

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

**EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2024**

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2024

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

	Note	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		Current Period 30 September 2024 USD'000	Current Period 30 September 2024 TRY'000	Previous Period 31 December 2023 USD'000	Previous Period 31 December 2023 TRY'000
ASSETS					
CURRENT ASSETS		5.269.079	179.786.255	4.569.509	134.518.116
Cash and Cash Equivalents		1.402.001	47.837.669	817.746	24.072.967
Financial Investments		132.505	4.521.202	59.033	1.737.825
Trade Receivables		690.131	23.547.947	691.386	20.353.161
<i>Due From Related Parties</i>	3	17.316	590.837	23.390	688.565
<i>Other Trade Receivables from Third Parties</i>		672.815	22.957.110	667.996	19.664.596
Other Receivables		4.767	162.633	4.342	127.846
<i>Due From Related Parties</i>	3	561	19.131	393	11.582
<i>Other Receivables from Third Parties</i>		4.206	143.502	3.949	116.264
Financial Derivative Instruments		613	20.907	387	11.396
Inventories	4	2.533.086	86.431.444	2.285.354	67.276.704
Prepaid Expenses		57.995	1.978.843	69.601	2.048.925
<i>Prepaid Expenses to Related Parties</i>	3	1.149	39.207	434	12.782
<i>Other Prepaid Expenses to Third Parties</i>		56.846	1.939.636	69.167	2.036.143
Other Current Assets		447.981	15.285.610	641.660	18.889.292
NON CURRENT ASSETS		6.606.925	225.434.877	5.962.156	175.515.133
Financial Investments		4.824	164.592	5.502	161.973
Other Receivables		3.623	123.620	2.940	86.537
<i>Due From Related Parties</i>	3	3.281	111.957	2.551	75.091
<i>Other Receivables from Third Parties</i>		342	11.663	389	11.446
Investments Accounted for Using Equity Method	5	34.996	1.194.100	30.039	884.293
Investment Properties		146.072	4.984.110	149.725	4.407.645
Property, Plant and Equipment	6	5.546.739	189.260.279	5.007.614	147.415.137
Right of Use Assets		26.307	897.606	15.134	445.527
Intangible Assets		267.768	9.136.513	275.362	8.106.172
<i>Goodwill</i>		18.781	640.835	18.781	552.886
<i>Other Intangible Assets</i>	6	248.987	8.495.678	256.581	7.553.286
Prepaid Expenses		514.127	17.542.547	432.920	12.744.353
<i>Prepaid Expenses to Related Parties</i>	3	7.981	272.312	6.214	182.922
<i>Other Prepaid Expenses to Third Parties</i>		506.146	17.270.235	426.706	12.561.431
Deferred Tax Assets	11	25.451	868.423	8.639	254.324
Other Non Current Assets		37.018	1.263.087	34.281	1.009.172
TOTAL ASSETS		11.876.004	405.221.132	10.531.665	310.033.249

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

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

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2024

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

		(Unaudited) Current Period 30 September 2024	(Unaudited) Current Period 30 September 2024	(Audited) Previous Period 31 December 2023	(Audited) Previous Period 31 December 2023
	Note	USD'000	TRY'000	USD'000	TRY'000
LIABILITIES					
CURRENT LIABILITIES		2.428.524	83.013.028	3.027.730	89.291.663
Short Term Borrowings	7	1.148.378	39.254.435	1.560.968	46.034.968
Short Term Portion of Long Term Borrowings	7	286.369	9.788.825	363.704	10.726.115
Trade Payables		696.307	23.801.507	794.372	23.427.066
<i>Due to Related Parties</i>	3	43.924	1.501.429	38.328	1.130.333
<i>Other Trade Payables to Third Parties</i>		652.383	22.300.078	756.044	22.296.733
Payables for Employee Benefits	9	108.711	3.716.001	60.898	1.795.959
Other Payables		12.379	423.136	39.428	1.162.795
Financial Derivative Instruments		4.115	140.667	4.120	121.502
Deferred Revenue		42.184	1.441.945	44.553	1.313.940
Current Tax Liabilities	11	77.244	2.640.377	109.607	3.232.450
Short Term Provisions	8	28.289	966.990	23.689	698.605
Other Current Liabilities		24.548	839.145	26.391	778.263
NON CURRENT LIABILITIES		2.610.450	89.231.717	990.553	29.212.704
Long Term Borrowings	7	2.103.848	71.914.770	372.300	10.979.619
Financial Derivative Instruments		-	-	39	1.148
Long Term Provisions		193.190	6.603.721	189.292	5.582.475
<i>Long term provisions for employee benefits</i>	9	193.190	6.603.721	189.292	5.582.475
Deferred Tax Liabilities	11	312.910	10.696.051	428.353	12.632.683
Other Non Current Liabilities		502	17.175	569	16.779
EQUITY		6.837.030	232.976.387	6.513.382	191.528.882
Equity Attributable to Equity Holders of the Parent		6.629.169	226.028.404	6.327.990	186.191.490
Share Capital	12	1.818.371	3.500.000	1.818.371	3.500.000
Inflation Adjustment to Capital		81.366	156.613	81.366	156.613
Treasury Shares (-)		(108.569)	(1.315.022)	(87.182)	(640.504)
Share Issue Premium (Discounts)		55.303	106.447	55.303	106.447
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)		(187.151)	79.033.555	(172.837)	68.184.780
<i>Revaluation Reserve of Tangible Assets</i>		11.653	443.545	11.401	373.251
<i>Actuarial (Loss) Gain funds</i>		(183.119)	(2.934.863)	(168.553)	(2.455.521)
<i>Foreign Currency Translation Reserves</i>		(15.685)	81.524.873	(15.685)	70.267.050
Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)		(288.480)	5.763.089	(287.653)	4.176.664
<i>Foreign Currency Translation Reserves</i>		(287.230)	5.805.808	(285.380)	4.243.700
<i>Cash Flow Hedging Gain (Loss)</i>		(1.250)	(42.719)	(2.273)	(67.036)
Restricted Reserves Assorted from Profit		1.496.348	10.849.099	1.448.797	9.302.588
Retained Earnings		3.427.108	117.147.153	3.301.713	97.371.813
Net Profit (Loss) for the Period		334.873	10.787.470	170.112	4.033.089
Non-Controlling Interests		207.861	6.947.983	185.392	5.337.392
TOTAL LIABILITIES AND EQUITY		11.876.004	405.221.132	10.531.665	310.033.249

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

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

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT OR LOSS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

		(Unaudited) Current Period 1 January - 30 September 2024	(Unaudited) Current Period 1 January - 30 September 2024	(Unaudited) Current Period 1 July- 30 September 2024	(Unaudited) Previous Period 1 January - 30 September 2023	(Unaudited) Previous Period 1 January - 30 September 2023	(Unaudited) Previous Period 1 July- 30 September 2023
	Note	USD'000	TRY'000	TRY'000	USD'000	TRY'000	TRY'000
Revenue	13	4.623.723	148.946.763	48.728.709	4.570.251	101.010.326	37.390.394
Cost of Sales	13	(4.077.530)	(131.351.920)	(44.399.886)	(4.137.081)	(91.436.527)	(32.569.576)
GROSS PROFIT		546.193	17.594.843	4.328.823	433.170	9.573.799	4.820.818
Marketing Expenses	14	(45.539)	(1.466.965)	(528.716)	(36.756)	(812.365)	(280.293)
General Administrative Expenses	14	(117.142)	(3.773.580)	(1.381.368)	(81.987)	(1.812.061)	(584.047)
Research and Development Expenses		(6.808)	(219.326)	(77.618)	(5.695)	(125.862)	(42.079)
Other Operating Income	14	136.649	4.401.971	411.677	185.732	4.104.998	2.230.056
Other Operating Expenses	14	(21.215)	(683.413)	(266.961)	(56.124)	(1.240.429)	(119.544)
OPERATING PROFIT		492.138	15.853.530	2.485.837	438.340	9.688.080	6.024.911
Income from Investing Activities		9.572	308.345	72.675	10.263	226.824	132.661
Expenses from Investing Activities		(2.245)	(72.316)	(28.778)	(28.730)	(634.984)	(6.711)
Share of Investments' Profit (Loss) Accounted by Using The Equity Method	5	4.957	159.686	50.949	1.688	37.297	19.591
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)		504.422	16.249.245	2.580.683	421.561	9.317.217	6.170.452
Finance Income	15	102.724	3.309.099	1.620.297	126.145	2.788.016	328.123
Finance Expense	15	(286.162)	(9.218.307)	(3.665.289)	(268.456)	(5.933.340)	(1.572.965)
Monetary Gain/(Loss)		(11.999)	(386.516)	(166.182)	-	-	-
PROFIT BEFORE TAX		308.985	9.953.521	369.509	279.250	6.171.893	4.925.610
Tax (Expense) Income	11	41.207	1.327.398	522.168	(452.403)	(9.998.866)	(4.765.085)
Current Corporate Tax (Expense) Income		(87.842)	(2.829.720)	(410.987)	(138.047)	(3.051.065)	(2.137.639)
Deferred Tax (Expense) Income		129.049	4.157.118	933.155	(314.356)	(6.947.801)	(2.627.446)
NET PROFIT (LOSS) FOR THE PERIOD		350.192	11.280.919	891.677	(173.153)	(3.826.973)	160.525
Non-Controlling Interests		15.319	493.449	91.002	1.830	40.456	119.157
Equity Holders of the Parent		334.873	10.787.470	800.675	(174.983)	(3.867.429)	41.368
EARNINGS PER SHARE (LOSS)			3.2097	0.2288		(1.1050)	0.0118
(TRY 1 Nominal value per share)							

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EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

	(Unaudited) Current Period 1 January - 30 September 2024 Note	(Unaudited) Current Period 1 January - 30 September 2024 TRY'000	(Unaudited) Current Period 1 July- 30 September 2024 TRY'000	(Unaudited) Previous Period 1 January - 30 September 2023 USD'000	(Unaudited) Previous Period 1 January - 30 September 2023 TRY'000	(Unaudited) Previous Period 1 July- 30 September 2023 TRY'000	
PROFIT (LOSS) FOR THE PERIOD		350.192	11.280.919	891.677	(173.153)	(3.826.973)	160.525
OTHER COMPREHENSIVE INCOME (LOSS)							
Not to be reclassified subsequently to profit or loss							
Increase (Decrease) in Revaluation Reserve of Tangible Assets		276	71.778	24.554	(67)	101.924	16.132
Actuarial Gain (Loss) of Defined Benefit Plans	9	(19.902)	(655.094)	(15.675)	(14.661)	(378.603)	-
Tax Effect of Actuarial Gain (Loss) of Defined Benefit Plans	11	4.976	163.773	3.919	3.664	94.651	18.930
Foreign Currency Translation Gain (Loss)		-	18.996.278	4.226.510	-	42.394.050	6.535.296
To be reclassified subsequently to profit or loss							
Gain (Loss) in Cash Flow Hedging Reserves		1.385	32.844	(158.344)	4.177	117.699	109.737
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	11	(349)	(8.211)	39.586	(1.001)	(27.493)	(26.334)
Foreign Currency Translation Gain (Loss)		2.118	11.945.769	4.381.516	(69.817)	9.469.918	2.576.106
OTHER COMPREHENSIVE INCOME (EXPENSE)		(11.496)	30.547.137	8.502.066	(77.705)	51.772.146	9.229.867
TOTAL COMPREHENSIVE INCOME (EXPENSE)		338.696	41.828.056	9.393.743	(250.858)	47.945.173	9.390.392
Distribution of Total Comprehensive Income							
Non-controlling Interests		18.964	1.488.052	378.353	(5.175)	1.248.598	350.962
Equity Holders of the Parent		319.732	40.340.004	9.015.390	(245.683)	46.696.575	9.039.430

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EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

(Unaudited)	Note					Other comprehensive income (expense) not to be reclassified subsequently to profit or loss			Other comprehensive income (expense) to be reclassified subsequently to profit or loss		Retained Earnings			Equity Attributable to the Parent	Non-controlling Interests	Total Shareholders' Equity
		Share Capital	Inflation Adjustment to Capital	Treasury Shares (-)	Share Issue Premium (Discounts)	Revaluation Reserve of Tangible Assets	Foreign Currency Translation Reserves	Actuarial Gain (Loss) Funds	Cash Flow Hedging Gain (Loss)	Foreign Currency Translation Reserves	Restricted Reserves Assorted from Profit	Retained Earnings	Net Profit For The Period			
1 January 2024		3.500.000	156.613	(640.504)	106.447	373.251	70.267.050	(2.455.521)	(67.036)	4.243.700	9.302.588	97.371.813	4.033.089	186.191.490	5.337.392	191.528.882
Inflation effect (**)	2.1	-	-	-	-	-	-	-	-	-	522.452	1.329.445	-	1.851.897	196.876	2.048.773
Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	10.787.470	-	10.787.470	493.449	11.280.919
Other comprehensive income (loss)		-	-	-	-	70.294	18.996.278	(479.342)	24.317	10.940.987	-	-	-	29.552.534	994.603	30.547.137
Total comprehensive income (loss)		-	-	-	-	70.294	18.996.278	(479.342)	24.317	10.940.987	-	-	10.787.470	40.340.004	1.488.052	41.828.056
Dividends (*)		-	-	-	-	-	-	-	-	-	-	(1.680.469)	-	(1.680.469)	(74.337)	(1.754.806)
Increase (Decrease) through Treasury Share Transactions (***)		-	-	(674.518)	-	-	-	-	-	-	674.518	(674.518)	-	(674.518)	-	(674.518)
Transfers		-	-	-	-	-	-	-	-	-	349.541	3.683.548	(4.033.089)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	-	(7.738.455)	-	-	(9.378.879)	-	17.117.334	-	-	-	-
30 September 2024		3.500.000	156.613	(1.315.022)	106.447	443.545	81.524.873	(2.934.863)	(42.719)	5.805.808	10.849.099	117.147.153	10.787.470	226.028.404	6.947.983	232.976.387
(Unaudited)																
1 January 2023		3.500.000	156.613	(116.232)	106.447	208.674	44.642.146	(1.407.323)	6.044	2.029.402	7.547.778	40.966.648	18.005.034	115.645.231	3.016.956	118.662.187
Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	-	(3.867.429)	(3.867.429)	40.456	(3.826.973)
Other comprehensive income (loss)		-	-	-	-	101.924	42.394.050	(277.965)	88.661	8.257.334	-	-	-	50.564.004	1.208.142	51.772.146
Total comprehensive income (loss)		-	-	-	-	101.924	42.394.050	(277.965)	88.661	8.257.334	-	-	(3.867.429)	46.696.575	1.248.598	47.945.173
Increase (Decrease) through Treasury Share Transactions (***)		-	-	(524.272)	-	-	-	-	-	-	524.272	(524.272)	-	(524.272)	-	(524.272)
Transfers		-	-	-	-	-	-	-	-	-	63.212	17.941.822	(18.005.034)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	-	(22.798.204)	-	-	(9.300.881)	-	32.099.085	-	-	-	-
30 September 2023		3.500.000	156.613	(640.504)	106.447	310.598	64.237.992	(1.685.288)	94.705	985.855	8.135.262	90.483.283	(3.867.429)	161.817.534	4.265.554	166.083.088

- (*) At Annual General Assembly dated 28 March 2024, dividend distribution (gross dividend per share: TRY 0,50) amounting to TRY 1.750.000 thousand from 2023 net profit was approved by majority of votes. As of 28 March 2024, which is the dividend distribution decision date of the Company, dividend pertaining to the shares owned by the Company due to the ownership of 3,97% of its own shares with a nominal value of 1 TRY, is shown by netting off the amount of dividends to be distributed. Dividend distribution started on 16 April 2024. The Group approved TRY 74.337 thousand dividend to non-controlling shares on Isdemir, which is subsidiary of the Group.
- (**) Inflation adjustments were made in accordance with TAS 29 in the financial statements of subsidiaries that were subject to consolidation and whose functional currency was Turkish Lira. Since the company's functional currency is the US Dollar, the comparative period financial statements have not been adjusted for inflation in accordance with TAS 29.
- (***) Within the scope of the "Share Buy-back Program", which was approved at the Company's Ordinary General Assembly Meeting on 31 March 2023, 14.820.000 shares were repurchased in exchange for TRY 674.518 thousand. As of the reporting date, the repurchased shares have been classified under equity as restricted reserves, with a reserve set aside equal to the repurchase price, in accordance with the Repurchased Shares Communiqué (II-22.1).
- (****) Retained earnings; in the condensed consolidated financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the condensed consolidated statement of financial position dated 30 September 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 consolidated financial statements.

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		Current Period	Current Period	Previous Period	Previous Period
		1 January -	1 January -	1 January -	1 January -
		30 September 2024	30 September 2024	30 September 2023	30 September 2023
		USD'000	TRY'000	USD'000	TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (Loss) for The Period		412.142	12.741.710	311.905	7.156.472
Adjustments to Reconcile Profit (Loss)		350.192	11.280.919	(173.153)	(3.826.973)
Adjustments for Depreciation and Amortisation Expenses	6/13/14	196.063	6.315.906	163.681	3.617.629
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(1.970)	(63.465)	(19.284)	(426.211)
Adjustments for Provision (Reversal of Provision) for Receivables		(71)	(2.277)	(14.308)	(316.231)
Adjustments for Provision (Reversal of Provision) for Inventories	4	(1.899)	(61.188)	(31.805)	(702.941)
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment		-	-	26.829	592.961
Adjustments for Provisions		53.334	1.718.082	64.030	1.415.176
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	9	40.147	1.293.295	52.557	1.161.594
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	8	13.187	424.787	11.473	253.582
Adjustments for Interest (Income) and Expenses		119.179	3.839.220	49.624	1.096.784
Adjustments for Interest Income	15	(102.338)	(3.296.651)	(88.813)	(1.962.911)
Adjustments for Interest Expense	15	237.377	7.646.787	156.148	3.451.136
Unearned Financial Income from Credit Sales		(15.860)	(510.916)	(17.711)	(391.441)
Adjustments for Unrealised Foreign Exchange Differences		(25.493)	(824.501)	(92.444)	(2.232.020)
Adjustments for Fair Value (Gains) Losses		4.272	137.615	(36.979)	(817.307)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	15	4.272	137.615	(36.979)	(817.307)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	5	(4.957)	(159.686)	(1.688)	(37.297)
Adjustments for Tax (Income) Expenses	11	(41.207)	(1.327.398)	452.403	9.998.866
Other Adjustments from Non-Cash Items	14	(105.000)	(3.382.428)	(100.000)	(2.210.170)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(20)	(636)	1.589	35.101
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment		(20)	(636)	1.589	35.101
Other Adjustments for Reconciliation of Profit (Loss)		(285)	(26.742)	-	-
Changes in Working Capital		(203.973)	(6.964.961)	93.367	2.605.601
Adjustments for Decrease (Increase) in Trade Receivables		17.489	596.742	215.573	5.901.678
Decrease (Increase) in Trade Receivables from Related Parties		6.074	207.251	14.198	388.695
Decrease (Increase) in Trade Receivables from Third Parties		11.415	389.491	201.375	5.512.983
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(211)	(7.199)	(1.043)	(28.554)
Decrease (Increase) in Other Receivables from Operations from Third Parties		(211)	(7.199)	(1.043)	(28.554)
Decrease (Increase) in Derivative Financial Instruments		(226)	(7.711)	(3.440)	(94.176)
Adjustments for Decrease (Increase) in Inventories		(235.561)	(8.037.577)	107.566	2.944.802
Decrease (Increase) in Prepaid Expenses		19.730	673.207	(58.626)	(1.604.987)
Adjustments for Increase (Decrease) in Trade Payables		(98.065)	(3.352.107)	35.061	961.583
Increase (Decrease) in Trade Payable to Related Parties		5.596	191.285	(205)	(5.623)
Increase (Decrease) in Trade Payable to Third Parties		(103.661)	(3.543.392)	35.266	967.206
Adjustments for Increase (Decrease) in Other Payables Related from Operations		20.764	709.765	(244)	(6.692)
Increase (Decrease) in Other Payables to Third Parties Related from Operations		20.764	709.765	(244)	(6.692)
Increase (Decrease) in Derivative Liabilities		(2.929)	(100.120)	38.531	1.056.751
Adjustments for Other Increase (Decrease) in Working Capital		75.036	2.560.039	(240.011)	(6.524.804)
Decrease (Increase) in Other Assets Related from Operations		79.315	2.706.306	(305.519)	(8.321.426)
Increase (Decrease) in Other Payables Related from Operations		(4.279)	(146.267)	65.508	1.796.622
Cash Flows Provided by Operating Activities		340.135	10.541.925	401.146	9.219.179
Payments Related to Provisions for Employee Termination Benefits	9	(27.055)	(871.555)	(25.028)	(553.154)
Payments Related to Other Provisions	8	(5.752)	(185.294)	(9.029)	(199.580)
Income Taxes Refund (Paid)		(23.686)	(794.178)	(55.184)	(1.309.973)
Other Cash Inflows (Outflows)		128.500	4.050.812	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(842.940)	(27.154.146)	(883.283)	(19.624.864)
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		5.380	173.307	5.379	122.290
Cash Outflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(103.949)	(3.348.566)	(58.467)	(1.104.647)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		1.370	44.110	468	10.361
Cash Inflow from Sales of Property, Plant and Equipment		1.370	44.110	468	10.361
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(680.384)	(21.917.621)	(662.730)	(14.647.446)
Cash Outflow from Purchase of Property, Plant and Equipment	6	(679.819)	(21.899.417)	(662.396)	(14.640.054)
Cash Outflow from Purchase of Intangible Assets	6	(565)	(18.204)	(334)	(7.392)
Cash Advances		(89.823)	(2.893.522)	(192.490)	(4.254.356)
Other Cash Advances to Related Parties		(1.767)	(89.390)	59.270	83.430
Other Cash Advances		(88.056)	(2.804.132)	(251.760)	(4.337.786)
Dividends Received		-	-	4.899	112.769
Other Cash Inflow (Outflows)		24.466	788.146	19.658	136.165
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		1.010.579	32.544.830	567.066	12.595.821
Cash Outflows from Acquisition of Own Shares of the Entity		(21.388)	(674.518)	(26.795)	(524.272)
Cash Inflow from Borrowings	12	2,654,283	85,504,008	1,428,230	31,566,312
Cash Inflow from Loans		1,704,283	54,180,293	1,428,230	31,566,312
Cash Inflow from Issued Debt Instruments		950,000	31,323,715	-	-
Cash Outflow from Repayments of Borrowings	7	(1,457,671)	(46,956,838)	(777,211)	(17,177,684)
Cash Outflow from Loan Repayments		(1,457,671)	(46,956,838)	(720,027)	(16,077,684)
Cash Outflows from Repayments of Issued Debt Instruments		-	-	(57,184)	(1,100,000)
Cash Outflow from Debt Payments for Leasing Contracts		(4,505)	(145,127)	(3,009)	(66,514)
Dividends Paid		(54,159)	(1,754,519)	-	-
Interest Paid		(197,145)	(6,350,736)	(132,769)	(2,934,415)
Interest Received		91,164	2,922,560	78,620	1,732,394
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		579.781	18.132.394	(4.312)	127.429
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(1,072)	5,439,493	(93,462)	4,236,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		578,709	23,571,887	(97,774)	4,364,242
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		816,975	24,050,259	811,320	15,170,298
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,395,684	47,622,146	713,546	19,534,540

- As of reporting date, the Group's total amount of time deposit interest accrual is TRY 215.523 thousand (USD 6.317 thousand) (30 September 2023: TRY 11.954 thousand (USD 437 thousand)).
- Currency protected time deposits with maturities of more than 3 months in financial investments in the condensed consolidated statement of cash flow are reported in "Other Cash Inflow (Outflows)" under "Cash Flows from Investing Activities".
- As of the reporting date, insurance compensation income of TRY 3.382.428 thousand (USD 105.000 thousand) (30 September 2023: TRY 2.210.170 thousand (USD 100.000 thousand)) has been reported under "Other Adjustments from Non-Cash Items" in the condensed consolidated cash flow statements, while insurance compensations received in cash amounting to TRY 4.050.812 thousand (USD 128.500 thousand) have been reported under "Other Cash Inflows (Outflows)" in the condensed consolidated cash flow statements.

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

NOTE 1 – GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Erdemir Group (“Group”), is composed of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (“Erdemir” or “the Company”), and its subsidiaries which it owns the majority of their shares or has a significant influence on their management structure.

The main parent and ultimate controlling party of the Group are ATAER Holding A.Ş. and Ordu Yardımlaşma Kurumu, respectively.

Ordu Yardımlaşma Kurumu (“OYAK”) was incorporated on 1 March 1961 under the Act No. 205 as a private entity under its own law subject to Turkish civil and commercial codes and autonomous in financial and administrative matters. OYAK, being an “aid and retirement fund” for Turkish Armed Forces members, provides various services and benefits within the framework of social security concept anticipated by Turkish Constitution. OYAK has direct and indirect subsidiaries in industry, finance and service sectors. The detailed information about OYAK can be found on its official website (www.oyak.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. was incorporated in Türkiye as a joint stock company in 1960. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, cast and pressed steel, coke and their by-products.

The Company’s shares have been traded in Istanbul Stock Exchange since the establishment of the Istanbul Stock Exchange (year 1986).

The main operations of the companies included in the consolidation and the share percentage of the Group for these companies are as follows:

Name of the Company	Country of		2024	2023
	Operation	Operation	Effective Share Rate %	Effective Share Rate %
İskenderun Demir ve Çelik A.Ş.	Türkiye	Integrated Steel Production	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Türkiye	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Türkiye	Steel Service Center	100	100
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	Türkiye	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Electrical Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Türkiye	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Türkiye	Magnesite Ore, Refractor	100	100
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	Türkiye	Recycling, Special Purpose Entity	100	100

The registered address of the Company is Barbaros Mahallesi Ardıç Sokak No:6 Ataşehir / İstanbul.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

NOTE 1 – GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (cont’d)

The number of the personnel employed by the Group as of reporting date as follows:

	Paid Hourly Personnel	Paid Monthly Personnel	30 September 2024 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	3.749	1.779	5.528
İskenderun Demir ve Çelik A.Ş.	3.281	1.452	4.733
Erdemir Madencilik San. ve Tic. A.Ş.	183	170	353
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	246	74	320
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	319	319
Erdemir Romania S.R.L.	195	41	236
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	546	140	686
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	13	3	16
Erdemir Enerji Üretim A.Ş.	-	5	5
	<u>8.213</u>	<u>3.984</u>	<u>12.197</u>
	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2023 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	4.232	1.820	6.052
İskenderun Demir ve Çelik A.Ş.	3.069	1.463	4.532
Erdemir Madencilik San. ve Tic. A.Ş.	184	168	352
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	234	79	313
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	305	305
Erdemir Romania S.R.L.	208	42	250
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	522	141	663
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	11	3	14
Erdemir Enerji Üretim A.Ş.	-	5	5
	<u>8.460</u>	<u>4.027</u>	<u>12.487</u>

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Group’s subsidiaries incorporated in Türkiye maintain their legal books of account and prepare their statutory financial statements in accordance with accounting principles issued by the Turkish Commercial Code (“TCC”) and tax legislation.

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

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

2.1 Basis of Presentation (cont’d)

In addition, the condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 3 July 2024 by POA and the format and mandatory information recommended by CMB.

The financial statements are prepared on the basis of historical cost, with the exception of derivative financial instruments carried at fair value and revaluation of iron ore and fixed assets used in the production of silicon flat steel at the fair value determined at the date of purchase. In determining the historical cost, generally the fair value of the amount paid for the assets is 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 Group has preferred to prepare condensed interim consolidated financial statements in the interim period. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as at 31 December 2023.

Functional and reporting presentation currency

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

The financial statements of each entity of the Group are presented in the currency (functional currency) valid in the basic economic environment in which they operate. The functional currency of the Company and its subsidiaries’ İskenderun Demir ve Çelik A.Ş. “İsdemir”, Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. “Ersem” and Kümaş Manyezit Sanayi A.Ş. “Kümaş” are US Dollars while the functional currency of Erdemir Madencilik San. ve Tic. A.Ş. “Ermaden”, Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş., and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş. are Turkish Lira.

The accompanying condensed consolidated 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 for the subsidiaries abroad

The functional currency of the foreign subsidiaries Erdemir Asia Pacific Private Limited “EAPPL” and Erdemir Romania S.R.L is US Dollars and EUR respectively.

Functional currency of the joint venture

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

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

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

2.1 Basis of Presentation (cont’d)

Adjustment of financial statements during periods of high inflation

The Public Oversight, Accounting and Auditing Standards Authority (“POA”) made a statement regarding the scope and application of TAS 29 on 23 November 2023. It has been stated that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TAS 29.

In accordance with CMB’s decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards, starting from the annual financial reports for the accounting period ending as of 31 December 2023, has been decided to apply inflation accounting by applying articles of TAS 29.

TAS 29 applies to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy, including consolidated financial statements. If hyperinflation exists in an economy, TAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be expressed in the measurement unit valid at the end of the reporting period.

The company and its subsidiaries, İskenderun Demir ve Çelik A.Ş., Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. and Kumaş Manyezit Sanayi A.Ş., operating in Türkiye and whose functional currency is the US Dollar, do not need to make any adjustments within the scope of TAS 29 since their functional currencies are US Dollars, a non-inflationary currency, in their financial statements to be prepared in accordance with TFRS.

Accordingly, inflation adjustments were made in accordance with TAS 29 in the financial statements of Erdemir Madencilik San. ve Tic. A.Ş., Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş., which were subject to consolidation and whose functional currency is Turkish Lira.

All non-monetary assets and liabilities and profit or loss statements of subsidiaries whose functional currency of the Group is Turkish Lira have been adjusted using the Consumer Price Index. As a result of the correction made according to the inflation effect; The effect of TAS 29 indexation until 1 January 2023 is accounted under equity, and the effect of TAS 29 indexation after 1 January 2023 is accounted for in the consolidated statement of profit or loss.

Since the Company's functional currency is a non-inflationary currency; no adjustments made within the scope of inflation accounting for the amounts for the comparative periods presented in the attached condensed consolidated financial statements in accordance with TAS 29.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

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

2.1 Basis of Presentation (cont’d)

Presentation currency translation

In accordance with the Public Oversight, Accounting and Auditing Standards Authority's (“POA”) announcement "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards" dated 15 March 2021, the Group carried out a valuation for the assets and liabilities in the condensed consolidated financial statements based on the current buying and selling rates effective as of the end of the reporting period, and translated them into the presentation currency at the same exchange rates.

Presentation currency of the condensed consolidated financial statements is Turkish Lira. According to TAS 21 (“The Effects of Changes in Foreign Exchange Rates”) financial statements, that are prepared in US Dollars for the Company, İsdemir, Ersem, Kümaş, EAPPL; in EUR for Erdemir Romania, have been translated in TRY as the following method:

- a) The assets on condensed consolidated statement of financial position as of 30 September 2024 are translated from US Dollars into TRY using the Central Bank of the Republic of Türkiye's buying exchange rates which is TRY 34,1210 = US \$ 1 and TRY 38,1714 = EUR 1 and the liabilities has been translated from into TRY using the Central Bank of Türkiye's exchange selling rate which is TRY 34,1825 = US \$ 1 and TRY 38,2402 = EUR 1 on the balance sheet date (Rates for assets and liabilities as of 31 December 2023: TRY 29,4382 = US \$ 1, TRY 32,5739 = EUR 1; TRY 29,4913 = US \$ 1, TRY 32,6326 = EUR 1 respectively).
- b) For the nine months period ended 30 September 2024, condensed consolidated statements of profit or loss are translated from average TRY 32,2136 = US \$ 1 and TRY 35,0223 = EUR 1 rates of 2024 January – September period (30 September 2023: TRY 22,1017 = US \$ 1 and 23,9612 = EUR 1).
- c) In order to display Turkish Lira equivalent amounts as of reporting dates, earnings of previous years are carried in US Dollar in the condensed consolidated financial statements after being translated into US Dollar at the historical currency rates as per TAS 21, and retained earnings in the statement of condensed consolidated financial position as of 30 September 2024 are presented by being translated at the TRY 34,1825 = US \$ 1 rate, which is the effective foreign currency selling rate as of 30 September 2024 as announced by the Central Bank of the Republic of Türkiye (31 December 2023: TRY 29,4913 = US \$ 1).
- d) Exchange differences arising from translation to TRY presentation currency are shown in other comprehensive income as of foreign currency translation reserve.
- e) Share capital and other reserves are presented in the accompanying financial statements at their values in the statutory records and other equity items at their historical cost values. The differences between the values arising from translation of the historical values of these items into the presentation currency and their carrying values from statutory records are recognized as foreign currency translation differences in the statement of other comprehensive income.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

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

2.1 Basis of Presentation (cont’d)

USD amounts presented in the condensed interim financial statements

The figures in USD amounts presented in the accompanying condensed interim consolidated financial statements comprising the condensed consolidated statements of financial position as of 30 September 2024 and 31 December 2023, condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the interim period ended 30 September 2024 and 2023 represent the condensed consolidated 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 1 July 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

Going concern

The Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

Approval of the consolidated financial statements

The condensed interim consolidated financial statements have been approved and authorized to be published on 22 October 2024 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

2.2 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods

The Group’s condensed consolidated 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 consolidated financial statements. In the current year there is no reclassification in the condensed consolidated financial statements.

2.3 Adoption of New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as of 30 September 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS standards and TFRS interpretations effective as of 1 January 2024 summarized below.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

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

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

Amendments that are mandatorily effective from 2024

Amendments to TAS 1	:Classification of Liabilities as Current or Non-Current
Amendments to TFRS 16	:Lease Liability in a Sale and Leaseback
Amendments to TAS 1	:Non-current Liabilities with Covenants
Amendments to TAS 7 and TFRS 7	:Supplier Finance Arrangements
TSRS 1	:General Requirements for Disclosure of Sustainability-related Financial Information
TSRS 2	:Climate-related Disclosures

The effects of these standards and interpretations on the Group's condensed consolidated financial statements and performance 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.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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

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

Amendments that are mandatorily effective from 2024 (cont’d)

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA’s announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

The Group Management has evaluated that these amendments and interpretations, effective from 2024, have no impact on the Group’s consolidated financial statements.

New and revised TFRSs in issue but not yet effective

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

TFRS 17	: Insurance Contracts
Amendments to TFRS 17	: Initial Application of TFRS 17 and TFRS 9 - Comparative Information
Amendments to TFRS 21	: Lack of exchangeability

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2025 for insurance and reinsurance and pension companies.

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

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

Amendments to IAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

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

2.4 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements for the nine months period ended 30 September 2024 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements for the nine months period ended 30 September 2024, are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2023.

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

2.4 Summary of Significant Accounting Policies(cont’d)

Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

As explained in Note 1 there has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope of consolidation as of 30 September 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 consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.6 Segment Reporting

The operations of the Group in İskenderun and Ereğli have been defined as geographical segments. However, the segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services.

NOTE 3 – RELATED PARTY DISCLOSURES

The main parent and ultimate controlling parties of the Group are ATAER Holding A.Ş. and Ordu Yardımlaşma Kurumu, respectively (Note 1).

The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note.

The details of transactions between the Group and other related parties are disclosed below:

	30 September 2024	31 December 2023
<u>Due from related parties (short term)</u>		
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	26.063	5.335
OYAK Renault Otomobil Fab. A.Ş. ⁽²⁾	327.017	416.513
OYAK Birleşik Enerji A.Ş. ⁽¹⁾	8.849	8.849
Miilux Poland Sp. Z.o.o. ⁽¹⁾	29.617	47.878
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	29.340	16.278
OYAK Çimento Fabrikaları A.Ş. ⁽²⁾	13.030	66.853
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	133.519	124.108
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. ⁽¹⁾	17.831	-
Other	5.571	2.751
	<u>590.837</u>	<u>688.565</u>

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

- (1) Subsidiaries of the parent company
- (2) Joint venture of the parent company
- (3) Joint venture of the subsidiary
- (4) Ultimate partner

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NOTE 3 – RELATED PARTY DISCLOSURES (cont’d)

	30 September 2024	31 December 2023
<u>Other receivables from related parties (short term)</u>		
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	19.131	11.582
	<u>19.131</u>	<u>11.582</u>

	30 September 2024	31 December 2023
<u>Other receivables from related parties (long term)</u>		
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	111.957	75.091
	<u>111.957</u>	<u>75.091</u>

Short term and long term other receivables from related parties, consists of monetary receivables within the scope of sub-leases in accordance with TFRS 16.

	30 September 2024	31 December 2023
<u>Prepaid expenses to related parties(short term)</u>		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽¹⁾	30.521	12.578
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. ⁽¹⁾	4.649	204
Other	4.037	-
	<u>39.207</u>	<u>12.782</u>

	30 September 2024	31 December 2023
<u>Prepaid expenses to related parties (long term)</u>		
OYAK İnşaat A.Ş. ⁽¹⁾	220.905	126.851
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	51.407	56.071
	<u>272.312</u>	<u>182.922</u>

Prepaid expenses generally related with services and advance transactions of fixed assets.

- (1) Subsidiaries of the parent company
- (2) Joint venture of the parent company
- (3) Joint venture of the subsidiary
- (4) Ultimate partner

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NOTE 3 – RELATED PARTY DISCLOSURES (cont’d)

	30 September 2024	31 December 2023
<u>Due to related parties (short term)</u>		
OYAK Yenilenebilir Enerji A.Ş. ⁽¹⁾	22.046	57.264
Omsan Lojistik A.Ş. ⁽¹⁾	474.484	332.552
Omsan Denizcilik A.Ş. ⁽¹⁾	28.442	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	197.544	137.198
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	89.928	95.369
Omsan Logistica SRL ⁽¹⁾	19.212	7.921
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	102.673	47.122
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽¹⁾	19.338	3.356
OYAK İnşaat A.Ş. ⁽¹⁾	205.932	69.850
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. ⁽¹⁾	-	10.919
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	10.345	11.294
OYAK Çimento Fabrikaları A.Ş. ⁽²⁾	29.719	-
Other	301.766	357.488
	<u>1.501.429</u>	<u>1.130.333</u>

Trade payables to related parties mainly arise from purchase of services, fixed assets and energy.

	1 January - 30 September 2024	1 January - 30 September 2023
<u>Major sales to related parties</u>		
OYAK Renault Otomobil Fab. A.Ş. ⁽²⁾	1.537.717	1.122.032
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	178	268
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. ⁽¹⁾	9.775	3.195
OYAK Çimento Fabrikaları A.Ş. ⁽²⁾	215.556	156.321
Denizli Çimento Sanayi T.A.Ş. ⁽¹⁾	-	9.242
Likitgaz Dağıtım ve Endüstri A.Ş. ⁽¹⁾	42.527	33.585
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	9.335	2.263
İskenderun Enerji Üretim ve Ticaret A.Ş. ⁽¹⁾	4.164.267	2.312.763
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	335.873	266.139
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	315.671	245.266
Other	114.615	5.201
	<u>6.745.514</u>	<u>4.156.275</u>

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

- ⁽¹⁾ Subsidiaries of the parent company
- ⁽²⁾ Joint venture of the parent company
- ⁽³⁾ Joint venture of the subsidiary
- ⁽⁴⁾ Ultimate partner

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NOTE 3 – RELATED PARTY DISCLOSURES (cont’d)

	1 January - 30 September 2024	1 January - 30 September 2023
<u>Major purchases from related parties</u>		
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	9.095	9.139
Omsan Denizcilik A.Ş. ⁽¹⁾	529.236	456.653
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	1.218.663	625.951
Omsan Lojistik A.Ş. ⁽¹⁾	3.134.053	1.611.339
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	811.641	349.772
Omsan Logistica SRL ⁽¹⁾	160.354	73.715
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	751.750	309.114
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	164.138	88.058
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	529.951	388.654
OYAK Çimento Fabrikaları A.Ş. ⁽²⁾	324.994	5.785
OYAK İnşaat A.Ş. ⁽¹⁾	569.473	1.171.677
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. ⁽¹⁾	510.571	306.861
Güzel Enerji Akaryakıt A.Ş. ⁽¹⁾	23.597	8.564
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. ⁽¹⁾	10.280	6.988
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. ⁽¹⁾	12.920	6.711
OYAK Yenilenebilir Enerji A.Ş. ⁽¹⁾	2.096.013	1.481.558
Other	282.405	84.839
	<u>11.139.134</u>	<u>6.985.378</u>

Purchases from related parties are generally related to services, fixed assets and energy purchases.

- ⁽¹⁾ Subsidiaries of the parent company
- ⁽²⁾ Joint venture of the parent company
- ⁽³⁾ Joint venture of the subsidiary
- ⁽⁴⁾ Ultimate partner

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

The period end balances are un-secured and their collections will be in cash. For the nine months period ended 30 September 2024, the Group did not set any provision for the receivables from related parties (31 December 2023: None).

Benefits of the key management:

The key management of the Group consists of the Board of Directors, the Group President and Vice Presidents, General Manager and Assistant General Managers. For the nine months period ended 30 September 2024, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Group is TRY 158.060 thousand (30 September 2023: TRY 80.921 thousand).

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NOTE 4 – INVENTORIES

As of the reporting date, the detail of the Group’s inventories is as follows:

	30 September 2024	31 December 2023
Raw materials	22.528.454	15.238.693
Work in progress	21.297.327	13.601.334
Finished goods	14.792.479	12.224.831
Spare parts	13.011.390	9.926.059
Goods in transit	10.757.485	13.439.537
Other inventories	6.569.676	5.081.116
Allowance for impairment on inventories (-)	(2.525.367)	(2.234.866)
	<u>86.431.444</u>	<u>67.276.704</u>

The movement of the allowance for impairment on inventories is as follows:

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance	2.234.866	2.051.756
Provision for the period	728	123.397
Provision released (-)	(61.916)	(826.338)
Translation difference	351.689	783.370
Closing balance	<u>2.525.367</u>	<u>2.132.185</u>

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

NOTE 5 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Group’s detail of the investments accounted for using equity method of the as follows:

	Right to vote ratio	30 September 2024	Right to vote ratio	31 December 2023	Business segment
	%		%		
<u>Joint Venture</u>					Industrial Gas
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.194.100	50	884.293	Production and Sale

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

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

	30 September 2024	31 December 2023
Total assets	2.599.304	1.913.261
Total liabilities	211.104	144.675
Net assets	2.388.200	1.768.586
Group's share on net assets	1.194.100	884.293

	30 September 2024	31 December 2023
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş., as an affiliate of the Group under joint management, has the right of to deduct TRY 222.760 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 (5.447) thousand of additional investment deduction (its effect in the profit or loss statement of Group is TRY (2.724) thousand) is included in the financial statements prepared as of reporting date.

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

	1 January – 30 September 2024	1 January – 30 September 2023
Revenue	611.374	422.331
Operating profit	182.149	125.465
Net profit (loss) for the period	319.372	74.593
Group's share on net profit (loss)	159.686	37.297

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NOTE 6 – TANGIBLE AND INTANGIBLE ASSETS

As of reporting the date, the details of Group’s the movement of tangible assets is as follows:

	30 September 2024	30 September 2023
<u>Opening balance as of 1 January</u>		
Cost	333.912.434	194.095.225
Accumulated depreciation	(186.497.297)	(113.379.671)
Net book value	<u>147.415.137</u>	<u>80.715.554</u>
Net book value at the beginning of the period	147.415.137	80.715.554
Inflation Effect	2.059.261	-
Additions (*)	22.524.459	15.002.940
Disposals (-)	(43.474)	(45.462)
<i>Cost of disposals</i>	(544.795)	(181.406)
<i>Accumulated depreciation of disposals</i>	501.321	135.944
Transfers to intangible assets	(64.116)	(2.212)
Transfers (**)	-	(2.010.922)
Currency translation difference	23.420.733	38.822.117
<i>Cost currency translation difference</i>	52.487.686	92.178.662
<i>Accumulated depreciation currency translation difference</i>	(29.066.953)	(53.356.545)
Current period depreciation (-)	(6.051.721)	(3.369.071)
Impairment (-)	-	(592.961)
Net book value at the end of the period	<u>189.260.279</u>	<u>128.519.983</u>
<u>Closing balance end of period</u>		
Cost	412.528.602	299.165.002
Accumulated depreciation	(223.268.323)	(170.645.019)
Net book value	<u>189.260.279</u>	<u>128.519.983</u>

(*) The amount of capitalized borrowing cost is TRY 625.042 thousand for the current period (30 September 2023: TRY 362.886 thousand).

(**) As of the previous period, TRY (2.343.210) thousand was transferred from property, plant and equipment to investment properties, and TRY 332.288 thousand was transferred from investment properties to property, plant and equipment.

Due to the earthquake that occurred on 6 February 2023, production activities at İsdemir, a subsidiary of the Group, were halted until the situation assessment work was completed. As a result of the situation assessment work carried out by the Group for the previous period, an impairment loss of TRY (592.961) thousand was recognized for assets that would become non-operational. The calculated impairment loss has been recorded in the "Expenses from Investment Activities" account of the summarized consolidated profit or loss statement.

As of 30 September 2024, the Group has no collaterals or pledges on upon its tangible assets (30 September 2023: None).

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

As of the reporting date, the details of Group’s the movement of intangible assets is as follows:

	30 September 2024	30 September 2023
<u>Opening balance as of 1 January</u>		
Cost	11.684.250	7.280.546
Accumulated amortisation	(4.130.964)	(2.327.129)
Net book value	7.553.286	4.953.417
Net book value at the beginning of the period	7.553.286	4.953.417
Inflation Effect	5.765	-
Additions	18.204	7.392
Disposals (-)	-	-
<i>Cost disposals</i>	(75)	-
<i>Accumulated depreciation disposals</i>	75	-
Transfers from tangible assets	64.116	2.212
Currency translation difference	1.184.136	2.241.713
<i>Cost currency translation difference</i>	1.859.073	3.393.715
<i>Accumulated depreciation currency translation difference</i>	(674.937)	(1.152.002)
Current period amortisation (-)	(329.829)	(234.566)
Net book value at the end of the period	8.495.678	6.970.168
<u>Closing balance end of period</u>		
Cost	13.647.309	10.683.865
Accumulated amortisation	(5.151.631)	(3.713.697)
Net book value	8.495.678	6.970.168

As of 30 September 2024, the Group has no collaterals or pledges on upon its intangible assets (30 September 2023: None).

The distribution of total depreciation and amortization expenses related to tangible, intangible assets, right of use assets amounting to TRY 147.264 thousand (30 September 2023: TRY 67.760 thousand) and investment properties amounting to TRY 117.700 thousand (30 September 2023: TRY 27.501 thousand) are as follows:

	1 January – 30 September 2024	1 January – 30 September 2023
Associated with cost of production	5.963.153	3.341.100
General administrative expenses	410.792	183.513
Marketing expenses	208.939	133.803
Research and development expenses	46.308	30.983
Other operating expenses	17.322	9.499
	6.646.514	3.698.898

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NOTE 7 – BORROWINGS

The Group’s detail of the borrowings as of reporting date is as follows:

	30 September 2024	31 December 2023
Short term bank borrowings	39.254.435	46.034.968
Short term portion of long term bank borrowings	6.872.939	10.617.843
Long term bank borrowings	41.041.002	10.747.946
Total bank borrowings	87.168.376	67.400.757
Short term portion of long term corporate bonds issued	2.632.129	-
Long term corporate bonds issued	30.340.586	-
Total corporate bonds issued	32.972.715	-
Short term portion of long term lease payables	309.958	113.262
Cost of short term portion of long term lease payables (-)	(26.201)	(4.990)
Long term lease payables	1.745.268	795.883
Cost of long term lease payables (-)	(1.212.086)	(564.210)
Total lease payables	816.939	339.945
Total borrowings	120.958.030	67.740.702

The bond issued abroad, with a nominal value of USD 750 million, a maturity of 5 years, a redemption date of 23 July 2029, priced over a resale yield of 8,625%, and a coupon rate of 8,375%, was completed as of 23 July 2024. In addition to aforementioned bond, another bond issued abroad, with a nominal value of USD 200 million, a maturity of 5 years, a redemption date of 23 July 2029, an annual yield rate of 8,125%, and an annual coupon rate of 8,375%, was completed as of 30 July 2024.

As of 30 September 2024, the breakdown of the Group’s loans and issued corporate bonds with their original currency and weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	30 September 2024
Fixed	TRY	47,31	8.726.828	-	8.726.828
Fixed	US Dollars	8,19	34.088.698	50.208.912	84.297.610
Floating	US Dollars	TERM SOFR+2,89	5.460.338	18.706.626	24.166.964
Floating	EURO	Euribor+0,47	483.639	2.466.050	2.949.689
			48.759.503	71.381.588	120.141.091

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

Interest Type	Type of Currency	Weighted Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 December 2023
Fixed	TRY	30,67	4.095.704	-	4.095.704
Fixed	US Dollars	9,94	42.350.022	-	42.350.022
Floating	TRY	TLREF+3,79	1.977.262	-	1.977.262
Floating	US Dollars	TERM SOFR+3,15	7.748.082	8.307.410	16.055.492
Floating	EURO	Euribor+0,48	481.741	2.440.536	2.922.277
			56.652.811	10.747.946	67.400.757

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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NOTE 7– BORROWINGS (cont’d)

Breakdown of loan repayments according to their maturities are as follows:

	30 September 2024				31 December 2023		
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings	Bank Borrowings	Lease Payables	Total Borrowings
Within 1 year	46.127.374	2.632.129	283.757	49.043.260	56.652.811	108.272	56.761.083
Between 1-2 years	4.861.730	2.421.818	134.454	7.418.002	2.432.144	55.364	2.487.508
Between 2-3 years	28.612.376	2.228.312	88.879	30.929.567	2.510.568	24.623	2.535.191
Between 3-4 years	2.539.893	2.055.539	25.988	4.621.420	1.572.208	14.260	1.586.468
Between 4-5 years	1.821.389	23.634.917	18.384	25.474.690	1.118.965	12.516	1.131.481
Five years or more	3.205.614	-	265.477	3.471.091	3.114.061	124.910	3.238.971
	<u>87.168.376</u>	<u>32.972.715</u>	<u>816.939</u>	<u>120.958.030</u>	<u>67.400.757</u>	<u>339.945</u>	<u>67.740.702</u>

NOTE 8 - PROVISIONS

As of reporting date the Group’s short term provisions are as follows:

	30 September 2024	31 December 2023
Provision for lawsuits	781.206	534.502
Penalty provision for employment shortage of disabled personnel	5.812	6.637
Provision for state right on mining activities	113.047	129.992
Provision for land occupation	66.925	27.474
	<u>966.990</u>	<u>698.605</u>

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NOTE 8 – PROVISIONS (cont’d)

The movement of the provisions is as follows:

	1 January 2024	Change for the period	Payments	Provision released	Translation difference	30 September 2024
Provision for lawsuits	534.502	259.672	(29.702)	(12.266)	29.000	781.206
Penalty provision for employment shortage of disabled personnel	6.637	653	-	(1.462)	(16)	5.812
Provision for state right on mining activities	129.992	119.046	(76.465)	(60.621)	1.095	113.047
Provision for land occupation	27.474	120.038	(79.127)	(273)	(1.187)	66.925
	<u>698.605</u>	<u>499.409</u>	<u>(185.294)</u>	<u>(74.622)</u>	<u>28.892</u>	<u>966.990</u>

	1 January 2023	Change for the period	Payments	Provision released	Translation difference	30 September 2023
Provision for lawsuits	368.664	114.073	(41.334)	(14.840)	56.957	483.520
Penalty provision for employment shortage of disabled personnel	9.291	-	(665)	(1.688)	135	7.073
Provision for state right on mining activities	94.172	99.400	(79.089)	(19.307)	4.104	99.280
Provision for land occupation	47.305	76.026	(78.492)	(82)	5.296	50.053
	<u>519.432</u>	<u>289.499</u>	<u>(199.580)</u>	<u>(35.917)</u>	<u>66.492</u>	<u>639.926</u>

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NOTE 8 – PROVISIONS (cont’d)

Provision for lawsuits

As of reporting date, lawsuits filed by and against the Group are as follows:

	30 September 2024	31 December 2023
Lawsuits filed by the Group	1.448.666	1.080.796

The provision for the lawsuits filed by the Group represents the doubtful trade receivables and other receivables.

	30 September 2024	31 December 2023
Lawsuits filed against the Group	518.139	393.968
Provision for lawsuits filed against the Group	781.206	534.502

The Company, prepared its consolidated financial statements as of 31 March 2005, 30 June 2005 and 30 September 2005 according to CMB’s Communiqué Serial XI No 25 on “Accounting Standards to be implemented in Capital Markets” which is not in effect today, whereas its consolidated financial statements of 31 December 2005 was prepared according to International Financial Reporting Standards by virtue of the Article 726 and Temporary Article 1 of the aforementioned Communiqué, and CMB’s letter no. SPK.017/83-3483 dated 7 March 2006, sent to the Group Management. The aforementioned Communiqué (Serial XI No. 25 on the “Accounting Standards to be implemented in Capital Markets”), and Communiqués inserting some provisions thereto together with the Communiqués amending it, became effective starting with the consolidated financial statements of the first interim period ending after 1 January 2005.

CMB asked the Company to prepare its consolidated financial statements of 31 December 2005 all over again according to the same accounting standards set used during the period, to publish those statements, and to submit them to the General Assembly Approval as soon as possible, by stating on its decision no. 21/526 dated 5 May 2006 that the Company’s changing the accounting standards set used during the term (Serial XI, No 25) at the end of the same term (IFRS) caused a decrease amounting to TRY 152.330 thousand on the period due to negative goodwill income.

The Company challenged the aforementioned decision before the 11th Administrative Court of Ankara (E. 2006/1396). This lawsuit was rejected on 29 March 2007, but the Company appealed this rejection on 11 October 2007. 13th Chamber of the Council of State rejected the appeal on 12 May 2010; however the Company also appealed this rejection on 2 September 2010. However, 13th Chamber of the Council of State also dismissed this appeal against rejection on 6 June 2012 with its decision No. E. 2010/4196, K.2012/1499. This decision was notified to the Company’s lawyers on 16 July 2012.

CMB, prepared the Company’s consolidated financial statements as of 31 December 2005, which had been prepared according to the IFRS, by adding the negative goodwill of TRY 152.330 thousand, that had previously been added to the accumulated earnings, to the profit of 2005 on its own motion and account, and published them on Istanbul Stock Exchange Bulletin on 15 August 2006; with the rationale that the Company had not fulfilled its due demand on grounds that “Article 726 and Temporary Provision 1 of CMB’s Communiqué Serial XI, No. 25 authorize the use of IFRS on consolidated financial statements of 2005, although CMB had given the Company a ‘permission’ No. SPK.0.17/83-3483 of 7 March 2006, and the lawsuits regarding this issue are still pending”.

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

NOTE 8 – PROVISIONS (cont’d)

Provision for lawsuits (cont’d)

The Company challenged CMB’s aforementioned decision by a separate lawsuit on 10 October 2006. 11th Administrative Court of Ankara rejected this case on 25 June 2007. The Company appealed this rejection 11 October 2007; 13th Chamber of the Council of State, accepted the appeal request and abolished the rejection judgement. CMB appealed the Chamber’s decision on 6 September 2010. 13th Chamber of the Council of State accepted CMB’s appeal and reverted its previous abolishment decision, and ratified 11th Administrative Court of Ankara’s judgment by the majority of the votes on 30 May 2012 with its decision no. E. 2010/4405; K. 2012/1352. This decision was notified to the Company’s lawyers on 20 July 2012.

Had the Company started to prepare its consolidated financial statements in accordance with IFRS after 31 December 2005, it would also have to present the comparative consolidated financial statements in accordance with IFRS based on “IFRS 1: First-time adoption of International Financial Reporting Standards” and the previously recognized negative goodwill would be transferred directly to retained earnings on 1 January 2005 instead of recognizing in the consolidated statement of profit or loss in accordance with “IFRS 3: Business Combinations”. Therefore, the net profit for the periods ended 30 September 2024 and 31 December 2023 will not be affected from the above mentioned disputes.

Company’s Shareholders’ General Assembly, which was held at 30 March 2006, decided dividend distribution according to the consolidated financial statements as of 31 December 2005, which was prepared according to IFRS. Privatization Administration, who has a usufruct right over 1 (one) equity share among the Company shares it transferred to Ataer Holding A.Ş., filed a lawsuit at 1 May 2006 the 3th Commercial Court of Ankara against the aforementioned General Assembly decision, and claimed that, dividend distribution decision must be abolished and TRY 35.673 thousand allegedly unpaid dividend must be paid to itself (E. 2006/218). The Court rejected the case on 23 October 2008; Privatization Administration appealed this rejection on 7 January 2009. Court of Appeals’ 11th Chamber reversed this rejection judgement on 30 November 2010; this time the Company appealed the Chamber’s decision on 18 February 2011. However, the Chamber rejected the Company’s appeal on 14 July 2011. The case file, sent back to 3th Commercial Court of Ankara once again. The case was dismissed at the hearing held on 26 June 2015. Decision of the local court has been reversed by the Supreme Court 11th Civil Chamber with the decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. The decision of reversal has been notified to the Company on 2 August 2017. Erdemir has applied for revision of the decision against the Supreme Court 11th Civil Chamber’s decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. By the decision of the Supreme Court 11th Civil Chamber dated 27 June 2019 and 2017/4580 Docket; 2019/4955 Decision number which was served to Company on 28 August 2019, it was notified that Company’s request for revision of the decision has been rejected. In the file No. 2019/418 E. of the 3rd Commercial Court of First Instance of Ankara, the court accepted the case subject to appeal, on 30 December 2021. The Company has appealed on 3 March 2022. Upon the rejection of the Company’s appeal, the Company has applied for the revision of the decision. Currently, the case is at the stage of revision of the decision at the Supreme Court 11th Civil Chamber.

The Company, based on the above mentioned reasons, does not expect for the possible effects of changes in the net profit for the year ended 31 December 2005 due to the lawsuits mentioned above to have any impact in the accompanying consolidated financial statements as of 30 September 2024 and 31 December 2023.

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NOTE 8 – PROVISIONS (cont’d)

Provision for lawsuits (cont’d)

Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.), located at Illinois state of United States of America and the Company executed a contract in 2008. The company fulfilled all its performances arisen from this contract in January and February in 2009. Corus International Trading Ltd. Co. sold to third parties the products supplied from company but thereafter alleged that they directed claim to some compensation and that these claims must be covered by Erdemir. Parties could not reach an exact agreement about this matter and then Corus International Trading Ltd. Co filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company in Illinois State District Court of USA. It is learnt through a notification made to the Company on 21 July 2010. After the subject case is dismissed by the court from jurisdiction aspect; this time a lawsuit is re-filed by Tata Steel International (North America) Ltd.) in Texas State District Court. This case is also dismissed by the court from jurisdiction aspect.

It is learnt through a notification made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company before Ankara 14. Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ereğli Commercial Court of First Instance in Duty when the judgement becomes definite and in case of request. The case continued on file no. 2013/63 in Karadeniz Ereğli 2nd Civil Court of First Instance. At the hearing of the ongoing case dated 28 November 2017, Kdz. Ereğli 2. Civil Court of First Instance has decided to partially accept the case against Company. Company has applied for the appeal against the decision. With the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice, the decision of the Karadeniz. Ereğli 2nd Civil Court of First Instance has been annulled. The file was sent to the Karadeniz. Ereğli 2nd Civil Court of First Instance to be send back to the Regional Court of Justice after the reasoned decision was written. At the hearing dated February 22, 2022, it was decided that the case was partially accepted and partially rejected, subject to appeal. Our company has appealed against this decision on April 13, 2022. 22nd Civil Chamber of the Ankara Regional Court of Justice has decided to revoke the court's decision without consideration of merits and to send the file back to the court in order to be written appropriate grounds in the judgment part. On 27 March 2023 Kdz. Ereğli 2nd Civil Court of First Instance has partially accepted the case subject to appeal. Our company has applied for the appeal against the decision on 27 April 2023. 22. Civil Chamber of the Ankara Regional Court of Justice has sent the file back to the Kdz Ereğli 2. Civil Court of First Instance and requested from the court to send the file back to itself for re-examination after the court’s evaluation of the Company’s petition of correction. Therefore, Kdz. Ereğli 2. Civil Court of First Instance decided to make the hearing on 11 July 2023. At the hearing dated 11 July 2023, Kdz. Ereğli 2. Civil Court of First Instance has decided to correct the decision. The file was sent to Regional Court of Justice fort he appeal. On 14 June 2024 22. Civil Chamber of the Ankara Regional Court of Justice has partially accepted the case subject to appeal. The Company appealed against the decision on 5 September 2024. A provision amounting to TRY thousand 316.238 recognized on consolidated financial statements for the related lawsuit.

Resolution of Constitutional Court on Electricity and Coal Gas Consumption Tax

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Consumption 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 to individual application at the Constitutional Court on 16 March 2015.

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NOTE 8 – PROVISIONS (cont’d)

Provision for lawsuits (cont’d)

Resolution of Constitutional Court on Electricity and Coal Gas Consumption Tax (cont’d)

In the General Assembly Resolution of Constitutional Court notified to the Company on 27 December 2018, it is decided that the property rights of the Company were violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 15 cases which were brought together within the scope of Company’s individual application.

Similarly, the Constitutional Court that the Company’s property right was violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 21 cases which were brought together within the scope of the Company’s individual application.

There are 3 applications for which the decisions are awaited from the Constitutional Court.

The cases which the Constitutional Court has sent to Zonguldak Tax Court to be retrialed, have been retrialed by Zonguldak Tax Court and the Court has resolved in favor of the Company. 69 cases have been finalized in favor of the Company.

Decisions are made in favor of the Company regarding the ongoing cases.

Lawsuit against The Municipality of Kdz. Ereğli’s Tax Penalty Notifications

A real estate tax review was carried out by the Municipality of Kdz Ereğli under the name of "Real Estate Tax Determination Field Study" at Company’s Ereğli facilities in August 2019. As a result of this tax inspection, 1.924 tax penalty notifications were notified to the company on 23 December 2019. With the 1.924 tax penalty notices, the building tax and related cultural assets contribution share has been levied for 2014 to 2019, as well as the tax loss penalty for the same periods. The amount of tax and related cultural assets contribution assessment is TRY 25.586 thousand and TRY 23.888 thousand tax loss penalty has been imposed.

6 lawsuits were filed against the notifications for penalty in the Zonguldak Tax Court by the Company on 20 January 2020. Zonguldak Tax Court has accepted the lawsuits and decided to cancel such notifications. Karadeniz Ereğli Municipality appealed against the decisions. Ankara Regional Administrative Court rejected the appeal of Kdz. Ereğli Municipality subject to appeal. Kdz. Ereğli Municipality appealed to the Council of State. The Council of State rejected the appeal of Kdz. Ereğli Municipality. The cases have been finalized in favor of the Company.

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of the Municipality of Kdz. Ereğli

Ereğli The Municipality of Kdz. Ereğli has sealed 15 buildings in Company factory site with cease and desist orders. Subsequently, with Municipal Committee’s decisions, administrative fines amounting to TRY 258.683 thousand have been notified to Company. 15 lawsuits with suspension of execution request have filed against aforementioned cease and desist orders and administrative fines at the Zonguldak Administrative Court.

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NOTE 8 – PROVISIONS (cont’d)

Provision for lawsuits (cont’d)

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of the Municipality of Kdz. Ereğli (cont’d)

In all cases, the court decided to cancel the proceedings that were the subject of the lawsuit. The Municipality has appealed against these decisions. In one of this case, the Regional Administrative Court has definitely decided to annul the decision and partially accepted the case. In 14 of the cases, the Regional Administrative Court decided to reject the appeal of Karadeniz Ereğli Municipality.

In 11 cases the Municipality has appealed to the Council of State against these decisions. 3 cases were finalized in favor of the Company without appeal. Council of State has decided to approve definitely the 7 cases out of 11 cases in favor of the Company. In 4 cases The Council of State accepted the appeal request and reversed the judgement and decided to send the cases to the Regional Administrative Court to be redecided. Regional Administrative Court has decided to accept the appeals in 4 cases and has sent them back to the local court for a new decision to be given after a merits review. In three of these cases the local court has partially accepted the cases. The Company has appealed to the Regional Administrative Court against these decisions.

No provision has been made in the consolidated financial statements due to the fact that no significant cash outflow is expected in line with the Group Management's assessments.

Provision for state right on mining activities

According to “Mining Law” numbered 3213 and regulation on “Mining Law Enforcement” published in the Official Gazette, numbered 25716 on 3 February 2005, the Group is calculated state right on mining activities based on the sales and recognized provision on financial statements.

Land occupation

The Group have land property within the Erdemir factory area being within the provision and possession of the state. General Communique of National Estate with the series number 336 lays down the methods and principles of designation, estimation and collection of land occupation to be undertaken by the administration in respect of the land properties within the private possession of the treasury. In accordance with the communique, the land occupation is going to be designated and estimated by the relevant value designation commission with the condition of not being less than 3% of the minimum value which is the basis for the property tax of the land property.

In current period, land occupation provision recognized on balance sheet, considering property fair values presented land occupation notifications and yearly probable increases.

NOTE 9 – EMPLOYEE BENEFITS

The Group’s short term payables of the employee termination benefits are as follows:

	30 September 2024	31 December 2023
Due to personnel	1.514.572	671.398
Social security premiums payable	2.201.429	1.124.561
	<u>3.716.001</u>	<u>1.795.959</u>

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NOTE 9 – EMPLOYEE BENEFITS (cont’d)

The Group’s long term provisions of the employee termination benefits as of the reporting date are as follows:

	30 September 2024	31 December 2023
Provisions for employee termination benefits	5.498.963	4.761.820
Provisions for seniority incentive premium	308.168	296.149
Provision for unpaid vacations	796.590	524.506
	<u>6.603.721</u>	<u>5.582.475</u>

According to the articles of Turkish Labor Law in force, the Group have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life by completing at least one year of service, leaving for military services and deceased.

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

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 Group arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the Group’s obligation under defined benefit plans. The obligation as of 30 September 2024 has been calculated by an independent actuary and projected unit credit method is used in the calculation. The actuarial assumptions used in calculating the present value of the liabilities are below.

	30 September 2024	31 December 2023
Discount 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 September 2024 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. 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.

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NOTE 9 – EMPLOYEE BENEFITS (cont’d)

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

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance	4.761.820	2.922.934
Service cost	305.658	454.945
Interest cost	574.899	324.714
Actuarial loss/(gain)	655.094	378.603
Termination benefits paid	(744.900)	(456.253)
Translation difference	(53.608)	32.640
Closing balance	<u>5.498.963</u>	<u>3.657.583</u>

According to the current labor agreement, employees completing their 5th, 10th, 15th and 20th service years receive seniority incentive premium payments.

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

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance	296.149	225.046
Service cost	37.640	20.965
Interest cost	50.304	26.637
Actuarial loss/(gain)	(24.505)	57.208
Termination benefits paid	(50.422)	(52.083)
Translation difference	(998)	(8.071)
Closing balance	<u>308.168</u>	<u>269.702</u>

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

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance	524.506	289.925
Provision for the period	625.896	442.267
Vacation paid during the period (-)	(76.233)	(44.818)
Provisions released (-)	(276.597)	(165.142)
Translation difference	(982)	(1.513)
Closing balance	<u>796.590</u>	<u>520.719</u>

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NOTE 10 – COMMITMENTS

The guarantees received by the Group are as follows:

	30 September 2024	31 December 2023
Letters of guarantees received	19.938.278	17.058.993
	<u>19.938.278</u>	<u>17.058.993</u>

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

	30 September 2024	31 December 2023
A. Total CPM given for the Company's own legal entity	30.196.369	5.329.066
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	3.917.278	3.672.538
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>34.113.647</u>	<u>9.001.604</u>

Total CPM given by the Group in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 3.917.278 thousand has been given as collateral for financial liabilities explained in Note 7, for tax receivables and raw material procurements. As of 30 September 2024, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2023: 0%).

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

	30 September 2024	31 December 2023
US Dollars	13.224.880	6.706.689
Turkish Lira	18.997.656	531.917
EURO	1.891.111	1.762.998
	<u>34.113.647</u>	<u>9.001.604</u>

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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NOTE 11 – TAX ASSETS AND LIABILITIES

The details of the Group's tax expenses as of the reporting period are as follows:

	30 September	31 December
	2024	2023
<u>Corporate tax payable:</u>		
Corporation tax for the prior period	1.052	54.494
Current corporate tax provision	3.009.795	5.715.882
Prepaid taxes and funds (-)	(370.470)	(2.537.926)
	<u>2.640.377</u>	<u>3.232.450</u>
	1 January -	1 January -
	30 September 2024	30 September 2023
<u>Taxation:</u>		
Current corporate tax expense	2.829.720	3.051.065
Deferred tax (income) / expense	(4.157.118)	6.947.801
	<u>(1.327.398)</u>	<u>9.998.866</u>

Corporate tax

The Group, except its subsidiaries in Romania and Singapore, is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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 investment incentives utilized.

Institutions with the Law No. 7456 published in the Official Gazette dated 15 July 2023 by making changes in the first paragraph of Article 32 of the Tax Law, the year 2023 and the following the corporate tax rate for corporate earnings of taxation periods has been increased to 25%. As of reporting date, the current corporate tax rate for the corporate earnings has been determined as 25% (31 December 2023: 25%).

With the Law No. 7456 published in the 32249 numbered Official Gazette dated 15 July 2023, the exemption rate to be applied to the gains arising from the sale of immovables which in companies' assets before 15 July 2023 has been determined as 25%, and the deferred tax rate to be applied based on the temporary differences arising on the revaluation of the related assets are 18,75%.

The current corporate tax rate in Türkiye is 25%, 16% in Romania and 17% in Singapore as of 30 September 2024 (31 December 2023: in Türkiye 25%, in Romania 16%, in Singapore 17%).

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

Corporate tax (cont’d)

After offset the net amount of the corporate tax paid by the Group in nine months of 2024 is TRY 794.178 thousand (30 September 2023: TRY 1.309.973 thousand).

By the Republic of Türkiye Ministry of Treasury and Finance; it has been decided that the obliged parties in the provinces affected by the earthquake were in force majeure between 6 February 2023 and 30 April 2024, will be extended to 30 November 2024. In this case, the terms of use of tax returns and notifications requiring force majeure have been extended until 31 January 2025.

Pursuant to Article 298 (A) and Provisional Article 33 of the Tax Procedure Law No. 213, it is stipulated that at the end of the 2023 fiscal period and depending on the realization of correction conditions (including interim tax periods), the balance sheets of subsequent fiscal periods shall be subject to inflation adjustment. In this context, the financial statements dated 30 September 2024, prepared in accordance with the Tax Procedure Law, have been subjected to inflation adjustment.

Deferred tax

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

The tax rate used in calculation of deferred tax assets and liabilities (excluding land) is 25% for the corporate earnings to be obtained in the taxation periods of 2024. The effective corporate tax rate is 16% in Romania and 17% in Singapore (31 December 2023: in Türkiye 25%, in Romania 16%, in Singapore 17%). The deferred tax on the temporary timing differences arising from land is calculated with the 18,75% tax rate (31 December 2023: 18,75%).

The financial statements dated 30 September 2024, prepared in accordance with the Tax Procedure Law, have been subject to inflation adjustment. In this context, deferred tax assets have been recorded in the consolidated financial statements as a result of the inflation adjustment made in the statutory financial statements.

As the companies in Türkiye cannot give a consolidated corporate tax declaration, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and disclosed separately.

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

Deferred tax (cont’d)

	30 September 2024	31 December 2023
<u>Deferred tax assets:</u>		
Provisions for employee benefits	1.650.702	1.395.143
Investment incentive	138.089	15.571
Provision for lawsuits	164.940	131.128
Fair values of the derivative financial instruments	26.687	29.721
Inventories	333.605	128.251
Unused tax losses	40.074	-
Tangible and intangible assets	1.436.868	494.085
Financial lease payables	204.235	84.986
Other	657.110	593.229
	<u>4.652.310</u>	<u>2.872.114</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible assets	(13.740.201)	(13.980.769)
Amortized cost adjustment on loans	(149.585)	(109.540)
Right of use assets	(224.775)	(109.429)
Inventories	(202.825)	(752.342)
Other	(162.552)	(298.393)
	<u>(14.479.938)</u>	<u>(15.250.473)</u>
	<u>(9.827.628)</u>	<u>(12.378.359)</u>

Group Management; evaluates that unused tax losses subject to deferred tax will be deducted within 1 year according to future profit projections.

In the financial statements which are prepared according to the TFRS, of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its affiliates that are separate taxpayer entities, the net deferred tax assets and liabilities of the related companies are classified separately within the accounts of deferred tax assets and liabilities of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries’ condensed consolidated financial statements.

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.

Presentation of deferred tax assets/(liabilities):

	30 September 2024	31 December 2023
Deferred tax assets	868.423	254.324
Deferred tax (liabilities)	(10.696.051)	(12.632.683)
	<u>(9.827.628)</u>	<u>(12.378.359)</u>

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

Deferred tax (cont’d)

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

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance	(12.378.359)	(8.220.431)
Deferred tax income/(expense)	4.157.118	(6.947.801)
The amount in comprehensive income	155.562	67.158
Translation difference	(1.761.949)	(5.655.002)
Closing balance	<u>(9.827.628)</u>	<u>(20.756.076)</u>

Reconciliation of tax provision is as follows:

	1 January - 30 September 2024	1 January - 30 September 2023
Profit (Loss) before tax	9.953.521	6.171.893
Statutory tax rate	25%	25%
Calculated tax expense according to effective tax rate	(2.488.380)	(1.542.973)
<u>Reconciliation between the tax provision and calculated tax:</u>		
- Non-deductible expenses	(165.612)	(86.239)
- Revaluation of reserve tangible assets	-	3.441.671
- Effect of currency translation (*)	3.662.485	(11.246.426)
- The effect of investments valued using the equity method	39.922	9.324
- Additional tax effect due to earthquake	-	(623.613)
- Investment incentive	238.671	47.288
- Unused tax losses	40.074	-
- Effect of the different tax rates due to foreign subsidiaries	238	2.102
Total tax expense reported in the statement of income (loss)	<u>1.327.398</u>	<u>(9.998.866)</u>

(*) The effect of exchange rate differences arises from the discrepancy between the company's functional currency and the currency used for determining the tax base.

NOTE 12 – EQUITY

As of the reporting date the detail of the capital is as follows:

		30 September		31 December
<u>Shareholders</u>	(%)	2024	(%)	2023
ATAER Holding A.Ş.	49,29	1.724.982	49,29	1.724.982
Quoted in Stock Exchange	46,74	1.635.956	47,17	1.650.776
Erdemir's own shares	3,97	139.062	3,55	124.242
Historical capital	100,00	3.500.000	100,00	3.500.000
Inflation adjustment to capital		<u>156.613</u>		<u>156.613</u>
Restated capital		3.656.613		3.656.613
Treasury shares (-)		<u>(1.315.022)</u>		<u>(640.504)</u>
		<u>2.341.591</u>		<u>3.016.109</u>

- Under the company's “Share Buyback Program”, a total of 14.820.000 shares have been repurchased at a cost of TRY 674.518 thousand during the current period. Following these purchases, the percentage of shares held by the company has increased to 3,97%.
- As of the reporting period, the amount which can be used for cash dividend distribution according to the company's statutory financials is TRY 24.265.119 thousand.

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NOTE 13 – SALES AND COST OF SALES

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines. The amount of performance obligations in the ongoing contracts of the Group will be eligible for recognition in the future is TRY 1.376.746 thousand. Group plans to recognize related revenue amount as a revenue in a year.

As of the reporting date the detail of the sales revenue is as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Domestic sales	113.011.359	35.392.949	85.949.094	31.942.560
Export sales	27.837.788	10.568.552	9.991.111	4.036.407
Other revenues	6.878.465	2.369.141	4.342.757	1.158.876
Interest income from sales with maturities	1.382.133	455.240	898.211	337.552
Sales returns (-)	(62.619)	(30.325)	(94.133)	(62.666)
Sales discounts (-)	(100.363)	(26.848)	(76.714)	(22.335)
	<u>148.946.763</u>	<u>48.728.709</u>	<u>101.010.326</u>	<u>37.390.394</u>
<u>Cost of sales (-)</u>	<u>(131.351.920)</u>	<u>(44.399.886)</u>	<u>(91.436.527)</u>	<u>(32.569.576)</u>
Gross profit	<u>17.594.843</u>	<u>4.328.823</u>	<u>9.573.799</u>	<u>4.820.818</u>

All kinds of iron and steel by product sales are included in other revenues, and the total amount of by product exports in other revenues is TRY 2.959.444 thousand (30 September 2023: TRY 1.823.908 thousand). Total interest income from export sales with maturities is TRY 24.189 thousand (30 September 2023: TRY 7.683 thousand).

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

As of the reporting date the detail of the cost of sales is as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Raw material usage	(96.263.793)	(31.847.428)	(66.902.330)	(24.831.645)
Personnel costs	(10.195.446)	(3.676.315)	(5.712.973)	(2.010.983)
Energy costs	(8.544.301)	(2.992.897)	(9.247.297)	(2.212.584)
Depreciation and amortization expenses	(5.603.410)	(1.953.586)	(3.250.839)	(1.176.358)
Manufacturing overheads	(4.917.241)	(2.001.771)	(2.692.363)	(1.181.582)
Other cost of goods sold	(2.805.400)	(843.304)	(1.116.078)	(309.738)
Non-operating costs (*)	(293.860)	(166.508)	(1.825.173)	(313.406)
Freight costs for sales delivered to customers	(1.588.093)	(558.369)	(679.880)	(252.347)
Allowance expenses for impairment on inventories (Note 4)	(728)	(18)	(123.397)	(41.573)
Inventory provision released (Note 4)	61.916	23.144	826.338	15.013
Amortization of right of use assets	(29.135)	(11.474)	(8.992)	(3.244)
Other	(1.172.429)	(371.360)	(703.543)	(251.129)
	<u>(131.351.920)</u>	<u>(44.399.886)</u>	<u>(91.436.527)</u>	<u>(32.569.576)</u>

(*) Non-operating part costs amounting to TRY (293.860) thousand incurred due to planned and/or unplanned halt production in the Group's production facilities is not associated with the product cost and is directly recognized in the cost of sales. Due to the earthquake that occurred on 6 February 2023, the non-working part expense amounting to TRY (1.825.173) thousand, which occurred as a result of unexpected shutdowns in the production facilities of İsdemir, one of the Company's subsidiaries, and planned shutdowns in other production facilities of the Group, was not associated with the product cost in the prior period and is accounted directly within the cost of sales.

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

The Group’s detail of marketing expenses according to their nature as of the reporting date are as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Personnel expenses (-)	(564.240)	(204.646)	(327.902)	(111.747)
Depreciation and amortization (-)	(205.245)	(70.631)	(131.993)	(45.616)
Benefits and services from third parties (-)	(693.786)	(252.029)	(350.660)	(122.382)
Amortization of right of use assets (-)	(3.694)	(1.410)	(1.810)	(548)
	<u>(1.466.965)</u>	<u>(528.716)</u>	<u>(812.365)</u>	<u>(280.293)</u>

The Group’s detail of the general administrative expenses according to their nature as of the reporting date are as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Personnel expenses (-)	(1.633.118)	(587.642)	(765.759)	(230.776)
Depreciation and amortization (-)	(313.679)	(106.015)	(136.054)	(58.324)
Benefits and services from third parties (-)	(1.686.764)	(635.665)	(854.901)	(275.921)
Tax, duty and charges (-)	(45.183)	(17.670)	(19.024)	(8.715)
Provision/ Provision released for doubtful receivables (net)	2.277	534	11.136	7.420
Amortization of right of use assets (-)	(97.113)	(34.910)	(47.459)	(17.731)
	<u>(3.773.580)</u>	<u>(1.381.368)</u>	<u>(1.812.061)</u>	<u>(584.047)</u>

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

The Group’s detail of the other operating income according to it’s nature as of the reporting date is as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Prior period fixed asset damage indemnity income	-	-	678.715	4.073
Foreign exchange gain from trade receivables and payables (net)	310.981	118.454	589.372	(141.512)
Forfeit advances from customers	1.943	302	1.015	223
Discount income	280	89	238	63
Provisions released	13.728	7.273	16.528	6.752
Service income	168.987	56.289	105.259	48.231
Maintenance repair and rent income	56.043	31.962	18.654	6.731
Warehouse income	102.086	45.809	80.400	32.697
Indemnity and penalty detention income	27.183	10.617	14.454	6.455
Prior period insurance indemnity income	79.426	3.398	175.026	1.848
Lawsuit income	3.001	575	22.840	22.223
Overdue interest income	58.731	37.533	43.464	26.797
Insurance indemnity income due to earthquake	3.382.428	65.184	2.210.170	2.210.170
Other income and gains	197.154	34.192	148.863	5.305
	<u>4.401.971</u>	<u>411.677</u>	<u>4.104.998</u>	<u>2.230.056</u>

Due to the earthquake that occurred on 6 February 2023, an agreement was reached to collect the second advance fee of TRY 3.382.428 thousand (USD 105.000 thousand) regarding the claim payment to be collected within the insurance scope of Company's subsidiary İsdemir (30 September 2023: TRY 2.210.170 thousand (USD 100.000 thousand)).

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

The Group’s detail of the other operating expenses according to it’s nature as of the reporting date are as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Provision expenses	(260.325)	(87.290)	(114.073)	(34.820)
Lawsuit compensation expenses	(12.206)	(3.749)	(65.431)	(3.996)
Right of use assets amortization	(17.322)	(10.922)	(9.499)	(1.638)
Donation expenses	(85.835)	(62.643)	(805.020)	(31.830)
Service expenses	(119.320)	(39.489)	(60.929)	(20.107)
Penalty expenses	(39.240)	(10.561)	(100.533)	(1.453)
Other expenses and losses	(149.165)	(52.307)	(84.944)	(25.700)
	<u>(683.413)</u>	<u>(266.961)</u>	<u>(1.240.429)</u>	<u>(119.544)</u>

NOTE 15 – FINANCE INCOME AND EXPENSES

The Group’s detail of the financial income as of the reporting date is as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Interest income on bank deposits	3.139.753	1.470.043	1.962.454	287.095
Interest income from financial investments	156.898	145.948	457	3
Fair value differences of derivative financial instruments (net)	-	-	817.307	38.774
Other financial income	12.448	4.306	7.798	2.251
	<u>3.309.099</u>	<u>1.620.297</u>	<u>2.788.016</u>	<u>328.123</u>

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

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NOTE 15 – FINANCE INCOME AND EXPENSES (cont’d)

The Group’s detail of the financial expenses as of the reporting date are as follows:

	1 January - 30 September 2024	1 July- 30 September 2024	1 January - 30 September 2023	1 July- 30 September 2023
Interest expenses on borrowings	(7.575.452)	(2.883.921)	(3.427.576)	(1.170.705)
Foreign exchange loss (net)	(735.587)	(370.077)	(2.113.528)	(297.663)
Interest cost of employee benefits	(625.203)	(230.726)	(351.351)	(92.877)
Interest expenses on leasings	(71.335)	(34.628)	(23.560)	(7.465)
Fair value differences of derivative financial instruments (net)	(137.615)	(102.166)	-	-
Other financial expenses	(73.115)	(43.771)	(17.325)	(4.255)
	<u>(9.218.307)</u>	<u>(3.665.289)</u>	<u>(5.933.340)</u>	<u>(1.572.965)</u>

During the period, the borrowing costs of TRY 625.042 thousand have been capitalized as part of tangibles (30 September 2023: TRY 362.886 thousand).

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

Additional information about financial instruments

Foreign currency risk management

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates its functional currency. Foreign currency position table represents foreign currencies other than each entity’s functional currency. As of 30 September 2024, the foreign currency position of the Group in terms of original currency is calculated as it as follows:

	30 September 2024				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	3.733.186	317.864	87.180	-	11.474
2a. Monetary financial assets	27.512.816	27.281.447	5.741	21	1.600
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	749.370	711.719	698	-	1.443
4. CURRENT ASSETS (1+2+3)	31.995.372	28.311.030	93.619	21	14.517
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.548.496	1.548.345	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	5.777.970	1.558.498	109.803	117.685	-
8. NON-CURRENT ASSETS (5+6+7)	7.326.466	3.106.843	109.807	117.685	-
9. TOTAL ASSETS (4+8)	39.321.838	31.417.873	203.426	117.706	14.517
10. Trade payables	8.014.247	5.309.681	69.299	105.502	3.774
11. Financial liabilities	9.462.780	8.950.730	13.390	-	-
12a. Other monetary financial liabilities	8.131.095	8.035.807	1.789	-	3.479
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	25.608.122	22.296.218	84.478	105.502	7.253
14. Trade payables	-	-	-	-	-
15. Financial liabilities	2.972.180	479.916	65.174	-	-
16a. Other monetary financial liabilities	6.364.800	6.362.259	-	-	329
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	9.336.980	6.842.175	65.174	-	329
18. TOTAL LIABILITIES (13+17)	34.945.102	29.138.393	149.652	105.502	7.582
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(1.684.493)	-	(44.130)	-	-
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	1.684.493	-	44.130	-	-
20. Net foreign currency asset/liability position (9-18+19)	2.692.243	2.279.480	9.644	12.204	6.935
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(2.150.604)	9.263	(56.727)	(105.481)	5.492
22. Fair value of derivative financial instruments used in foreign currency hedge	(36.835)	-	(965)	-	-
23. Hedged foreign currency assets	1.684.493	-	44.130	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-
25. Exports	30.821.421				
26. Imports	85.825.754				

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

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates its functional currency. As of 31 December 2023, the foreign currency position of the Group in terms of original currency is calculated as it as follows:

	31 December 2023				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	3.389.199	181.007	96.948	-	7.715
2a. Monetary financial assets	23.323.467	23.132.463	4.497	21	6.837
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	402.620	389.285	345	-	320
4. CURRENT ASSETS (1+2+3)	27.115.286	23.702.755	101.790	21	14.872
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.255.417	1.255.288	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	5.149.331	3.295.756	56.709	-	972
8. NON-CURRENT ASSETS (5+6+7)	6.404.748	4.551.044	56.713	-	972
9. TOTAL ASSETS (4+8)	33.520.034	28.253.799	158.503	21	15.844
10. Trade payables	10.952.493	6.209.024	144.185	11.222	5.454
11. Financial liabilities	6.649.452	6.161.393	14.956	-	-
12a. Other monetary financial liabilities	7.243.941	7.119.241	2.733	-	5.386
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	24.845.886	19.489.658	161.874	11.222	10.840
14. Trade payables	-	-	-	-	-
15. Financial liabilities	2.662.041	218.590	74.878	-	-
16a. Other monetary financial liabilities	5.402.788	5.397.499	-	-	802
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	8.064.829	5.616.089	74.878	-	802
18. TOTAL LIABILITIES (13+17)	32.910.715	25.105.747	236.752	11.222	11.642
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(1.268.924)	-	(38.955)	-	-
financial assets	-	-	-	-	-
financial liabilities	1.268.924	-	38.955	-	-
20. Net foreign currency asset/liability position (9-18+19)	(659.605)	3.148.052	(117.204)	(11.201)	4.202
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(4.942.632)	(536.989)	(135.303)	(11.201)	2.910
22. Fair value of derivative financial instruments used in foreign currency hedge	36.450	-	1.119	-	-
23. Hedged foreign currency assets	1.268.924	-	38.955	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-
25. Exports	18.611.267	-	-	-	-
26. Imports	76.061.063	-	-	-	-

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

(Amounts are expressed in thousands of 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 Group’s sensitivity to a 10% (+/-) change in the TRY, RON, EUR and Japanese Yen. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates.

As of 30 September 2024 on condensed consolidated statement of financial position are translated by using the following exchange rates for assets TRY 34,1210 = US \$ 1, TRY 38,1714 = EUR 1, TRY 0,2390 = JPY 1 and TRY 7,6287 = RON 1; for liabilities TRY 34,1825 = US \$ 1, TRY 38,2402 = EUR 1, TRY 0,2405 = JPY 1 and TRY 7,7285 = RON 1 (Rates for assets as of 31 December 2023: TRY 29,4382 = US \$ 1, TRY 32,5739 = EUR 1, TRY 0,2075 = JPY 1, TRY 6,5113 = RON 1 and for liabilities ; TRY 29,4913 = US \$ 1, TRY 32,6326 = EUR 1, TRY 0,2088 = JPY 1 and TRY 6,5965 = RON 1 respectively).

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
30 September 2024		
1- TRY net asset/liability	926	(926)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	926	(926)
5- RON net asset/liability	4.114	(4.114)
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	4.114	(4.114)
9- Euro net asset/liability	(217.565)	217.565
10- Hedged portion from Euro risk (-)	(168.450)	168.450
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(386.015)	386.015
13- Jap. Yen net asset/liability	(2.537)	2.537
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(2.537)	2.537
TOTAL (4+8+12+16)	(383.512)	383.512

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

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

Additional information about financial instruments (cont’d)

Foreign currency risk management (cont’d)

31 December 2023	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
1- TRY net asset/liability	314.805	(314.805)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	314.805	(314.805)
5- RON net asset/liability	2.637	(2.637)
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	2.637	(2.637)
9- Euro net asset/liability	(256.277)	256.277
10- Hedged portion from Euro risk (-)	(126.892)	126.892
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(383.169)	383.169
13- Jap. Yen net asset/liability	(234)	234
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(234)	234
TOTAL (4+8+12+16)	(65.961)	65.961

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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

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

Additional information about financial instruments (cont’d)

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value
30 September 2024				
<u>Financial Assets</u>				
Cash and cash equivalents	47.837.669	-	-	47.837.669
Trade receivables	23.547.947	-	-	23.547.947
Financial investments	1.700.833	-	2.984.961	4.685.794
Other financial assets	286.253	-	-	286.253
Derivative financial instruments	-	20.907	-	20.907
<u>Financial Liabilities</u>				
Borrowings	120.958.030	-	-	120.958.030
Trade payables	23.801.507	-	-	23.801.507
Other liabilities	2.963.097	-	-	2.963.097
Derivative financial instruments	-	92.120	48.547	140.667
31 December 2023				
<u>Financial Assets</u>				
Cash and cash equivalents	24.072.967	-	-	24.072.967
Trade receivables	20.353.161	-	-	20.353.161
Financial investments	-	-	1.899.798	1.899.798
Other financial assets	214.383	-	-	214.383
Derivative financial instruments	-	7.792	3.604	11.396
<u>Financial Liabilities</u>				
Borrowings	67.740.702	-	-	67.740.702
Trade payables	23.427.066	-	-	23.427.066
Other liabilities	1.961.944	-	-	1.961.944
Derivative financial instruments	-	91.151	31.499	122.650

Group management, considers that the fair values of financial assets and liabilities approximate book values.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024**

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

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

Additional information about financial instruments (cont’d)

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

Financial asset and liabilities at fair value	30 September 2024	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 and financial investment fund	2.983.699	-	2.983.699	-
Derivative financial liabilities	(48.547)	-	(48.547)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	20.907	-	20.907	-
Derivative financial liabilities	(92.120)	-	(92.120)	-
Total	2.863.939	-	2.863.939	-

Financial asset and liabilities at fair value	31 December 2023	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 and financial investment fund	1.279.316	-	1.279.316	-
Currency protected time deposit	619.393	-	619.393	-
Derivative financial assets	3.604	-	3.604	-
Derivative financial liabilities	(31.499)	-	(31.499)	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	7.792	-	7.792	-
Derivative financial liabilities	(91.151)	-	(91.151)	-
Total	1.787.455	-	1.787.455	-

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed in thousands of Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

Additional information about financial instruments (cont’d)

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

First Level: Quoted (non-adjusted) prices in active markets for identical assets or liabilities.

Second Level: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Third Level: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 17 – SUBSEQUENT EVENTS

None.

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

Convenience translation to English:

As of 30 September 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.