.325

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS

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

	30 June 2024	30 June 2023
<u>Opening balance as of 1 January</u>		
Cost	160.359.967	96.839.451
Accumulated depreciation	(89.755.963)	(56.148.959)
Net book value	<u>70.604.004</u>	<u>40.690.492</u>
Opening net book value	70.604.004	40.690.492
Additions (*)	8.141.739	3.784.183
Disposals (-)	(1.942)	(28.106)
<i>Cost disposals</i>	(318.850)	(47.050)
<i>Accumulated depreciation disposals</i>	316.908	18.944
Transfers from property, plant and equipment	(3.296)	-
Currency translation difference	8.368.591	16.126.684
<i>Cost currency translation difference</i>	18.742.427	37.849.896
<i>Accumulated depreciation currency translation difference</i>	(10.373.836)	(21.723.212)
Current period depreciation (-)	(1.918.581)	(950.101)
Impairment (-)	-	(543.416)
Net book value at the end of the period	<u>85.190.515</u>	<u>59.079.736</u>
<u>Closing balance as of</u>		
Cost	186.921.987	138.426.480
Accumulated depreciation	(101.731.472)	(79.346.744)
Net book value	<u>85.190.515</u>	<u>59.079.736</u>

(*) The amount of capitalized borrowing cost is TRY 31.443 thousand for the current period (30 June 2023: TRY 54.417 thousand).

Due to the earthquake that occurred on February 6, 2023; the Company's production activities were suspended until the due diligence studies were completed. As a result of the due diligence studies carried out by the Company in the previous period, an impairment of (543.416) thousand TRY was calculated for the assets that would be out of use. The calculated impairment provision was recorded in the "Expenses from Investment Activities" account of the summary profit or loss statement.

As of reporting period, the Company has no collaterals or pledges upon its tangible assets (30 June 2023: None).

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

	30 June 2024	30 June 2023
<u>Opening balance as of 1 January</u>		
Cost	2.568.081	1.567.846
Accumulated amortisation	(1.328.170)	(789.919)
Net book value	<u>1.239.911</u>	<u>777.927</u>
Net book value at the begin.of the period	1.239.911	777.927
Additions	1.498	1.625
Transfers from property, plant and equipment	3.296	-
Currency translation difference	141.295	288.753
<i>Cost currency translation difference</i>	295.744	597.860
<i>Accumulated depreciation currency translation difference</i>	(154.449)	(309.107)
Current period amortisation (-)	(40.780)	(29.520)
Net book value at the end of the period	<u>1.345.220</u>	<u>1.038.785</u>
<u>Closing balance as of</u>		
Cost	2.868.619	2.167.331
Accumulated amortisation	(1.523.399)	(1.128.546)
Net book value	<u>1.345.220</u>	<u>1.038.785</u>

As of reporting period, the Company has no collaterals or pledges upon its intangible assets (30 June 2023: None).

The breakdown of depreciation and amortisation expenses related to tangible, intangible and right of use to TRY 16.284 thousand (30 June 2023: TRY 8.734 thousand) assets are as follows:

	30 June 2024	30 June 2023
Associated with cost of production	1.883.128	942.977
General administrative expenses	26.098	9.472
Marketing, sales and distribution expenses	60.867	29.107
Other Operating Expenses	5.552	6.799
	<u>1.975.645</u>	<u>988.355</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 7 – BORROWINGS

Breakdown of borrowings is as follows:

	30 June 2024	31 December 2023
Short term bank borrowings	19.596.628	17.179.415
Short term portion of long term bank borrowings	3.199.868	3.168.187
Long term bank borrowings	12.573.293	3.517.686
Total bank borrowings	<u>35.369.789</u>	<u>23.865.288</u>
Current portion of long term lease payables	48.524	26.886
Cost of current portion of long term lease payables (-)	(3.421)	(1.934)
Long term lease payables	893.093	370.068
Cost of long term lease payables (-)	(711.544)	(271.075)
Total leases borrowings	<u>226.652</u>	<u>123.945</u>
Total borrowings	<u><u>35.596.441</u></u>	<u><u>23.989.233</u></u>

As of 30 June 2024, the breakdown of the Company’s loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weight Average Rate of Interest (%)	Short Term Portion	Long Term Portion	30 June 2024
Fixed	US Dollars	8,94	18.990.323	6.493.788	25.484.111
Floating	US Dollars	TERM SOFR+3,2	2.390.304	4.756.807	7.147.111
Floating	EURO	Euribor+0,5	253.570	1.322.698	1.576.268
Fixed	TRY	49,00	1.162.299	-	1.162.299
			<u>22.796.496</u>	<u>12.573.293</u>	<u>35.369.789</u>

As of 31 December 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 December 2023
Fixed	US Dollars	10,26	16.424.320	-	16.424.320
Floating	US Dollars	TERM SOFR+3,43	3.691.413	2.213.447	5.904.860
Floating	EURO	Euribor+0,5	231.869	1.304.239	1.536.108
			<u>20.347.602</u>	<u>3.517.686</u>	<u>23.865.288</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 7 – BORROWINGS (cont’d)

The breakdown of loan repayment is as follows:

	30 June 2024			31 December 2023		
	Bank loans	Lease liabilities	Total liabilities	Bank loans	Lease liabilities	Total liabilities
Within 1 year	22.796.496	45.103	22.841.599	20.347.602	24.952	20.372.554
Between 1-2 years	1.708.381	11.596	1.719.977	782.079	10.399	792.478
Between 2-3 years	8.551.581	7.273	8.558.854	438.018	6.522	444.540
Between 3-4 years	485.546	6.214	491.760	438.018	5.573	443.591
Between 4-5 years	386.700	5.555	392.255	401.771	4.981	406.752
Five years or more	1.441.085	150.911	1.591.996	1.457.800	71.518	1.529.318
	<u>35.369.789</u>	<u>226.652</u>	<u>35.596.441</u>	<u>23.865.288</u>	<u>123.945</u>	<u>23.989.233</u>

NOTE 8 – PROVISIONS

The Company’s short term provisions are as follows:

	30 June 2024	31 December 2023
Provision for lawsuits	168.472	142.840
Penalty provision for employment shortage of disabled person	5.771	6.624
Provision for land occupation	3.350	2.988
	<u>177.593</u>	<u>152.452</u>

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

	30 June 2024	31 December 2023
Lawsuits filed by the Company	147.060	149.206

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

	30 June 2024	31 December 2023
Lawsuits filed against the Company	118.145	98.867
Provision for lawsuits filed against the Company	168.472	142.840

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 2024	Change for the period	Payments	Provision released	Translation difference	30 June 2024
Provision for lawsuits	142.840	24.679	(1.826)	(1.079)	3.858	168.472
Penalty provision for employment shortage of disabled personnel	6.624	77	-	(910)	(20)	5.771
Provision for land occupation	2.988	614	-	(267)	15	3.350
	<u>152.452</u>	<u>25.370</u>	<u>(1.826)</u>	<u>(2.256)</u>	<u>3.853</u>	<u>177.593</u>

	1 January 2023	Change for the period	Payments	Provision released	Translation difference	30 June 2023
Provision for lawsuits	111.276	14.428	(903)	(165)	7.930	132.566
Penalty provision for employment shortage of disabled personnel	8.443	-	-	(914)	4	7.533
Provision for land occupation	1.885	587	-	(75)	5	2.402
	<u>121.604</u>	<u>15.015</u>	<u>(903)</u>	<u>(1.154)</u>	<u>7.939</u>	<u>142.501</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 with in the scope of our individual application and that the Company's right to property was violated in 34 cases that were concluded, and that the trials in the relevant lawsuits were taken to eliminate the consequences of the violation of the right to property.

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

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

NOTE 9 – EMPLOYEE BENEFITS

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

	30 June 2024	31 December 2023
Due to personnel	283.720	256.594
Social security premiums payable	1.498.712	824.524
	<u>1.782.432</u>	<u>1.081.118</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	30 June 2024	31 December 2023
Provisions for employee termination benefits	2.190.220	1.773.470
Provisions for seniority incentive premium	155.111	123.634
Provision for unpaid vacations	288.690	189.135
	<u>2.634.021</u>	<u>2.086.239</u>

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

As of 30 June 2024, the employee termination benefit has been updated to a maximum of TRY 35.058,58 (31 December 2023: TRY 23.489,83). As of 1 July 2024, the employee termination benefit has been updated to a maximum of TRY 41.828,42.

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

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Company’s obligation under defined benefit plans. The obligation as of 30 June 2024 has been calculated by an independent actuary and projected unit credit method is used in the calculation.

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

	30 June 2024	31 December 2023
Interest rate	24,24%	24,27%
Inflation rate	20,94%	21,02%

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 30 June 2024, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	1 January - 30 June 2024	1 January - 30 June 2023
Opening balance	1.773.470	1.171.313
Service cost	47.724	126.623
Interest cost	151.397	91.615
Actuarial loss / (gain)	245.916	142.964
Termination benefits paid	(29.945)	(176.627)
Translation difference	1.658	26.722
Closing balance	<u>2.190.220</u>	<u>1.382.610</u>

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

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

	1 January - 30 June 2024	1 January - 30 June 2023
Opening balance	123.634	85.832
Service cost	9.858	5.385
Interest cost	14.087	6.214
Actuarial loss/(gain)	7.352	18.483
Translation difference	180	(66)
Closing balance	<u>155.111</u>	<u>115.848</u>

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

	1 January - 30 June 2024	1 January - 30 June 2023
Opening balance	189.135	100.110
Provision for the period	130.763	79.094
Vacation paid during the period (-)	(4.866)	(15.991)
Provisions released (-)	(25.870)	(9.758)
Translation difference	(472)	(3.357)
Closing balance	<u>288.690</u>	<u>150.098</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 10 – COMMITMENTS

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

	30 June 2024	31 December 2023
Letters of guarantees received	6.426.360	5.158.987
	<u>6.426.360</u>	<u>5.158.987</u>

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

	30 June 2024	31 December 2023
A. Total CPM given for the Company's own legal entity	5.920.282	2.445.685
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>5.920.282</u>	<u>2.445.685</u>

As of reporting period, the ratio of the other CPM given by the Company to shareholders equity is 0% (31 December 2023: 0%).

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

	30 June 2024	31 December 2023
ABD Dollars	5.128.240	2.197.032
TRY	721.785	183.505
EURO	70.257	65.148
	<u>5.920.282</u>	<u>2.445.685</u>

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 11 – TAX ASSETS AND LIABILITIES

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

	30 June 2024	31 December 2023
<u>Corporate tax payable:</u>		
Previous period provision of corporation tax	-	54.494
Current corporate tax provision	2.211.664	2.459.112
Prepaid taxes and funds (-)	-	(18.165)
	<u>2.211.664</u>	<u>2.495.441</u>
	1 January - 30 June 2024	1 January - 30 June 2023
<u>Taxation:</u>		
Current corporate tax expense	2.124.738	-
Deferred tax expense	(1.483.859)	1.543.217
	<u>640.879</u>	<u>1.543.217</u>

Corporate Tax

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

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

With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the first paragraph of Article 32 of the Corporate Tax Law was amended, and the corporate tax rate was increased to 25% for the corporate earnings of 2023 and the following taxation periods. The valid corporate tax rate is 25% as of reporting date. The exemption rate applied to the gains arising from the sale of immovable properties in the assets of institutions before July 15, 2023 is 25% and will be applied to the deferred tax to be calculated on the temporary differences arising in case of revaluation of the relevant immovable properties. The tax rate should be taken into account as 18,75% if the book value of the relevant real estate is recovered through sale.

The corporate tax payments made by the company in the six-month interim period of 2024 are TRY 36.329 thousand after offsetting.

By the Ministry of Treasury and Finance; taxpayers in the provinces affected by the earthquake, it has been accepted as force majeure which was between 6 February 2023 and 30 April 2024 for taxpayers in the provinces affected by the earthquake, extended to 31 August 2024. In this context, the deadlines for submitting tax returns and notifications during force majeure have been extended until October 31, 2024.

With the temporary article 33 of the Tax Procedure Law; 2021 and 2022 accounting periods and 2023 provisional Whether or not the conditions in Article 298/A of the TPL are met during the tax periods. Regardless, inflation adjustment will not be made, however, the financial statements dated 31 December 2023 It is stipulated that it will be subject to correction regardless of any conditions. In this context; the financial statements dated 30 June 2024, prepared in accordance with the Tax Procedure Law, have been subject to inflation correction.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon the temporary differences arising between its statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of some income and expenses statutory in different reporting periods in the financial statements prepared according to TFRS.

The tax rate used in the calculation of deferred tax assets and liabilities (excluding land and land) is based on 25% (31 December 2023: 25%). Deferred tax on temporary timing differences arising from land and land is calculated with 18,75% (31 December 2023: 18,75%).

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

	30 June 2024	31 December 2023
<u>Deferred tax assets:</u>		
Provisions for employee benefits	658.506	521.560
Leasing payables	56.663	30.986
Provision for lawsuits	42.956	36.457
Adjustment of receivable rediscount	4.984	5.032
Inventories	77.443	-
Fair values of the derivative financial instruments	-	8.704
Other	216.648	169.467
	<u>1.057.200</u>	<u>772.206</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets (net)	(6.087.474)	(6.365.987)
Right of use assets	(94.172)	(61.509)
Amortized cost adjustment on loans	(12.314)	(17.093)
Fair values of the derivative financial instruments	(5.767)	-
Inventories	-	(281.753)
Other	(139.763)	(210.126)
	<u>(6.339.490)</u>	<u>(6.936.468)</u>
Deferred tax assets/(liabilities) net:	<u>(5.282.290)</u>	<u>(6.164.262)</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.

Company management 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.

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

Deferred tax (cont’d)

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

	1 January - 30 June 2024	1 January - 30 June 2023
Opening balance	(6.164.262)	(4.935.507)
Deferred tax income/(expense)	1.483.859	(1.543.217)
The amount in comprehensive income/(expense)	47.690	27.003
Translation difference	(649.577)	(2.308.959)
Closing balance	<u>(5.282.290)</u>	<u>(8.760.680)</u>

Reconciliation of tax provision is as follows:

	1 January - 30 June 2024	1 January - 30 June 2023
<u>Reconciliation of tax provision:</u>		
Profit / (loss) before tax	7.753.581	(922.218)
Statutory valid tax rate	25%	20%
Calculated tax acc. to valid tax rate	(1.938.395)	184.444
<u>Reconciliation between the tax provision and calculated tax:</u>		
- Non-deductible expenses	(3.338)	(1.252)
- Tangible and intangible assets revaluation tax effect	-	(395.824)
- Unused tax losses	-	97.404
- Non-taxable income	20	23.127
- The impact of investments valued using the equity method	27.184	3.265
- Effect of currency translation (*)	1.273.650	(1.454.381)
Tax expense in reported in the statement of income	<u>(640.879)</u>	<u>(1.543.217)</u>

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

NOTE 12 – EQUITY

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

		30 June 2024		31 December 2023
	(%)		(%)	
<u>Shareholders</u>				
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	94,87	2.751.326	94,87	2.751.326
Quoted in Stock Exchange	5,13	148.674	5,13	148.674
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>

As of the reporting period, the amount of resources that can be subject to cash profit distribution in the Company's legal records is TRY 18.349.167 thousand (31 December 2023: TRY 12.408.917 thousand).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 547.608 thousand. The Company planning to recognize related revenue amount as a revenue in a year.

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<u>Sales Revenue</u>				
Domestic sales	41.965.183	21.006.347	23.965.843	15.053.786
Export sales	10.161.966	6.103.247	1.500.350	983.466
Other revenues (*)	1.476.936	883.256	1.634.129	928.299
Interest income from sales with maturities	177.112	104.085	84.783	56.837
Sales returns (-)	(5.840)	(3.085)	(749)	(52)
	<u>53.775.357</u>	<u>28.093.850</u>	<u>27.184.356</u>	<u>17.022.336</u>
<u>Cost of sales (-)</u>	<u>(48.398.367)</u>	<u>(25.727.825)</u>	<u>(26.791.823)</u>	<u>(15.780.602)</u>
Gross profit	<u>5.376.990</u>	<u>2.366.025</u>	<u>392.533</u>	<u>1.241.734</u>

(*) The total amount of by product exports in other revenues is TRY 867.508 thousand (30 June 2023: TRY 579.277 thousand).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Raw material usage	(39.188.229)	(20.495.717)	(18.293.619)	(11.913.532)
Personnel costs	(2.351.965)	(1.333.567)	(1.033.140)	(711.609)
Energy costs	(1.660.939)	(853.351)	(1.688.919)	(914.091)
Depreciation and amortization expenses	(1.757.640)	(924.754)	(908.073)	(489.306)
Manufacturing overheads	(1.191.503)	(773.921)	(394.633)	(155.881)
Other cost of goods sold	(1.404.752)	(792.357)	(3.300.255)	(1.285.318)
Non-operating costs (*)	(42.317)	(42.317)	(1.259.430)	(125.066)
Freight costs for sales delivered to customers	(410.868)	(256.642)	(101.001)	(68.635)
Inventory write-downs within the period (Note 4)	-	-	(75.440)	(75.440)
Reversal of inventory write-downs (Note 4)	-	-	420.313	51.224
Other	(390.154)	(255.199)	(157.626)	(92.948)
	<u>(48.398.367)</u>	<u>(25.727.825)</u>	<u>(26.791.823)</u>	<u>(15.780.602)</u>

(*) Due to the earthquake on 6 February 2023; until due diligence studies are completed, the company's production activities were suspended. TRY (1.259.430) 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 Condensed Interim Financial Statements Originally Issued in Turkish – See Note 18)

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Personnel expenses (-)	(84.059)	(46.074)	(57.529)	(29.979)
Depreciation and amortization (-)	(60.867)	(33.314)	(29.107)	(17.708)
Tax, duty and charges (-)	(381)	(206)	(275)	(147)
Service expenses (-)	(327.717)	(178.214)	(146.778)	(100.032)
	<u>(473.024)</u>	<u>(257.808)</u>	<u>(233.689)</u>	<u>(147.866)</u>

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Personnel expenses (-)	(167.542)	(114.152)	(118.372)	(66.354)
Depreciation and amortization expenses (-)	(15.366)	(7.904)	(7.537)	(4.051)
Amortization expense of right of use (-)	(10.732)	(5.471)	(1.935)	752
Provision for doubtful receivables net	9	9	2	2
Tax, duty and charges (-)	(14.958)	(5.405)	(6.183)	(3.124)
Service expenses (-)	(597.193)	(332.675)	(265.595)	(137.688)
	<u>(805.782)</u>	<u>(465.598)</u>	<u>(399.620)</u>	<u>(210.463)</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

(cont’d)

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<u>Other operating income</u>				
Foreign exchange gains from trade receivables and payables	156.784	156.784	169.675	159.863
Discount income	191	93	161	80
Provisions released	1.989	977	1.079	642
Service income	38.225	22.399	9.927	5.964
Maintenance repair and rent income	15.619	7.345	6.082	2.382
Lawsuit income	1.918	476	32	23
Indemnity and penalty detention income	16.566	8.117	7.375	4.349
Previous period insurance indemnity income	71.091	1.610	135.911	16.988
Warehouse income	17.433	11.845	8.210	1.873
Customers delay interest income	1.112	1.075	1.776	151
Current period insurance indemnity income	3.317.244	75.085	-	-
Other income and gains	70.535	34.867	20.668	5.740
	<u>3.708.707</u>	<u>320.673</u>	<u>360.896</u>	<u>198.055</u>

Due to the earthquake on 6 February 2023, an agreement has been reached to collect the second advance amount of TRY 3.317.244 thousand (USD 105.000 thousand) for damage compensation to be collected under the Company's insurance.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<u>Other operating expenses (-)</u>				
Provision expenses	(24.756)	(9.421)	(14.428)	(12.994)
Donation expenses	(9.161)	(3.882)	(4.040)	(3.302)
Amortisation expenses of right of use assets	(5.552)	(3.060)	(6.799)	(5.158)
Foreign exchange expenses from trade receivables and payables	-	15.860	-	-
Penalty expenses	(4.705)	(2.594)	(1.915)	(1.766)
Service expenses	(28.997)	(15.020)	(7.719)	(4.669)
Lawsuit compensation expenses	(3.374)	(2.525)	(1.044)	(624)
Stock exchange registration expenses	(2.978)	(1.523)	(2.243)	(1.199)
Other expenses and losses	(50.590)	(28.144)	(15.209)	(3.853)
	<u>(130.113)</u>	<u>(50.309)</u>	<u>(53.397)</u>	<u>(33.565)</u>

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

NOTE 15 – FINANCE INCOME AND EXPENSES

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<u>Finance income</u>				
Interest income on bank deposits	778.875	494.722	422.935	150.502
Foreign exchange gains	217.147	217.147	-	-
Interest income on related party	582.295	243.455	-	-
Fair value differences of derivative financial instruments (net)	1.507	(1.283)	-	(2.267)
	<u>1.579.824</u>	<u>954.041</u>	<u>422.935</u>	<u>148.235</u>

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

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<u>Finance expenses (-)</u>				
Interest expenses on borrowings	(1.448.977)	(782.799)	(717.259)	(401.688)
Foreign exchange loss (net)	-	263.177	(13.987)	15.196
Interest cost of employee benefits	(165.484)	(83.023)	(97.829)	(49.399)
Related party interest expense	-	-	(15.460)	(15.460)
Interest expenses on leases	(15.381)	(8.363)	(4.743)	(2.742)
Other financial expenses	(8.958)	(4.811)	(5.481)	(4.104)
Fair value differences of derivative financial instruments (net)	-	-	(2.530)	(2.530)
	<u>(1.638.800)</u>	<u>(615.819)</u>	<u>(857.289)</u>	<u>(460.727)</u>

During the reporting period, the interest expenses of TRY 31.443 thousand have been capitalized as part of the Company’s property, plant and equipment (30 June 2023: TRY 54.417 thousand).

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

Additional information about financial instruments

Foreign currency risk management

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

	30 June 2024			
	TRY Total (Presentation currency)	TRY (Original currency)	EURO (Original currency)	Jap.Yen (Original currency)
1. Trade Receivables	977.464	296.338	19.390	-
2a. Monetary financial assets	10.259.474	9.848.251	11.706	21
2b. Non- monetary financial assets	268.048	265.776	65	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	11.504.986	10.410.365	31.161	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	72.386	72.386	-	-
6b. Non- monetary financial assets	4.365.067	3.687.651	19.284	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	4.437.453	3.760.037	19.284	-
9. Total assets (4+8)	15.942.439	14.170.402	50.445	21
10. Trade payables	4.026.714	3.584.953	12.553	-
11. Financial liabilities	1.460.971	1.207.402	7.205	-
12a. Other monetary financial liabilities	4.380.638	4.373.751	196	-
12b. Other non-monetary financial liabilities	5.185	-	147	-
13. Current liabilities (10+11+12)	9.873.508	9.166.106	20.101	-
14. Trade payables	-	-	-	-
15. Financial liabilities	1.504.250	181.552	37.586	-
16a. Other monetary financial liabilities	2.634.021	2.634.021	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	4.138.271	2.815.573	37.586	-
18. Total liabilities (13+17)	14.011.779	11.981.679	57.687	-
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(122.212)	-	(3.473)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	122.212	-	3.473	-
20. Net foreign currency asset/liability position (9-18+19)	1.808.448	2.188.723	(10.715)	21
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(2.697.270)	(1.764.704)	(26.444)	21
22. Fair value of derivative financial instruments used in foreign currency hedge	2.607	-	74	-
23. Hedged foreign currency assets	122.212	-	3.473	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	11.029.474	-	-	-
26. Imports	33.331.869	-	-	-

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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)

	TRY Total (Presentation currency)	31 December 2023		Jap.Yen (Original currency)
		TRY (Original currency)	EURO (Original currency)	
1. Trade Receivables	455.071	93.317	11.106	-
2a. Monetary financial assets	9.932.169	9.931.051	34	21
2b. Non- monetary financial assets	74.263	70.279	122	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	10.461.503	10.094.647	11.262	21
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	71.640	71.640	-	-
6b. Non- monetary financial assets	3.058.278	2.494.163	17.318	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	3.129.918	2.565.803	17.318	-
9. Total assets (4+8)	13.591.421	12.660.450	28.580	21
10. Trade payables	3.770.112	3.447.097	9.899	-
11. Financial liabilities	256.820	24.951	7.105	-
12a. Other monetary financial liabilities	4.817.152	4.809.907	222	-
12b. Other non-monetary financial liabilities	47.079	-	1.443	-
13. Current liabilities (10+11+12)	8.891.163	8.281.955	18.669	-
14. Trade payables	-	-	-	-
15. Financial liabilities	1.403.229	98.989	39.967	-
16a. Other monetary financial liabilities	2.086.239	2.086.239	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	3.489.468	2.185.228	39.967	-
18. Total liabilities (13+17)	12.380.631	10.467.183	58.636	-
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(9.953)	-	(305)	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	9.953	-	305	-
20. Net foreign currency asset/liability position (9-18+19)	1.200.837	2.193.267	(30.361)	21
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.874.672)	(371.175)	(46.053)	21
22. Fair value of derivative financial instruments used in foreign currency hedge	(58)	-	(2)	-
23. Hedged foreign currency assets	9.953	-	305	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Exports	9.606.500			
26. Imports	45.262.368			

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 30 June 2024: 32,8262 TRY = US \$ 1, 35,1284 TRY = Euro 1; 0,2037 TRY = JPY 1 for liabilities: 32,8853 TRY = US \$ 1, 35,1917 TRY = Euro 1, 0,2050 TRY = JPY 1 converted at rates (31 December 2023: For assets; 29,4382 TRY = US \$ 1, 32,5739 TRY = Euro 1; 0,2075 TRY = JPY, 1 For Liabilities; 29,4913 TRY = US \$ 1, 32,6326 TRY = Euro 1, 0,2088 TRY = JPY 1).

	Profit/(loss) before tax after capitalization on tangible assets	
	Appreciation of foreign currency	Depreciation of foreign currency
30 June 2024		
1- TRY net asset/liability	(176.470)	176.470
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(176.470)	176.470
5- Euro net asset/liability	(25.805)	25.805
6- Hedged portion from Euro risk (-)	(12.222)	12.222
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(38.027)	38.027
9- Jap. Yen net asset/liability	-	-
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	-	-
TOTAL (4+8+12)	(214.497)	214.497

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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) before tax after capitalization on tangible assets	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2023		
1- TRY net asset/liability	(37.118)	37.118
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(37.118)	37.118
5- Euro net asset/liability	(98.249)	98.249
6- Hedged portion from Euro risk (-)	(995)	995
7- Effect of capitalization (-)	-	-
8- Euro net effect (5+6+7)	(99.244)	99.244
9- Jap. Yen net asset/liability	-	-
10- Hedged portion from Jap. Yen risk (-)	-	-
11- Effect of capitalization (-)	-	-
12- Jap. Yen net effect (9+10+11)	-	-
TOTAL (4+8+12)	(136.362)	136.362

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value
30 June 2024				
Financial Assets				
Cash and cash equivalents	15.774.148	-	-	15.774.148
Trade receivables	6.587.672	-	-	6.587.672
Financial investments	-	-	67.031	67.031
Other receivables	633.956	-	-	633.956
Derivative financial instruments	-	39.031	2.607	41.638
Financial Liabilities				
Financial liabilities	35.596.441	-	-	35.596.441
Trade payables	8.253.240	-	-	8.253.240
Other liabilities	873.634	-	-	873.634
Derivative financial instruments	-	-	-	-
31 December 2023				
Financial Assets				
Cash and cash equivalents	11.568.280	-	-	11.568.280
Trade receivables	5.212.321	-	-	5.212.321
Financial investments	-	-	66.285	66.285
Other receivables	3.364.575	-	-	3.364.575
Financial Liabilities				
Financial liabilities	23.989.233	-	-	23.989.233
Trade payables	12.037.825	-	-	12.037.825
Other liabilities	666.530	-	-	666.530
Derivative financial instruments	-	34.635	183	34.818

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

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

(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 (con’t)

30 June 2024

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	66.141	-	66.141	-
Derivative financial assets	2.607	-	2.607	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	39.031	-	39.031	-
Total	107.779	-	107.779	-

31 December 2023

Financial asset and liabilities at fair value	Book Value	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	65.487	-	65.487	-
Derivative financial liabilities	(183)	-	(183)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial liabilities	(34.635)	-	(34.635)	-
Total	30.669	-	30.669	-

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

None.

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

İSKENDERUN DEMİR VE ÇELİK A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

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

Convenience translation to English:

As of 30 June 2024, 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.