

**KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR 1 JANUARY- 31 DECEMBER 2023

CONTENTS	INDEX
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3-4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-47
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS	7
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9
NOTE 3 BUSINESS COMBINATIONS	23
NOTE 4 DISCLOSURE OF INTERESTS IN OTHER ENTITIES	23
NOTE 5 SEGMENT REPORTING	23-24
NOTE 6 CASH AND CASH EQUIVALENTS	24-25
NOTE 7 FINANCIAL INVESTMENTS	25
NOTE 8 BORROWINGS	25-26
NOTE 9 OTHER FINANCIAL LIABILITIES	26
NOTE 10 TRADE RECEIVABLES AND PAYABLES	26-27
NOTE 11 OTHER RECEIVABLES AND PAYABLES	27
NOTE 12 DERIVATIVE INSTRUMENTS	27-28
NOTE 13 INVENTORIES	28
NOTE 14 RIGHT OF USE ASSETS	28-29
NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME	29
NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	29
NOTE 17 INVESTMENT PROPERTIES	29-30
NOTE 18 PROPERTY, PLANT AND EQUIPMENT	30-31
NOTE 19 INTANGIBLE ASSETS	32
NOTE 20 EMPLOYEE BENEFITS	32
NOTE 21 GOVERNMENT GRANTS	32
NOTE 22 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS	32-34
NOTE 23 COMMITMENTS	34
NOTE 24 PROVISIONS FOR EMPLOYEE BENEFITS	34
NOTE 25 TAX ASSETS AND LIABILITIES	34
NOTE 26 OTHER ASSETS AND LIABILITIES	34-35
NOTE 27 EQUITY	35-36
NOTE 28 REVENUE AND COST OF SALES	36-37
NOTE 29 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES,	37
NOTE 30 EXPENSES BY NATURE	37-38
NOTE 31 OTHER OPERATING INCOME/(EXPENSES)	38
NOTE 32 GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES	38-39
NOTE 33 FINANCIAL INCOME/(EXPENSES)	39
NOTE 34 NON-CURRENT ASSETS HELD FOR SALE	39
NOTE 35 INCOME TAXES	39-41
NOTE 36 EARNINGS PER SHARE	41
NOTE 37 RELATED PARTY DISCLOSURES	41-42
NOTE 38 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	42-47
NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)	47-48
NOTE 40 EVENTS AFTER THE REPORTING PERIOD	48
NOTE 41 THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE	48



INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Kocaeli Çelik Sanayi ve Ticaret Anonim Şirketi

A- Report on the audit of the consolidated financial statements

1-Opinion

We have audited the consolidated financial statements of Kocaeli Çelik Sanayi ve Ticaret Anonim Şirketi (the "Company" or "Kocaeli Çelik") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

2- Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3-Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Fair value risk and cash flow hedge accounting (Note 12)	
<p>In accordance with the contracts made by the Group management, Kocaeli Çelik applies cash flow hedge transactions on its consolidated statement of financial position to manage foreign currency risk due to securities issued at fixed rate and loans and advances at floating rate with cross-currency swap transactions.</p> <p>In this context, the Group applied cash flow hedge accounting arising from fair value risk with unrecognised firm commitment contracts due to highly probable forecast transactions.</p> <p>We considered fair value risk and cash flow hedge accounting are material to consolidated financial statements due to following matters:</p> <p>As of 31 December 2023, losses on fair value hedge transactions arising from foreign currency risk which is presented under assets is amounting to TL 132.054.137 and losses on cash flow hedge transactions presented under equity is amounting to TL 193.692.211 are material to Kocaeli Çelik's consolidated financial statements.</p> <p>The criteria for the application of the hedge accounting include defining, documenting and regularly testing the effectiveness of the hedge accounting transactions. Due to the fact that hedge accounting has complex structure and requires technical calculations, we considered this to be one of the key audit matters.</p>	<p>The audit procedures for testing hedge accounting included below:</p> <p>We have evaluated and examined the documentation and appropriateness of hedging relationships of cash flow hedge and fair value hedge transactions and the main reasons of hedge accounting including strategy and aims determined by the Group management regarding the application of hedge accounting.</p> <p>We have evaluated the effectiveness of hedge accounting. In addition, we have tested whether the gains/losses on the fair value of the income planned to be obtained in the subsequent periods, the gains/losses on the fair value of the loans are between 70% and 130%.</p> <p>We have assessed the compliance of the sales subject to the cash flow hedge accounting with the budget approved by the Group management and the contracts regarding these sales.</p> <p>We have controlled and evaluated the compliance of the methods applied in the calculation of costs regarding contracts applied on hedge accounting transactions.</p> <p>We have controlled the repayment schedule of the EURO and USD loans which are also tested with loan agreements through bank reconciliation statements. We have evaluated in what extent month loan repayment schedule meet the monthly sales.</p> <p>We have controlled the mathematical accuracy and recognition of the accounting records on the hedge accounting.</p> <p>Testing the adequacy of the disclosures in the consolidated financial statements in relation to the fair value risk and cash flow hedge accounting.</p>

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	We had no material findings related to the valuation of fair value risk and cash flow hedge accounting as a result of these procedures.
Key Audit Matter	How the matter was addressed in our audit
Fair value of property, plant and equipment (Note 18)	
<p>As disclosed in Note 18, the consolidated financial statements as of 31 December 2023 include property, plant and equipment carried at fair value amounting to TL 4.523.494.739 which includes land, buildings, plant, machinery and equipment, motor vehicles and furniture and fixtures. Aforementioned amount represents a significant portion of the Koçer Çelik's total assets.</p> <p>Fair values of property, plant and equipment of the Group are recognized according to appraisal reports issued by independent experts.</p> <p>We considered fair values of property, plant and equipment are material to consolidated financial statements due to following matters:</p> <p>The determination of fair valuation study includes data that have unobservable in the market and is determined by using an independent appraisal experts.</p> <p>The calculation of fair value is affected by current market conditions.</p> <p>Accordingly, the amount and nature of property, plant and equipment are material to the consolidated financial statements.</p>	<p>We performed the following procedures in relation to the fair value of property, plant and equipment:</p> <p>We have controlled the frequency of revaluation of property, plant and equipment and its compliance in accordance with the TAS 16 "Property, plant and equipment".</p> <p>In accordance with the meetings and discussions made with the Group and independent appraisal experts, we have not observed that there is no significant and irregular change incurred in the fair value of the property, plant and equipment.</p> <p>In accordance with the meetings and discussions made with the Group and independent appraisal experts, we have not observed that there is no significant and irregular change incurred in the assumptions and factors used in the fair value calculation of the property, plant and equipment.</p> <p>We have compared and assessed the comparable sales m² unit values of the property, plant and equipment located in the area close to the land owned by the Group and subject to revaluation at the end of 2023 by the independent appraisal experts appointed by the Group, with the Group's property, plant and equipment carrying values. In addition, we have controlled whether impairment on property, plant and equipment incurred during the reporting period.</p> <p>We have tested title deed records ownership interests of property, plant and equipment which includes land and buildings.</p> <p>Testing the adequacy of the disclosures in the consolidated financial statements in relation to the fair value of property, plant and equipment.</p> <p>We had no material findings related to the fair value of property, plant and equipment as a result of these procedures.</p>

Key Audit Matter	How the matter was addressed in our audit
Application of TAS 29 – "Financial Reporting in Hyperinflationary Economies"	
<p>As disclosed in Note 2.1, the Group applied TAS 29 "Financial reporting in hyperinflationary economies ("TAS 29") in the consolidated financial statements as of and for the year ended 31 December 2023.</p> <p>TAS 29 requires consolidated financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period with prior year statements with comparative information were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The implementation of TAS 29 leads to a change in several of the Group's control activities pervasively related to financial reporting. Applying TAS 29 results in significant changes to the consolidated financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023, which have been restated for comparative purposes as of and for the year ending 31 December 2022, including consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flow. In addition, considering the additional</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> - Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by the Group management, - Obtaining detailed lists of non-monetary items and testing original entry dates and amounts on a sample basis, - Verifying whether the Group management's determination of monetary and non-monetary items is in compliance with TAS 29, - Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute. - Evaluating the appropriateness of the Group management's judgments by comparing with current practices and using our industry knowledge and experience including ensuring the comparison with prior period.

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<p>effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p>	<ul style="list-style-type: none"> - Testing the mathematical accuracy of non-monetary items, consolidated statement of profit or loss, and statement of cash flow adjusted for inflation effects, - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.
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4- Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISAs is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B- Report on Other Legal and Regulatory Requirements

1) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.

2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3) According to the Turkish Commercial Code ("TCC") No. 6102 and pursuant to the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the Group established the Early Risk Identification System and Committee as of 11 May 2023. The independent auditors report on the Early Risk Identification System and Committee was presented to the Group's Board of Directors on 20 March 2024.

The engagement partner who supervised and concluded this independent auditor's report is Metin ETKİN.

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KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2023	Audited Prior Period 31.12.2022
ASSETS			
Current Assets		6.161.680.269	6.514.136.716
Cash and Cash Equivalents	6	673.922.387	760.411.359
Financial Investments	7	680.921.696	792.428.872
Trade Receivables	10	1.254.835.981	1.985.560.269
<i>Third Parties</i>	10	1.245.960.882	1.985.165.086
<i>Related Parties</i>	10-37	8.875.099	395.183
Other Receivables	11	226.042.188	266.389.104
<i>Third Parties</i>	11	195.731.415	180.925.471
<i>Related Parties</i>	11-37	30.310.773	85.463.633
Derivative Instruments	12	111.937.783	129.858.315
Inventories	13	2.861.204.532	2.219.087.293
Prepaid Expenses	15	92.870.498	145.696.981
<i>Third Parties</i>		92.870.498	145.696.981
Current Income Tax Assets	25	1.080	-
Other Current Assets	26	259.944.124	214.704.523
Non-Current Assets		6.041.930.404	5.374.542.854
Other Receivables	11	2.131.274	3.523.534
<i>Third Parties</i>	11	2.131.274	3.523.534
Derivative Instruments	12	20.116.354	115.803.323
Financial Investments	7	3.228	1.959
Right of Use Assets	14	194.781.774	113.970.640
Investment Properties	17	286.170.000	258.191.053
Property, Plant and Equipment	18	5.341.619.415	4.756.247.998
Intangible Assets	19	6.922.023	23.987.223
<i>Other Intangible Assets</i>	19	6.922.023	23.987.223
Prepaid Expenses	15	46.495.345	-
<i>Third Parties</i>		46.495.345	-
Deferred Tax Assets	35	143.690.991	102.817.124
TOTAL ASSETS		12.203.610.673	11.888.679.570

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



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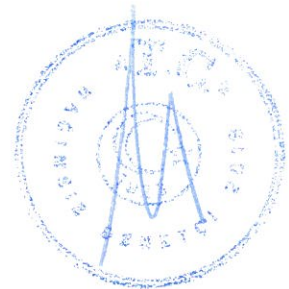
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2023	Audited Prior Period 31.12.2022
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	8	4.288.995.797	5.745.461.916
Short-Term Portion of Long-Term Borrowings	8	1.975.890.057	2.470.874.465
Trade Payables	10	282.572.407	262.101.823
<i>Third Parties</i>	10	1.235.908.351	1.298.453.846
<i>Related Parties</i>	10-37	1.235.908.351	1.296.605.388
Employee Benefits	20	-	1.848.458
Other Payables	11	52.179.617	32.799.960
<i>Third Parties</i>	11	120.251.639	68.042.004
<i>Related Parties</i>	11-37	94.019.626	64.303.903
Deferred Income	15	26.232.013	3.738.101
<i>Third Parties</i>	15	561.611.237	1.553.073.564
Current Income Tax Liabilities	35	561.611.237	1.553.073.564
Short-Term Provisions	22	19.461.407	36.493.023
<i>Other Short-Term Provisions</i>	22	41.118.237	23.621.229
<i>Short-Term Provisions for Employee Benefits</i>	22-24	33.440.017	16.484.006
Other Current Liabilities	26	7.678.220	7.137.223
		2.845	2.002
Non-Current Liabilities			
Long-Term Borrowings	8	833.259.629	557.497.071
Long-Term Provisions	22	794.770.268	516.913.962
<i>Long-Term Provisions for Employee Benefits</i>	22-24	38.489.361	40.583.109
		38.489.361	40.583.109
		-	-
EQUITY			
Equity Holders of the Parent			
Paid-in Share Capital	27	7.081.355.247	5.585.720.583
Adjustment to Share Capital	27	7.062.463.397	5.574.026.723
Share Premium	27	657.570.000	657.570.000
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss	27	986.907.465	986.907.465
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss	27	219.137.189	219.137.189
Restricted Reserves	27	1.333.010.046	977.615.490
Retained Earnings	27	(118.494.751)	(282.263.655)
Profit for the Period	27	222.923.521	191.316.125
Non-Controlling Interests	27	2.574.705.745	1.859.314.047
	27	1.186.704.182	964.430.062
	27	18.891.850	11.693.860
TOTAL LIABILITIES AND EQUITY		12.203.610.673	11.888.679.570

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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

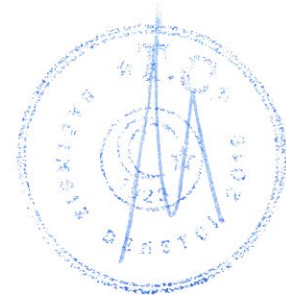
KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Audited Current Period	Audited Prior Period
		01.01.2023 31.12.2023	01.01.2022 31.12.2022
Revenue	28	15.091.480.796	17.588.426.966
Cost of Sales (-)	28	(12.126.252.301)	(14.483.234.207)
Gross profit from non-finance sector operations		2.965.228.495	3.105.192.759
GROSS PROFIT		2.965.228.495	3.105.192.759
Marketing, Sales and Distribution Expenses (-)	29-30	(756.267.318)	(1.075.697.054)
General Administrative Expenses (-)	29-30	(193.799.599)	(138.117.220)
Research and Development Expenses (-)	29-30	(6.981.383)	(5.309.163)
Other Operating Income	31	257.119.979	288.557.702
Other Operating Expenses (-)	31	(461.081.395)	(423.367.986)
OPERATING PROFIT		1.804.218.779	1.751.259.038
Gains from investment activities	32	450.523.058	298.509.298
Losses from investment activities (-)	32	(16.883.686)	(150.329.567)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		2.237.858.151	1.899.438.769
Financial Income	33	436.215.087	333.756.895
Financial Expense (-)	33	(1.360.022.626)	(1.898.965.317)
Net monetary position gains/(losses)		48.455.657	580.172.269
PROFIT BEFORE TAX		1.362.506.269	914.402.616
Tax income/(expense)	35	(176.988.414)	55.602.505
- Current period tax expense		(201.148.900)	(223.873.528)
- Deferred tax income/(expense)		24.160.486	279.476.033
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		1.185.517.855	970.005.121
PROFIT FOR THE PERIOD		1.185.517.855	970.005.121
Attributable to		1.185.517.855	970.005.121
Non-Controlling Interests		(1.186.327)	5.575.059
Equity Holders of the Parent		1.186.704.182	964.430.062
Earnings Per Share			
Earnings Per Share From Continuing Operations	36	1.8047	1.4667

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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

		Audited Current Period	Audited Prior Period
	Notes	01.01.2023 31.12.2023	01.01.2022 31.12.2022
PROFIT FOR THE PERIOD	36	1.185.517.855	970.005.121
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss		357.615.643	976.659.577
Property, plant and equipment revaluation surplus		301.277.017	1.193.150.363
Gains/(losses) on remeasurements of defined benefit plans	24	(7.910.165)	(22.642.396)
Adjustments for inflation, net		7.805.913	(1.150.589)
Taxes relating to other comprehensive income not to be reclassified to profit or loss		56.442.878	(192.697.801)
- <i>Deferred tax income/(expense) (PP&E)</i>		54.623.540	(196.598.965)
- <i>Deferred tax income/(expense) (Actuarial)</i>	35	1.819.338	3.901.164
		-	-
Items to be reclassified to profit or loss		169.932.134	118.430.379
Currency translation differences		49.008.875	19.613.733
Gains/(losses) on cash flow hedges		120.923.259	98.816.646
- <i>Deferred tax income (expense)</i>		-	-
OTHER COMPREHENSIVE INCOME		527.547.777	1.095.089.956
TOTAL COMPREHENSIVE INCOME		1.713.065.632	2.065.095.077
Attributable to		1.713.065.632	2.065.095.077
Non-Controlling Interests		7.197.990	6.379.993
Equity Holders of the Parent		1.705.867.642	2.058.715.084

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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

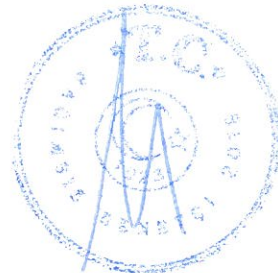
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Items not to be reclassified to profit or loss					Retained Earnings					Total equity	
		Paid-in share capital	Adjustment to share capital	Share premium	Gains/(losses) on remeasurements of defined benefit plans	Property, plant and equipment revaluation surplus	Currency translation differences	Gains/(losses) on hedge	Restricted reserves	Prior years' income	Profit for the Period		Equity holders of the parent
audited Prior Period balances at 1 January 2022 (Beginning of the period)	27	212,000,000	636,077,685	-	(220,140)	-	(413,432,116)	191,316,125	1,196,124,563	663,189,484	2,499,774,670	5,313,867	2,505,088,537
Capital increases		424,070,000	-	219,137,189	-	-	-	-	663,189,484	663,189,484	643,207,189	-	643,207,189
Other		21,500,000	-	-	-	-	-	-	-	-	21,500,000	-	21,500,000
Other		-	350,829,780	-	-	-	-	-	-	-	350,829,780	-	350,829,780
Total Comprehensive Income		-	-	-	(18,715,768)	996,551,398	98,816,646	-	-	964,430,062	2,058,715,084	6,379,993	2,065,095,077
<i>Profit for the Period</i>	27	-	-	-	(18,715,768)	996,551,398	98,816,646	-	-	964,430,062	2,058,715,084	6,379,993	2,065,095,077
<i>Other Comprehensive Income</i>		-	-	-	(18,715,768)	996,551,398	98,816,646	-	-	964,430,062	2,058,715,084	6,379,993	2,065,095,077
audited Prior Period balances at 31 December 2022 (End of the period)	27	657,570,000	986,907,465	219,137,189	(18,935,908)	996,551,398	32,351,815	191,316,125	1,859,314,047	964,430,062	5,574,026,723	11,693,860	5,585,720,583
audited Current Period balances at 1 January 2023 (Beginning of the period)	27	657,570,000	986,907,465	219,137,189	(18,935,908)	996,551,398	32,351,815	191,316,125	1,859,314,047	964,430,062	5,574,026,723	11,693,860	5,585,720,583
Capital increases		-	-	-	-	-	-	31,607,396	715,391,698	(964,430,062)	(217,430,968)	-	(217,430,968)
Other		-	-	-	(506,001)	355,900,557	42,845,645	-	-	1,186,704,182	1,705,867,642	7,197,990	1,713,065,632
Total Comprehensive Income		-	-	-	(506,001)	355,900,557	42,845,645	120,923,259	-	1,186,704,182	1,186,704,182	(1,186,327)	1,185,517,855
<i>Profit for the Period</i>	27	-	-	-	(506,001)	355,900,557	42,845,645	120,923,259	-	1,186,704,182	1,186,704,182	(1,186,327)	1,185,517,855
<i>Other Comprehensive Income</i>		-	-	-	(506,001)	355,900,557	42,845,645	120,923,259	-	1,186,704,182	1,186,704,182	(1,186,327)	1,185,517,855
audited Prior Period balances at 31 December 2023 (End of the period)	27	657,570,000	986,907,465	219,137,189	(19,441,909)	1,352,451,955	75,197,460	222,923,521	2,574,705,745	1,186,704,182	7,062,463,397	18,891,850	7,081,355,247

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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

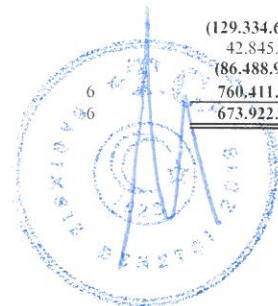
KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Notes	Audited Current Period	Audited Prior Period
	01.01.2023 31.12.2023	01.01.2022 31.12.2022
A) CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	1.185.517.855	970.005.121
Profit for the Period from Continuing Operations	1.185.517.855	970.005.121
Adjustments to reconcile profit for the period to cash generated from operating activities	249.377.795	412.444.245
Depreciation and amortisation	220.775.651	205.495.577
Adjustments for Impairment Loss (Reversal of impairment loss)	(25.869.775)	(8.061.459)
<i>Adjustments for Receivables Impairment (Reversal)</i>	<i>(25.869.775)</i>	<i>(8.061.459)</i>
Adjustments for Provisions	48.565.418	20.230.181
<i>Adjustments for Provision for Employee Benefits (Reversal)</i>	<i>31.609.407</i>	<i>20.982.480</i>
<i>Adjustments for Other Provisions (Reversal)</i>	<i>16.956.011</i>	<i>(732.299)</i>
Adjustments for interest income and expenses	436.794.428	316.347.198
<i>Adjustments for Interest Income</i>	<i>480.558.949</i>	<i>431.534.291</i>
<i>Adjustments for Interest Expenses</i>	<i>(43.764.521)</i>	<i>(115.187.093)</i>
Adjustments for unrealized currency translation differences	(108.435.075)	(8.303.747)
Adjustments for gains/(losses) on fair value	(443.618.204)	(295.271.355)
<i>Investment properties</i>	<i>(27.388.595)</i>	<i>(91.482.590)</i>
<i>Financial assets</i>	<i>(416.229.609)</i>	<i>(203.788.765)</i>
Adjustments for tax income (expense)	160.275.033	128.667.662
Monetary gains/(losses)	(33.382.192)	56.229.064
Adjustments for losses/(gains) on disposal of non-current assets	(5.727.489)	(3.237.944)
<i>Property, plant and equipment</i>	<i>(5.727.489)</i>	<i>(3.237.944)</i>
Adjustments for losses (gains) from the Disposal of Non-Current Assets Held for Sale or Distributions	-	349.068
Changes in Working Capital	(629.900.145)	1.014.032.037
Adjustments for Gains/(Losses) on Trade Receivables	756.594.063	(801.727.977)
<i>Related parties</i>	<i>(8.479.916)</i>	<i>1.312.776</i>
<i>Third parties</i>	<i>765.073.979</i>	<i>(803.040.753)</i>
Adjustments for Gains/(Losses) on Other Receivables Related to Operations	41.738.096	1.063.373.118
<i>Related parties</i>	<i>55.152.860</i>	<i>1.097.019.495</i>
<i>Third parties</i>	<i>(13.414.764)</i>	<i>(33.646.377)</i>
Changes in Derivative Assets	234.530.760	492.269.946
Changes in Inventories	(642.117.239)	(560.389.827)
Changes in Prepaid Expenses	6.331.138	(55.526.577)
Adjustments for Gains/(Losses) on Trade Payables	(62.545.495)	240.823.659
<i>Related parties</i>	<i>(1.848.458)</i>	<i>92.561</i>
<i>Third parties</i>	<i>(60.697.037)</i>	<i>240.731.098</i>
Adjustments for gains (losses) on payables due to employee benefits	18.873.656	(5.626.960)
Adjustments for Gains/(Losses) on Other Payables Related to Operations	52.210.478	(35.548.276)
<i>Related parties</i>	<i>22.493.912</i>	<i>(30.799.223)</i>
<i>Third parties</i>	<i>29.716.566</i>	<i>(4.749.053)</i>
Changes in Deferred Income	(991.462.327)	891.089.454
Adjustments for gains (losses) on other changes in working capital	(44.053.275)	(214.704.523)
Cash Flows from Operating Activities	804.995.505	2.396.481.403
Adjustments for gains (losses) on provisions for employee benefits	(33.162.158)	(4.747.157)
Income taxes refund (paid)	(218.180.516)	(218.524.344)
Net Cash From Operating Activities	553.652.831	2.173.209.902
B) CASH FLOWS FROM INVESTING ACTIVITIES	102.054.274	(965.437.336)
Cash inflows from sale of property, plant and equipment and intangible asset	13.183.636	47.523.303
<i>Property, plant and equipment</i>	<i>13.183.636</i>	<i>8.298.700</i>
<i>Intangible assets</i>	<i>-</i>	<i>39.224.603</i>
Cash outflows from purchase of property, plant and equipment and intangible assets	(438.318.004)	(418.376.106)
<i>Property, plant and equipment</i>	<i>(438.207.649)</i>	<i>(416.633.508)</i>
<i>Intangible assets</i>	<i>(110.355)</i>	<i>(1.742.598)</i>
Cash outflows from purchase of investment properties	(546.874)	(5.942.467)
Cash inflows/(outflows) from dividends and other financial instruments	527.735.516	(588.642.066)
<i>Dividends and other financial instruments</i>	<i>527.735.516</i>	<i>(588.642.066)</i>
C) CASH FLOWS FROM FINANCING ACTIVITIES	(785.041.722)	(1.294.822.182)
Cash inflows from share premium and other equity instruments	-	591.250.000
Cash inflows from borrowings	(196.657.518)	(1.478.873.494)
Cash outflows from payments of lease liabilities	(449.502)	(90.851.490)
Dividends paid	(151.140.274)	-
Interest Paid Received, net	(436.794.428)	(316.347.198)
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(129.334.617)	(87.049.616)
BEFORE EFFECT OF EXCHANGE RATE CHANGES	42.845.645	17.632.746
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(86.488.972)	(69.416.870)
Net Increase/(Decrease) in Cash and Cash Equivalents	760.411.359	829.828.229
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	760.411.359	829.828.229
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	673.922.387	760.411.359

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



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi ("the Company" or "Kocaer Çelik") was established on 25 December 1984 in İzmir. Aliğa with the title of Kocaer Haddecilik Sanayi ve Ticaret Anonim Şirketi. The title of Kocaer Haddecilik Sanayi ve Ticaret Anonim Şirketi has been changed to Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi on 20 May 2021 and published in Official Gazette numbered 10331. In 2021, the Company was restructured as engage in business activities iron and steel, transportation. In accordance with the restructuring, by merging with all its subsidiaries operating in the business activities of iron and steel, transportation and automotive and excluded other subsidiaries, the Company has a structure that only have iron, steel and transportation.

Kocaer Çelik operates its business activities in its production facility in Aliğa, İzmir. Kocaer Çelik's business activities include supplying, shaping, manufacturing and trading all kinds of iron and steel products, semi-finished products and raw materials.

The registered address of the Kocaer Çelik is as follows:

Gümuşçay Mahallesi, Menderes Bulvarı. No: 45 Merkezefendi/Denizli

The Company has three steel profile production facilities, a galvanizing factory and a service center in Aliğa. In addition, the Company has branches in İzmir, İstanbul and Denizli. Besides, Kocaer Çelik has foreign operations in the foreign market with its subsidiary, Kocaer Steel UK LTD (Former title: Mymetal LTD), which was established in England.

The detailed information and registered address of the branches and offices is as follows:

- İstanbul Branch: Levazım Mahallesi Korlu Sokak Zorlu Center Teras Evler No:307 Beşiktaş / İstanbul,
- Aliğa Branch 3: Yeni Foça yolu üzeri 3. km Horozgediği Köyü mevkii 19. Cadde No:1 Aliğa / İzmir,
- Aliğa Branch: Yeni Foça yolu üzeri 3. km Horozgediği Köyü mevkii 19. Cadde No:2 Aliğa / İzmir,
- Aliğa Branch 2:Yeni Foça yolu üzeri 2. km Sanayi Caddesi Bozköy mevkii No:31 Aliğa / İzmir,
- İzmir Alsancak Branch: Akdeniz Mahallesi Şehit Fethibey Caddesi No:55/161 Konak/İzmir,
- Galvanization and Service Center Branch: Bozköy Mahallesi Sanayi Caddesi Dış Kapı No: 31/6 Aliğa/İzmir.

As of 31 December 2023 and 2022, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	31.12.2023		31.12.2022	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	500.384.989	76	520.084.989	79
Other	157.185.011	24	137.485.011	21
Total share capital	657.570.000	100	657.570.000	100

The initial public offering of the Group was approved with the official circular on 16 June 2022 and the bulletin numbered 2022/30 of the Capital Markets Board ("CMB"). The relevant stocks of initial public offering was paid from the share capital amounting to TL 657.570.000, the Group's shares amounting to TL 21.500.000 and the remaining TL 34.600.000 was paid from disposal of the shares of the shareholders, with total amount of TL 56.100.000. The capital increase amounting to TL 424.070.000 was realized from the emission premium that arising from after the public initial public offering and was recognised in equity. The capital increase was published in Official Gazette on 30 November 2022 and numbered 10715.

The functional breakdown of the subsidiaries ("Subsidiaries") and the associates ("Associates") their country of incorporation, effective interests, nature of business and their respective business segments are as follows:

Subsidiaries	Country of incorporation	Nature of business
Yağız Nakliyat San. ve Tic. A.Ş. ⁽¹⁾	Turkey	International Road Transport
Kocaer Steel UK LTD (Eski Unvanı: MYMETAL LTD) ⁽²⁾	England	Wholesale Trade of Iron and Steel Products
Kocaer Steel Ireland Limited ^(**)	Ireland	Wholesale Trade of Iron and Steel Products
Kocaer Enerji A.Ş. ^{(***)⁽⁴⁾}	Turkey	Energy Production

Investments Accounted for Using the Equity Method (Associate)	Country of incorporation	Nature of business
Kocaer Metal San.ve Tic. A.Ş. ^{(3)(*)}	Turkey	Iron and Steel

(*) As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Accordingly, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi entered into liquidation process and has not material influence on the consolidated financial statements and therefore, Kocaer Metal is not included in the scope of consolidation for the year ended 31 December 2023. The liquidation process Kocaer Metal Sanayi was completed as of 22 March 2023 and the relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

(**)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 31 December 2023, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

(***) Kocaer Enerji Anonim Şirketi was established on 4 July 2023 and the registration of the establishment was published in Official Gazette on 4 July 2023 and numbered 10863.

The registered address of the Kocaer Enerji is as follows:

Bozköy Mah. Sanayi Caddesi No:31/2 Aliğa/ İzmir

Kocaer Enerji's business activities include ensuring the development of projects for producing electricity, steam and heat, to establish facilities by preparing the relevant feasibility, to produce electricity and steam energy in these facilities, and to transport the produced electricity and steam to its customers.

Country of incorporation, nature of business and respective business segments of the subsidiaries ("Subsidiaries") and the associates ("Associates") are as follows:

- 1- Yağız Nakliyat San. ve Tic. A.Ş. ("Yağız Nakliyat") was established on 18 August 1995. The registered address of Yağız Nakliyat is Menderes Bulvarı No:53 Merkez/Denizli. Yağız Nakliyat's business activities include ensuring domestic and international transportation, cargo, contracting services and commodity trading. Kocaer Çelik acquired Yağız Nakliyat in 2018. Yağız Nakliyat has been consolidated in accordance with the full consolidation method. The abovementioned consolidation has been considered as "business combination under common control" and consolidated retrospectively for the periods presented with pooling of interest method in scope of TFRS 3. Another subsidiary of the Kocaer Çelik is KCR Otomotiv and Yağız Nakliyat acquired KCR Otomotiv on 25 June 2021 through business combination. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03.
- 1- Kocaer Steel UK LTD (Former title: Mymetal LTD) was established on 14 January 2013. The registered address of My Metal is 204 Field End Road Eastcote Pinner Middlesex Ha5 1Rd London England. MY Metal's business activities include wholesale of iron and steel products. My Metal has been consolidated in accordance with the full consolidation method. Kocaer Çelik acquired My Metal in 2015. The abovementioned consolidation has been considered as "business combination under common control" in the accompanying consolidated financial statements. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The title of Mymetal Limited was changed and registered as Kocaer Steel UK Limited on 29 September 2022.
- 2- Kocaer Metal San. A.Ş. was established on 14 February 2012. The business title of Kocaer Çelik Endüstri San.ve Tic.A.Ş has been changed to Kocaer Metal San. A.Ş. on 11 May 2021 and published in Official Gazette numbered 250. The registered address of Kocaer Metal is Yeni Foça Yolu 2.Km Sanayi Caddesi Bozköy Köyü Mevkii Aliğa/İzmir. Kocaer Metal has been accounted for using the equity method in the accompanying consolidated financial statements. Kocaer Metal's business activities include purchasing, selling, marketing, importing and exporting iron and steel raw materials and semi-finished products. As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret A.Ş. has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Kocaer Metal has not been included in the scope of consolidation since the Company is in liquidation process and immaterial to the consolidated financial statements for the year ended 31 December 2023. The relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.
- 3- Kocaer Enerji Anonim Şirketi was established on 4 July 2023 and included in the scope of consolidation. The registration of the establishment was published in Official Gazette on 4 July 2023 and numbered 10863. The registered address of the Kocaer Enerji is Bozköy Mah. Sanayi Caddesi No:31/2 Aliğa/ İzmir. Kocaer Enerji's business activities include ensuring the development of projects for producing electricity, steam and heat, to establish facilities by preparing the relevant feasibility, to produce electricity and steam energy in these facilities, and to transport the produced electricity and steam to its customers. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of Kocaer Enerji comprise of 300.000 number of outstanding shares each with a nominal value of TL 1. Accordingly, current share capital of Kocaer Enerji is amounting to TL 300.000.000. The amount of TL 3.000.000 representing 3.000 number of outstanding shares was committed to paid-in cash by Hakan Kocaer and the remaining amount of TL 297.000.000 representing 297.000 number of outstanding shares was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi. Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi has paid its capital commitment during the period.

For the purpose of the consolidated financial statements and notes to the consolidated financial statements, Kocaer Çelik and its consolidated subsidiaries and associates are hereinafter referred to as "the Group".

Total end of period and average number of personnel employed by Kocaer Çelik is 943 (31 December 2022: 887).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group and its subsidiaries and associates maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except for property, plant and equipment including land, buildings, land improvements and plant, machinery and equipment at fair value and financial assets and liabilities at

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

fair value with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS and presented in Turkish Lira.

Foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

In addition, the consolidated financial statements were published by POA in accordance with the "Announcement regarding to "TAS Taxonomy 2019", and revised "TAS Taxonomy 2022" which was published on 15 April 2019 and 4 October 2022, respectively. In addition, these consolidated financial statements were prepared in accordance with the "Financial Statements User Guide" published by the Capital Markets Board ("CMB").

Reporting currency

i) Functional and presentation currency

Items included in the consolidated financial statements of the subsidiaries and associates of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Koçer Çelik's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of other comprehensive income.

iii) Translation of financial statements of subsidiaries and associates operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

The year-end and average rates for the years ended 31 December 2023 and 2022 can be summarized as below:

	31.12.2023	31.12.2022
GBP – as of balance sheet date	36.7131	22.4892
GBP –average	29.5220	20.3180

2.02 Adjustments of Financial Statements in Hyperinflationary Periods

Financial Reporting in Hyperinflationary Economies

In accordance with TAS 29 "Financial Reporting in Hyperinflation Economies" which requires entities whose functional currency is that of a hyperinflationary economy to prepare their consolidated financial statements in terms of the measuring unit current at the end of the reporting period. In a hyperinflation economy, it is not meaningful and useful to report operating results and financial position in the local currency without adjustment. Money loses its purchasing power in such a proportion that comparing the amounts of transactions or other events that occurred at different times is misleading, even in the same accounting period. Hyperinflation is determined by a country's economic characteristics, including, but not limited to:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power.
- The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency.
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short.
- Interest rates, wages, and prices are linked to a "Price index"; and
- The cumulative inflation rate over three years approaches, or exceeds, 100%.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at 31 December 2023, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1.859,38	1.00000	268%
31.12.2022	1.128,45	1.64773	156%
31.12.2021	686,95	2.70672	74%

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 "Financial Reporting in Hyperinflation Economies" as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority ("POA") on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

In accordance with the CMB's resolution numbered 81/1820 on 28 December 2023, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with the annual financial statements for the accounting periods ending on 31 December 2023.

Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority ("POA") on 23 November 2023, entities applying Turkish Financial Reporting Standards ("TFRSs") are required to present their financial statements by adjusting for the material influence of inflation for the comparative annual reporting period ending on or after 31 December 2022 and opening balances starting from 1 January 2022, in accordance with the accounting principles specified in TAS 29.

Accordingly, the financial statements and relevant amounts for prior periods have been restated for changes in the general purchasing power of the functional currency. Thus, those financial statements and relevant amounts are expressed in the measuring unit effective at the end of the reporting period in accordance with TAS 29.

The main components of the Company's restatement for financial reporting purposes in hyperinflationary economies are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Non-current assets, subsidiaries and similar assets are indexed to their acquisition costs, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the statement of profit or loss, except for the effects of non-monetary items in the statement of financial position and in the statement of profit or loss, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and profit or loss accounts. This gain or loss on the net monetary position is included in net profit.

The material influence and impact of the application of inflation accounting in accordance with TAS 29 are summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance. Depreciation and amortisation charges have been restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

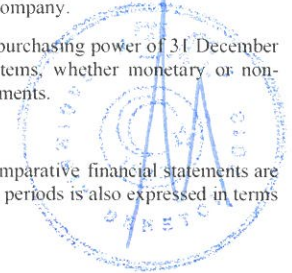
The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power of 31 December 2023. If financial statements with different reporting period endings are subject to consolidation, all items, whether monetary or non-monetary, are restated according to the measuring unit in effect at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the prior reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

2.03 Basis of Consolidation and Group Accounting



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

After the restructuring realized by the Group management, the main and sole activities of the Group became iron, steel, transportation and motor vehicle operations and the Group ceased its operations in home textile. In order to present the consolidated financial position and the results of operations solely of the iron, steel, transportation, energy and motor vehicle, the Group prepared its consolidated financial statements comparatively with the prior period.

The consolidated financial statements include the accounts of the Group, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The consolidated financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards by applying uniform accounting policies and presentation.

Subsidiaries

The Group has control over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Kocaer Çelik and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Kocaer Çelik and its subsidiaries are eliminated during the consolidation. The carrying value of the investment held by Kocaer Çelik and its subsidiaries is eliminated against the related equity and other equity items and non-controlling interest are reflected to the consolidated financial statements.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in equity.

Voting rights of the subsidiaries and their effective interests are as follows:

Subsidiaries	Proportion of voting rights and effective ownership interests held by Kocaer Çelik (%)	
	31.12.2023	31.12.2022
Yağız Nakliyat San. Ve Tic. A.Ş.	90.81	90.81
Kocaer Steel UK LTD	90	89.9
Kocaer Enerji A.Ş.	99	-

Kocaer Çelik has the joint control of its subsidiaries and associates within the scope of full consolidation method by using the shares it owns directly or indirectly, or by using the voting rights of Kocaer Family members and related parties on their behalf.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

Non-controlling shares in the net assets and operating results of subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests".

Business combinations under common control

Legal mergers among the entities controlled by the Group are not evaluated within the scope of the "IFRS 3 (Revised) Business Combinations" standard. Accordingly, in the absence of a specifically applicable IFRS Standard, the receiving company is required to develop its own accounting policy for business combinations under common control, applying the requirements on selecting accounting policies in TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in accordance with the paragraphs 10 and 12 presented under "USGAAP" which describes guidance regarding business combinations under common control.

The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business Combinations Under Common Control" included in retained earnings.

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Kocaer Çelik and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its shares of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements. The Group has no joint ventures at the end of the period.

Associates are entities over which the investor has significant influence. The power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. In accordance with the equity method, profit for the period after tax is reflected to the consolidated statement of profit or loss accordingly ownership interest in a subsidiary.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized in the accompanying consolidated financial statements.

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts. Impairments are recognised in the statement of profit or loss and other comprehensive income.

In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

2.04 Comparatives and Adjustment of Prior Periods' Financial Statements

The current period financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance.

Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period financial statements.

The Group prepared its consolidated statement of financial position as at 31 December 2023 on a comparative basis with consolidated statement of financial position as at 31 December 2022; and consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year 1 January - 31 December 2023 on a comparative basis with consolidated financial statements for the year 1 January - 31 December 2022.

2.05 Changes in Accounting Policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group's consolidated financial statements are restated. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the consolidated financial statements as it had been used in. There has been no changes incurred in the accounting policies during the period.

2.06 Changes in Accounting Estimates and Errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods. The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates and errors expected to have an impact on the results of operations in the current period.

2.07 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.08 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.08.01 Revenue Recognition

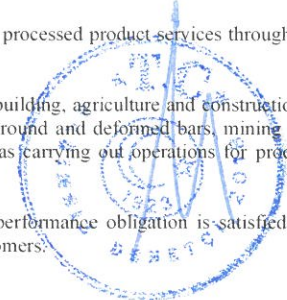
The Group mainly generates revenue by producing and selling iron and steel products considered as revenue arising from product sales. Revenue is recognized when the goods or services are transferred to the customer and the performance obligation is satisfied.

The Group is producing profile and bar steel produces with the hot rolling method, and can also provide processed product services through its service center.

Kocaer Çelik has been serving in many sectors such as; energy, transportation, mining and tunnel, ship building, agriculture and constructional sectors by supplying customer-oriented steel products (equal angles, U and C profiles, I and H beams, round and deformed bars, mining and tunnelling profiles and fittings, square bars, flat bars) with different sizes, grades and lengths, as well as carrying out operations for product development, sales & dispatch, import/export and custom clearances.

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is satisfied. In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contracts with customers:

- Identification of customer contracts,
- Identification of performance obligations,



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

A contract with a customer recognized as a revenue will be within the scope of TFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

When assessing the collectability of a consideration, the Group considers only the customer's ability and intention to pay such consideration on time. The price that the Group will be entitled to collect may be lower than the price specified in the contract since it offers a price advantage to its customer on a customer and contract basis.

2.08.02 Inventories

Inventories are evaluated at either the lower of acquisition cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods. The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realizable value of the inventory below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the statement of profit or loss in the year in which the impairment incurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment allocated is reversed. The reverseal is limited with the allocated impairment. The provision for impairment on inventories is disclosed in **Note 13**.

2.08.03 Property, Plant and Equipment and related depreciation

Land, buildings, land improvements and machinery and equipment have been revaluated by the appraisal firm Elit Gayrimenkul Değerleme Anonim Şirketi authorized by CMB. In accordance with the appraisal report prepared by the firm on 5-13-20 December 2023 and subsequently, property, plant and equipment carried at their fair value less accumulated depreciation in the accompanying consolidated financial statements.

Property, plant and equipment except land, land improvements, buildings and machinery and equipment are carried at cost less accumulated depreciation as of 31 December 2004 for the items purchased before 1 January 2005 and for the items purchased as of 1 January 2005, less the accumulated depreciation in the accompanying consolidated financial statements.

Gains arising from revaluation of land, buildings, land improvements and machinery and equipment have been classified under assets and changes in the fair value (revaluation surplus) has been recognized under equity. Revaluation surplus arising from revaluation of property, plant and equipment has been initially recognised under profit or loss less impairment, if there is a depreciation related to the property, plant and equipment that was previously presented under profit or loss. The decrease in the book value arising from the revaluation of the aforementioned land, buildings and land improvements has been presented under profit or loss, if the property, plant and equipment in question exceeds the balance in the revaluation fund related to the previous revaluation.

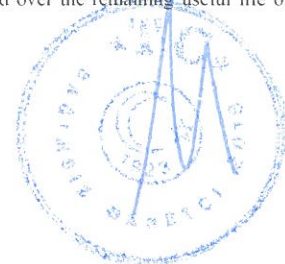
Property, plant and equipment except land and construction in progress are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Useful life, residual value and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. In the disposal of the revalued property, plant and equipment, the revaluation fund related to the disposed property, plant and equipment is transferred to retained earnings.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. All other expenses recognised in the profit or loss in the period which they incurred.

Land is not depreciated as it is deemed to have an indefinite useful life.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Economic useful lives (years)</u>
- Land	Indefinite
- Buildings	10-50
- Plant, Machinery and Equipment	0-25
- Motor Vehicles	4-10
- Furniture and Fixtures	2-50
- Leasehold Improvements	5-10

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/(losses) from investing activities" in the current period.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.08.04 Intangible Assets and related amortisation

Intangible assets are carried at cost value less accumulated amortization and impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives.

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset and recognised on prospective basis.

Rights and software recognized at their acquisition cost and these intangible assets are amortized on a straight-line basis over their estimated useful lives subsequently for the period between 3-10 years.

Research and development costs (R&D);

The Group started its operations regarding value-added production by establishing R&D center in its business segment in 2015 with the approval of Republic of Turkey Ministry of Industry and Technology.

Development costs recognized under consolidated statement of other comprehensive income in the period which they incurred.

Internally generated intangible assets resulting from development activities (or the development phase of an internal project) are recognized only when all of the following conditions are met:

- Charge all research cost to expense
- Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits.

If an entity cannot distinguish the research phase of an internal project to create an intangible asset from the development phase, the entity treats the expenditure for that project as if it were incurred in the research phase only.

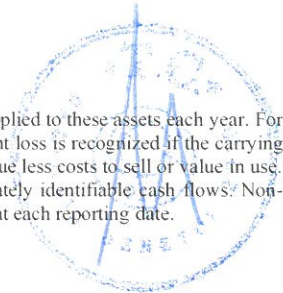
If an intangible item does not meet both the definition of and the criteria for recognition as an intangible asset, TAS 38 requires the expenditure on this item to be recognised as an expense when it is incurred. Development costs recognized as an expense in the prior period cannot be able to capitalized in subsequent period. Capitalized development cost is depreciated using the straight-line basis over an average of 5 years over the life of the project, with the start of commercial production of the product. Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate. The research and development activities of the Group have been suspended and the existing research and development projects are still in progress.

Gains and losses arising from the disposal of intangible assets (the difference between net cash and the carrying value), recognized under consolidated statement of profit or loss in the period of disposal of intangible assets.

Intangible assets comprise of rights, computer software and capitalized development costs.

2.08.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

2.08.06 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The financing costs of borrowings attributable to ongoing investments are capitalised until the completion of the investments. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

2.08.07 Financial Instruments

TFRS 9 "Financial Instruments"

TFRS 9 includes requirements for recognition and measurement of financial assets and liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The details of significant accounting policies and nature of changes in previous accounting policies are as follows:

i.) Classification of financial assets and liabilities under TFRS 9 largely preserves the existing requirements of TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories for financial assets, loans and receivables to be held to maturity financial assets and financial assets available for sale have been removed.

The application of TFRS 9 did not have a significant impact on the Group's accounting policies for its financial liabilities and derivative financial instruments. The classification and measurement of the financial assets under TFRS 9 are as follows.

The classification of financial assets within the scope of TFRS 9 is generally based on the business model used by the enterprise for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. Within the scope of the standard, the obligation to separate embedded derivatives from financial assets has been eliminated, and the classification of a hybrid contract as a whole should be considered.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument at FVOCI if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

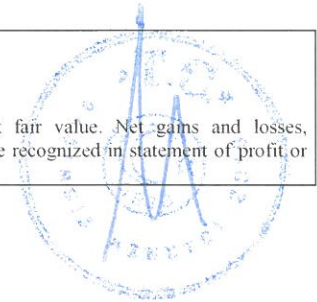
The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.
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KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

ii) Impairment of financial assets;

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognized earlier than under TAS 39.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Under TFRS 9, loss allowances are measured on either of the following bases: financial assets measured at amortized cost

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument and bank balances for which credit risk has not increased significantly since initial recognition;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

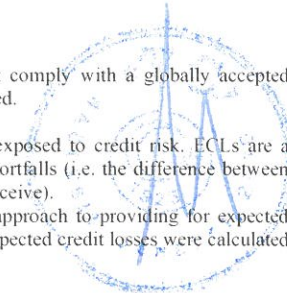
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

- 360 days overdue

For determining whether a financial instrument has low credit risk, it may use other methodologies that comply with a globally accepted definition of low credit risk and take into account the type and risks of the financial instruments being evaluated.

The maximum time to be measured by the ECLs is the maximum contractual period that the Group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The expected credit losses were calculated based on actual credit loss experience over the past years.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Trade receivables

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of TFRS 9. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The Group performed the calculation of ECL for receivables at the reporting date and loss allowance performances in accordance with the past three year performances. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Impairment of financial assets

The Group management makes assumptions and judgments such as default risk and expected credit losses for the relevant assets when evaluating impairment on financial assets. While making these assumptions and judgments as of each balance sheet date, considering the past experiences and performances of the Group, and the current market conditions and future expectations for the market.

2.08.08 Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the consolidated balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group operating in the non-finance sectors, have been accounted for under "other operating income/(expenses)".

The consolidated financial statements are presented in TL, which is Koçer Çelik's functional and presentation currency. Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency as Turkish Lira using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Currency translation differences recognized as profit or loss in the period which they incurred.

2.08.09 Earnings Per Share

Earnings per share disclosed in the income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.08.10 Events After the Reporting Period

Events after the reporting period are those events, which occur between the balance sheet date and the date when the financial statements are authorized for issue.

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

2.08.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is allocated in the financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.08.12 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Koçer Çelik Anonim Şirketi, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as "related parties".

2.08.13 Government Grants

The Group is entitled to have personnel employment and turquality incentives and rights which are considered in the scope of government grants.

2.08.14 Taxes on Income

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statutory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the income statement. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

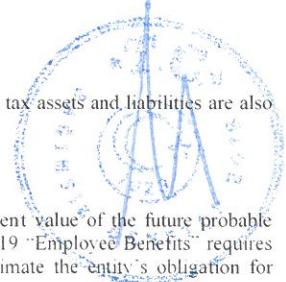
The taxes included in the consolidated financial statements include current period tax and the change in deferred taxes. The Group calculates current and deferred tax on the results for the period.

Offsetting in tax assets and liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

2.08.15 Provision for Employment Termination Benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

of changes in actuarial assumptions compose the actuarial gains/(losses) and recognised under consolidated statement of other comprehensive income.

2.08.16 Statement of Cash Flow

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities such as cash on hand, bank deposits and liquid investments.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.08.17 Investment Properties

Investment properties that are held in the production of supply of goods or services or for administrative purposes or for long term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as "investment property". Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Daily repair and maintenance is not included in the aforementioned costs. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Investment properties has been revaluated by the appraisal firm Elit Gayrimenkul Değerleme Anonim Şirketi authorized by CMB. In accordance with the appraisal report prepared by the firm, investment properties carried at their fair value on 5-13-20 December 2023 in the accompanying consolidated financial statements for the year ended 31 December 2023. The detailed information regarding investment properties is disclosed under Note 17.

2.08.18 Leases

Group - as a lessee

For lease contracts before 1 January 2019, whether the contract is, a or contains, a lease based on the substance of the relevant agreement;

- (a) whether the performance of the contract depends on the use of a particular asset or assets; and
- (b) making an assessment as to whether the contract transfers the right to use the relevant asset.

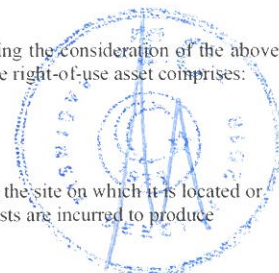
The Group has applied predecessor TFRS 16 "Leases" standard to contracts contain leases by applying TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". TFRS 16 "Leases" standard has not been applied to the contracts that were previously defined as not contains a lease by applying TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". Therefore, prior year consolidated financial statements are not restated and the consolidated financial statements are presented in accordance with TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". The Group as a lessee has classified the lease where the risks and benefits of ownership of the underlying asset previously subject to lease belong to the group as finance lease. Other leases classified as operating leases. As of 1 January 2019, which is the transition date to TFRS 16 "Leases" standard, the Group has measured the lease liability over the present value of the unpaid lease payments at that date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Lease payments included in the measurement of the lease liability comprise the following:

- The Group has applied a single discount rate to a portfolio of leases with reasonably certain in nature.
- As an alternative to reviewing the impairment, the Group has made its assessment of whether the leases are economically disadvantaged or not by applying TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" just before the initial transition.
- The Group has applied previous performance, trends and experiences for determining the lease term for lease contracts tha include terminate and extension options.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors. At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

When applying the cost model, the Group measures the right-of-use asset at cost:

- Less any accumulated depreciation and any accumulated impairment losses; and
- Adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in TAS 16 "Property, Plant and Equipment" in depreciating the right-of-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of use rights indicates that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the Group depreciates the right of use assets on the basis of the shorter of the useful life or the lease term of the asset, starting from the effective date of the lease.

The Group applies TAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made, and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Group uses the Group's incremental borrowing interest rate.

After the effective date of the lease, the Group remeasures the lease liabilities to reflect changes in lease payments. The Group reflects the remeasurement amount of the lease liabilities to the consolidated financial statements as an adjustment to the right of use assets.

The Group remeasures its lease liabilities by deducting the adjusted lease payments at a revised discount rate if either of the following conditions occurs:

- A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group calculates the adjusted discount rate for the remainder of the lease term if the implicit interest rate in the lease can be easily determined; if it cannot be easily determined, the Group determines the alternative borrowing interest rate at the date of the revaluation.

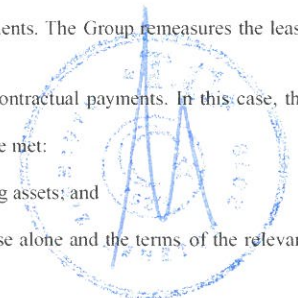
The Group remeasures its lease liabilities by reducing the adjusted lease payments if either of the following conditions incurred:

- Changes in the amounts expected to be paid under a residual value commitment. The Group determines the adjusted lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.
- A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

The Group recognizes the restructuring of the lease as a separate lease if both of the following conditions are met:

- The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Right of use assets of the Group is disclosed under **Note 14**.

Group - as a Lessor

The Group classifies each of the leases as operating leases or finance leases. A lease is classified as a finance lease when all risks and gains of ownership of the underlying asset are substantially transferred. A lease is classified as an operating lease if all risks and gains of ownership of the underlying asset are not substantially transferred. For a contract that includes one or more additional leasing components or not carrying a component, the Group distributes the contractual value by applying TFRS 15, "Revenue from Contracts with Customers".

2.09 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the statement of profit or loss and in the carrying value of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) (**Note 24**).
- b) The Group has been applied revaluation model on property, plant and equipment and investment properties in the accompanying consolidated financial statements. The fair value of property, plant and equipment and investment properties have been determined by appraisal firm authorized by CMB (**Note 17 and 18**).
- c) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates (**Note 2.08.03-2.08.04**).
- d) On the provision for lawsuits, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2023 and 2022 (**Note 22**).
- e) In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. In accordance with the transition to TFRS 9 standard, "Expected Credit Loss" (ECL) has been superseded TAS 39 "Incurred Loss" model (**Note 10**).
- f) The Group has calculated the deferred tax in accordance with TAS and TFRS and reflected to the consolidated financial statements (**Note 35**).
- g) The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories and provision for impairment is allocated in the accompanying consolidated financial statements when net realizable value is below the cost. The information about the inventory impairment that has been set as of the balance sheet date is given in **Note 13**.

2.10 Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity less retained earnings in the period in which they are approved and declared.

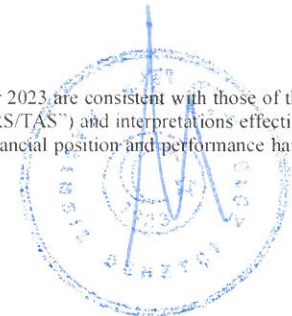
2.11 Going Concern

As of 31 December 2023, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

2.12 New and Revised Turkish Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TFRS/TAS") and interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective as of 31 December 2023 are as follows:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On 15 January 2021, the POA issued amendments to TAS 1 "Presentation of Financial Statements". The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is permitted.

The Group is in the process of assessing the material influence of the amendments on financial position or performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the commencement of the effective date. Earlier application is permitted. The amendments did not have a significant material influence on the financial position or performance of the Group.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The amendments did not have a significant material influence on the financial position or performance of the Group.

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. This amendment introduces a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant material influence on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendment to TAS 1 – Non-current liabilities with covenants

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements

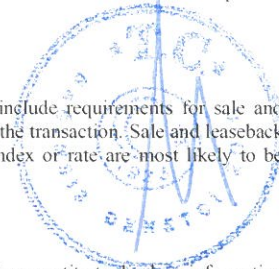
The standard is effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's ("International Accounting Standards Board") response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendment to TFRS 16 – Leases on sale and leaseback

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

TFRS S1, '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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

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.

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.

NOTE 3 – BUSINESS COMBINATIONS

Business combination transactions with non-controlling interests

Business combinations are accounted for by using the acquisition method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss. Goodwill recognised in business combinations is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date and any difference exceeding the initial acquisition cost directly recognised under profit or loss in the scope of TFRS 3.

For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Consolidation is based on the concept of 'control' and changes in ownership interests while control is maintained are accounted for as transactions between owners as owners in equity for the annual periods beginning on or after 1 July 2009 in accordance with the TAS 27 (Revised) standard. The Group has no business combination transactions with non-controlling interests at the end of the annual reporting periods in accordance with the TFRS 3.

Business combinations under common control

Legal mergers among the entities controlled by the Group are not evaluated within the scope of the "TFRS 3 (Revised) Business Combinations" standard. Accordingly, in the absence of a specifically applicable IFRS Standard, the receiving company is required to develop its own accounting policy for business combinations under common control, applying the requirements on selecting accounting policies in TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in accordance with the paragraphs 10 and 12 presented under "POA" which describes applications and policies regarding business combinations under common control.

The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business Combinations Under Common Control" included in retained earnings.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

NOTE 5 - SEGMENT REPORTING

The reportable segments of Kocaer Çelik have been organized by the Group management which are strategic businesses that present various products and services. Those segments include steel, transportation, energy, machinery industry and various other sectors.

Operating segments which have been prepared in accordance with the reportable segments of Kocaer Çelik for the years ended 31 December 2023 and 2022 are as follows:

31.12.2023

	Steel	Transportation	Energy	Elimination/ Adjustments	Total
Revenue	15.744.465.965	142.935.619	17.564	(795.938.352)	15.091.480.796
Cost of Sales (-)	(12.803.152.722)	(146.072.821)	-	822.973.242	(12.126.252.301)
Gross Profit from Non-Finance Sector Operations	2.941.313.243	(3.137.202)	17.564	27.034.890	2.965.228.495
GROSS PROFIT	2.941.313.243	(3.137.202)	17.564	27.034.890	2.965.228.495
Marketing, Sales and Distribution Expenses (-)	(756.267.318)	-	-	-	(756.267.318)
General Administrative Expenses (-)	(191.269.443)	(2.363.282)	(166.874)	-	(193.799.599)
Research and Development Expenses (-)	(6.871.613)	-	-	(109.770)	(6.981.383)
Other Operating Income	299.555.728	497.894	1.102.048	44.035.691	257.119.979
Other Operating Expenses (-)	(460.973.820)	(494.500)	(840.221)	1.227.146	(461.081.395)
OPERATING PROFIT	1.825.486.777	(5.497.090)	112.517	(15.883.425)	1.804.218.779
Share of profit/loss of investments accounted for using the equity method	-	-	-	-	-
Gains from investment activities	450.523.058	-	-	-	450.523.058
Losses from investment activities (-)	(16.883.686)	-	-	-	(16.883.686)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	2.259.126.149	(5.497.090)	112.517	(15.883.425)	2.237.858.151
Financial Income	436.198.874	16.214	8.795.210	(8.795.211)	436.215.087
Financial Expense (-)	(1.368.283.461)	(6.786)	(527.589)	8.795.210	(1.360.022.626)
Net Monetary Position Gains/(Losses)	12.886.802	16.666.709	18.902.146	-	48.455.657
PROFIT BEFORE TAX	1.339.928.364	11.179.047	27.282.284	(15.883.426)	1.362.506.269

31.12.2022

	Steel	Transportation	Elimination/ Adjustments	Total
Revenue	18.453.963.156	109.218.420	(974.754.610)	17.588.426.966
Cost of Sales (-)	(15.312.776.942)	(118.177.456)	947.720.191	(14.483.234.207)
Gross Profit from Non-Finance Sector Operations	3.141.186.214	(8.959.036)	(27.034.419)	3.105.192.759
GROSS PROFIT	3.141.186.214	(8.959.036)	(27.034.419)	3.105.192.759
Marketing, Sales and Distribution Expenses (-)	(1.075.697.054)	-	-	(1.075.697.054)
General Administrative Expenses (-)	(136.755.064)	(1.453.003)	90.847	(138.117.220)
Research and Development Expenses (-)	(5.309.163)	-	-	(5.309.163)
Other Operating Income	288.204.175	789.377	(435.850)	288.557.702
Other Operating Expenses (-)	(423.002.915)	(710.074)	345.003	(423.367.986)
OPERATING PROFIT	1.788.626.193	(10.332.736)	(27.034.419)	1.751.259.038
Share of profit/loss of investments accounted for using the equity method	-	-	-	-
Gains from investment activities	298.436.528	72.770	-	298.509.298
Losses from investment activities (-)	(150.329.567)	-	-	(150.329.567)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	1.936.733.154	(10.259.966)	(27.034.419)	1.899.438.769
Financial Income	333.756.120	775	-	333.756.895
Financial Expense (-)	(1.898.945.304)	(20.013)	-	(1.898.965.317)
Net Monetary Position Gains/(Losses)	558.618.063	21.554.206	-	580.172.269
PROFIT BEFORE TAX	930.162.033	11.275.002	(27.034.419)	914.402.616

NOTE 6 - CASH AND CASH EQUIVALENTS

As of 31 December 2023 and 2022, the functional breakdown of cash and cash equivalents is as follows:

Account Name	31.12.2023	31.12.2022
Cash on hand	115.479	117.811
Banks	673.806.908	760.269.326
- Demand deposits	594.170.091	443.602.178
- Time deposits	79.636.817	316.667.148
Other	-	24.222
Cash and cash equivalents, net	673.922.387	760.411.359

As of 31 December 2023 and 2022, the functional breakdown of cash on hand is as follows:

Cash on hand	31.12.2023		31.12.2022	
	Original currency amount	TL equivalent	Original currency amount	TL equivalent
TL	47.349	47.349	18.862	18.863
USD	3	88	1.235	38.023
EUR	2.090	68.042	1.855	60.889
GBP	-	-	1	36
Total		115.479		117.811

As of 31 December 2023 and 2022, the functional breakdown of banks is as follows:

Banks	31.12.2023		31.12.2022	
	Original currency amount	TL equivalent	Original currency amount	TL equivalent
TL	86.375.040	86.375.040	67.357.886	110.987.609
USD	14.731.636	433.672.844	18.155.355	559.361.931
EUR	624.921	20.356.119	2.345.736	77.051.196
GBP	3.562.950	133.402.905	572.212	12.868.590
Total		673.806.908		760.269.326

As of 31 December 2023 and 2022, the breakdown of time deposits including maturity analysis and annual effective interest rate is as follows:

Banks	31.12.2023		31.12.2022	
	Original currency amount	Annual effective interest rate (%)	Original currency amount	Annual effective interest rate (%)
TL	79.636.817	29-38	9.185.719	12.50-13.50
USD	-	-	307.481.429	1.47
Total	79.636.817		316.667.148	

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Maturity	31.12.2023	31.12.2022
1-30 days	79.636.817	315.722.112
30-90 days	-	945.036
Total	79.636.817	316.667.148

As of 31 December 2023 and 2022, the Group has no blocked deposits.

NOTE 7 - FINANCIAL INVESTMENTS

As of 31 December 2023 and 2022, the breakdown and details of short-term financial investments are as follows:

Account Name	31.12.2023	31.12.2022
Financial assets at fair value through profit or loss (*)	680.921.696	792.428.872
Short-term financial investments, net	680.921.696	792.428.872

(*) Financial assets at fair value through profit or loss comprise of equity securities and fund accounts. These relevant accounts are carried at their fair value in the accompanying consolidated financial statements as of 31 December 2023.

As of 31 December 2023 and 2022, the breakdown and details of long-term financial investments are as follows:

Account Name	31.12.2023	31.12.2022
Kocaer Steel Ireland Limited (*)	3.228	1.959
Total	3.228	1.959

(*)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 31 December 2023, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

NOTE 8 – BORROWINGS

As of 31 December 2023 and 2022, the detailed analysis of short-term borrowings is as follows:

Account Name	31.12.2023	31.12.2022
Bank borrowings	1.920.181.948	2.309.170.320
Finance lease liabilities	52.184.327	157.677.194
Lease liabilities	2.087.697	3.378.649
Other	1.436.085	648.302
Short-term borrowings, net	1.975.890.057	2.470.874.465

As of 31 December 2023 and 2022, the breakdown of short-term portion of long-term borrowings is as follows:

Account Name	31.12.2023	31.12.2022
Principal and interest installments of long-term borrowings	282.572.407	262.101.823
Short-term portion of long-term borrowings, net	282.572.407	262.101.823

As of 31 December 2023 and 2022, the detailed analysis of long-term borrowings is as follows:

Account Name	31.12.2023	31.12.2022
Bank borrowings	630.305.728	300.613.997
Finance lease liabilities	20.333.049	111.665.418
Lease liabilities	144.131.491	104.634.547
Long-term borrowings, net	794.770.268	516.913.962

Repayment schedule of borrowings is as follows:

Bank borrowings (Loans)	31.12.2023	31.12.2022
0-3 months	955.440.369	463.089.792
4-12 months	1.248.750.071	2.108.830.653
13-36 months	630.305.728	300.613.997
Total	2.834.496.168	2.872.534.442
Finance lease liabilities	31.12.2023	31.12.2022
0-3 months	20.191.366	40.840.145
4-12 months	31.992.961	116.837.049
13-36 months	20.333.049	106.700.389
36-60 months	-	4.965.029
Total	72.517.376	269.342.612

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Lease liabilities	31.12.2023	31.12.2022
0-3 months	796.059	1.079.090
4-12 months	1.291.638	2.299.559
1 year and over	144.131.491	104.634.547
Total	146.219.188	108.013.196

Annual effective interest rates of borrowings in terms of currencies are as follows:

31.12.2023

Currency	Original currency amount	TL equivalent	Annual effective interest rate (%)
TL	1.064.577.356	1.064.577.356	4.09%-40.50%
EUR	4.334.337	141.652.647	2.17% - 4.76%
USD	44.626.042	1.318.052.470	4.86%-10.88%
GBP	8.285.246	310.213.695	7.50%
Total		2.834.496.168	

31.12.2022

Currency	Original currency amount	TL equivalent	Annual effective interest rate (%)
TL	1.541.394.585	1.541.394.585	6%-20%
EUR	9.199.484	303.175.920	3% - 6%
USD	33.254.979	1.027.963.937	4%-7%
Total		2.872.534.442	

Annual effective interest rates of finance leases in terms of currencies are as follows:

31.12.2023

Currency	Original currency amount	TL equivalent	Annual effective interest rate (%)
TL	80.554	80.554	13%
EUR	127.140	4.155.122	4%-9%
USD	2.311.852	68.281.700	5%-7%
Total		72.517.376	

31.12.2022

Currency	Original currency amount	TL equivalent	Annual effective interest rate (%)
TL	372.655	372.654	15%
EUR	3.835.029	126.386.254	1%-5%
USD	4.612.631	142.583.704	1%-4%
Total		269.342.612	

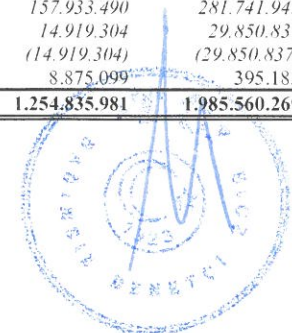
NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022, the breakdown of short-term trade receivables is as follows:

Account Name	31.12.2023	31.12.2022
Trade Receivables from Third Parties	1.245.960.882	1.985.165.086
-Customers	1.088.027.392	1.703.423.141
-Notes receivables	157.933.490	281.741.945
- Doubtful trade receivables	14.919.304	29.850.837
- Provision for doubtful trade receivables (-)	(14.919.304)	(29.850.837)
Trade Receivables from Related Parties (Note 37)	8.875.099	395.183
Short-term trade receivables, net	1.254.835.981	1.985.560.269



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The movements of provision for doubtful receivables are as follows:

	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the period – 1 January	29.850.837	59.314.270
Increases during the period	456.495	10.737.700
Provisions no longer required	(4.458.760)	(18.033.948)
Inflation adjustments	(10.929.268)	(22.167.185)
End of the period – 31 December	14.919.304	29.850.837

The Group has been organized its sales mainly from according to customers orders. A significant portion of domestic and foreign sales are made under the scope of receivables insurance, and foreign sales are made within the scope of confirmed letter of credit. Accordingly, the Group mitigates the risk arising from its sales with avoiding losses on cash flow.

As of 31 December 2023 and 2022, the Group has no long-term trade receivables.

As of 31 December 2023 and 2022, the breakdown of short-term trade payables is as follows:

Account Name	31.12.2023	31.12.2022
Trade Payables to Third Parties	1.235.908.351	1.296.605.388
- Suppliers	1.235.908.351	1.296.605.388
Trade Payables to Related Parties (Note 37)	-	1.848.458
Short-term trade payables, net	1.235.908.351	1.298.453.846

As of 31 December 2023 and 2022, the Group has no long-term trade payables.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022, the detailed analysis of short-term other receivables is as follows:

Account Name	31.12.2023	31.12.2022
Other Receivables from Third Parties	195.731.415	180.925.471
- Deposits and guarantees given	6.494.082	15.523.500
- Receivables from tax office	180.263.952	159.376.093
- Due from employee	940.087	552.924
- Other	8.033.294	5.472.954
Other Receivables from Related Parties (Note 37)	30.310.773	85.463.633
Short-term other receivables, net	226.042.188	266.389.104

As of 31 December 2023 and 2022, the details of long-term other receivables are as follows:

Account Name	31.12.2023	31.12.2022
Other Receivables from Third Parties	2.131.274	3.523.534
- Deposits and guarantees given	2.131.274	3.523.534
Long-term other receivables, net	2.131.274	3.523.534

As of 31 December 2023 and 2022, the details of short-term other payables are as follows:

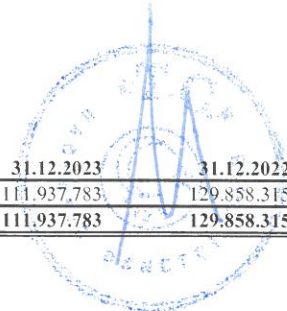
Account Name	31.12.2023	31.12.2022
Other Payables to Third Parties	94.019.626	64.303.903
- Other	27.621.940	15.726.900
- Other liabilities	193.361	128.212
- Taxes payable	66.055.765	48.299.377
- Other payables	148.560	149.414
Other Payables to Related Parties (Note 37)	26.232.013	3.738.101
Short-term other payables, net	120.251.639	68.042.004

As of 31 December 2023 and 2022, the Group has no long-term other payables.

NOTE 12 - DERIVATIVE INSTRUMENTS

The breakdown of short-term derivative instruments as of 31 December 2023 and 2022 is as follows:

Account Name	31.12.2023	31.12.2022
Derivative assets	111.937.783	129.858.315
Total	111.937.783	129.858.315



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The breakdown of long-term derivative instruments as of 31 December 2023 and 2022 is as follows:

Account Name	31.12.2023	31.12.2022
Derivative assets	20.116.354	115.803.323
Total	20.116.354	115.803.323

The Group uses hedge accounts on its consolidated statement of financial position by borrowing in the same currency against the foreign currency denominated risks arising from the foreign currency sales amounts to be realized in the subsequent periods within the scope of the agreements.

In this context, repayments of foreign currency denominated borrowings, which are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that are realized on closing dates and determined as hedged item within the scope of hedge accounting.

In accordance with the currency risk management strategy determined by the Group management, unrealized firm commitment applies hedge accounting to hedge the currency risk component of the fair value risk and hedge the cash flow risk of the highly probable forecast transaction currency risk component and is formed on the hedged item and the hedging instrument. The Group aims to present a precise statement of profit or loss by netting the foreign exchange rate fluctuations that have not yet been realized and by following the currency fluctuations of bank borrowings, which are defined as hedge instruments, under the consolidated statement of other comprehensive income.

NOTE 13 – INVENTORIES

As of 31 December 2023 and 2022, the breakdown of inventories is as follows:

Account Name	31.12.2023	31.12.2022
Raw materials and supplies	769.906.904	483.599.098
Finished goods	1.439.692.872	1.155.728.916
Merchandise	643.214.521	572.624.407
Other inventories	8.390.235	7.134.872
Total	2.861.204.532	2.219.087.293

Movements of provision for impairment on inventories are as follows:

	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the period – 1 January	-	(754.471)
Increases during the period	-	-
Reversals (-)	-	754.471
End of the period – 31 December	-	-

NOTE 14 – RIGHT OF USE ASSETS

As of 31 December 2023 and 2022, the movements for right of use assets, and related depreciation are as follows:

31.12.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Currency translation differences	Closing balance – 31 December 2023
Motor vehicles	18.887.177	647.817	-	-	19.534.994
Buildings	126.751.766	162.040	(360.355)	117.965.290	244.518.741
Total	145.638.943	809.857	(360.355)	117.965.290	264.053.735

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Currency translation differences	Closing balance – 31 December 2023
Motor vehicles	(11.439.226)	(3.729.242)	-	-	(15.168.468)
Buildings	(20.229.077)	(24.344.201)	-	(9.530.215)	(54.103.493)
Total	(31.668.303)	(28.073.443)	-	(9.530.215)	(69.271.961)
Net book value	113.970.640				194.781.774

31.12.2022

Cost	Opening balance – 1 January 2022	Additions	Disposals	Currency translation differences	Closing balance – 31 December 2022
Motor vehicles	15.481.525	3.405.652	-	-	18.887.177
Buildings	29.618.224	90.213.753	-	6.919.789	126.751.766
Total	45.099.749	93.619.405	-	6.919.789	145.638.943
Accumulated depreciation (-)	Opening balance –	Current period depreciation	Disposals	Currency	Closing balance –

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	1 January 2022			translation differences	31 December 2022
Motor vehicles	(7.501.348)	(3.937.878)	-	-	(11.439.226)
Buildings	(7.725.769)	(11.119.350)	-	(1.383.958)	(20.229.077)
Total	(15.227.117)	(15.057.228)	-	(1.383.958)	(31.668.303)
Net book value	29.872.632				113.970.640

NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2023 and 2022, the breakdown short-term prepaid expenses is as follows:

Account Name	31.12.2023	31.12.2022
Prepaid Expenses to Third Parties	92.870.498	145.696.981
Short-term prepaid expenses	19.203.706	29.625.842
Advances given for purchases	73.192.584	115.918.628
Advances given to employee	306.035	137.981
Business cash advances	168.173	14.530
Short-term prepaid expenses, net	92.870.498	145.696.981

As of 31 December 2023 and 2022, the breakdown long-term prepaid expenses is as follows:

Account Name	31.12.2023	31.12.2022
Advances given for non-current assets (*)	46.495.345	-
Long-term prepaid expenses, net	46.495.345	-

(*) Includes advances given for property, plant and equipment ordered for purchases

As of 31 December 2023 and 2022, the breakdown short-term deferred income is as follows:

Account Name	31.12.2023	31.12.2022
Deferred Income from Third Parties	561.611.237	1.553.073.564
Short-term deferred income	-	588.834
Advances received (*)	561.611.237	1.552.484.730
Short-term deferred income, net	561.611.237	1.553.073.564

(*) Includes advances received from domestic and foreign customers

As of 31 December 2023 and 2022, the Group has no long-term deferred income.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Accordingly, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi entered into liquidation process and has no material influence on the consolidated financial statements and therefore, Kocaer Metal is not included in the scope of consolidation for the year ended 31 December 2023. The liquidation process of Kocaer Metal was completed as of 22 March 2023 and the relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

NOTE 17 - INVESTMENT PROPERTIES

As of 31 December 2023 and 2022, the functional breakdown and relevant financial information regarding investment properties are as follows:

31.12.2023

Cost	Opening balance –				Transfers	Revaluation surplus	Closing balance –
	1 January 2023	Additions	Disposals				31 December 2023
Land	116.857.012	-	-	-	-	20.287.988	137.145.000
Buildings (*)	141.334.041	590.352	-	-	-	7.100.607	149.025.000
Total	258.191.053	590.352	-	-	-	27.388.595	286.170.000

(*) Kocaer Steel UK LIMITED included in the scope of consolidation, acquired a building amounting to GBP 1.240.000 equivalent of TL 43.938.138 on 12 September 2023. As of 31 December 2023, the Group management assessed the purpose of the building and decided the recognise the building as an "investment property" in the accompanying consolidated financial statement.

The fair value of the investment properties was determined as of 20 December 2023 and the changes in fair value were reflected to the consolidated financial statements for the year ended 31 December 2023. In the determination of the fair values of the investment properties as of 20 December 2023, the fair values determined as a result of the appraisal studies carried out by Elit Gayrimenkul Değerleme Anonim Şirketi, which is authorized by the Capital Markets Board for the valuation of investment properties and those values have been reflected to the accompanying consolidated financial statements. As of 31 December 2023, the detailed information of investment properties is as follows:

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

31.12.2023	Net book value	2023 appraisal value	2023 revaluation surplus	Accumulated revaluation surplus
Aliğa 393 No'lu Parsel	80.615.190	86.695.000	6.079.810	40.261.115
Ankara 15 Adet B.B.	45.205.404	44.745.000	(460.404)	18.829.943
Denizli Zeytinköy Dupleks Mesken	10.731.191	14.825.000	4.093.809	3.414.079
Kuşpınar 2 Arsa + Villa	36.242.930	49.140.000	12.897.070	22.519.966
Denizli Cankurtaran Arsa	10.347.736	13.580.000	3.232.264	7.435.740
İstanbul Acarkent Villa	75.638.954	77.185.000	1.546.046	26.410.339
Total	258.781.405	286.170.000	27.388.595	118.871.182

31.12.2022

Cost	Opening balance – 1 January 2023	Additions	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2023
Land	73.081.604	-	-	-	43.775.408	116.857.012
Buildings	87.684.392	5.942.467	-	-	47.707.182	141.334.041
Total	160.765.996	5.942.467	-	-	91.482.590	258.191.053

31.12.2022	Net book value	2022 appraisal value	2022 revaluation surplus	Accumulated revaluation surplus
Aliğa 393 No'lu Parsel	46.433.885	80.615.190	34.181.305	34.181.305
Ankara 15 Adet B.B.	25.915.125	45.205.473	19.290.347	19.290.347
Denizli Zeytinköy Dupleks Mesken	11.266.395	10.586.665	(679.729)	(679.729)
Kuşpınar 2 Arsa + Villa	26.174.038	35.796.934	9.622.896	9.622.896
Denizli Cankurtaran Arsa	6.144.268	10.347.744	4.203.476	4.203.476
İstanbul Acarkent Villa	50.774.752	75.639.046	24.864.293	24.864.293
Total	166.708.463	258.191.052	91.482.588	91.482.588

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2023 and 2022, the movements for property, plant and equipment, and related depreciation are as follows:

31.12.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2023
Land	2.188.866.842	2.128.584	-	-	96.040.224	2.287.035.650
Land improvements	33.822.085	-	-	-	-	33.822.085
Buildings	1.111.362.191	17.931.470	(1.448.575)	-	81.899.499	1.209.744.585
Plant, machinery and equipment	1.645.763.979	38.225.518	(1.846.212)	309.993.905	75.754.712	2.067.891.902
Motor vehicles	144.298.113	65.215.175	(13.321.810)	-	8.737.651	204.929.129
Furniture and fixtures	106.285.216	6.461.099	(356.660)	-	8.464.275	120.853.930
Other property, plant and equipment	276.629	-	-	-	-	276.629
Leasehold improvements	5.767.212	-	-	-	-	5.767.212
Constructions in progress	759.353.746	367.487.664	-	(309.993.905)	-	816.847.505
Total	5.995.796.013	497.449.510	(16.973.257)	-	270.896.361	6.747.168.627

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2023
Land improvements	(12.317.635)	(2.050.184)	-	-	-	(14.367.819)
Buildings	(136.111.478)	(26.255.831)	105.429	-	-	(162.261.880)
Plant, machinery and equipment	(957.297.123)	(113.180.466)	5.060.605	-	-	(1.065.416.984)
Motor vehicles	(63.910.510)	(23.234.473)	4.002.949	-	-	(83.142.034)
Furniture and fixtures	(65.782.197)	(10.159.754)	348.126	-	-	(75.593.825)
Other property, plant and equipment	(69.457)	(92.215)	-	-	-	(161.672)
Leasehold improvements	(4.059.615)	(545.383)	-	-	-	(4.604.998)
Constructions in progress	-	-	-	-	-	-
Total	(1.239.548.015)	(175.518.306)	9.517.109	-	-	(1.405.549.212)
Net book value	4.756.247.998					5.341.619.415

31.12.2022

Cost	Opening balance – 1 January 2022	Additions	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2022
Land	1.316.719.776	-	(1.617.841)	-	873.764.907	2.188.866.842
Land improvements	13.164.313	10.234.852	-	10.422.920	-	33.822.085
Buildings	574.675.437	26.800.244	-	190.501.053	319.385.457	1.111.362.191
Plant, machinery and equipment	1.607.607.885	68.443.583	(29.916.996)	134.162.573	(134.533.066)	1.645.763.979

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Motor vehicles	90.128.767	54.814.817	(57.170)	-	(588.301)	144.298.113
Furniture and fixtures	105.101.497	8.627.248	(1.319.189)	8.869.800	(14.994.140)	106.285.216
Other property, plant and equipment	-	276.629	-	-	-	276.629
Leasehold improvements	5.767.212	-	-	-	-	5.767.212
Constructions in progress	568.396.505	544.144.594	-	(353.187.353)	-	759.353.746
Total	4.281.561.392	713.341.967	(32.911.196)	(9.231.007)	1.043.034.857	5.995.796.013

Accumulated depreciation (-)	Opening balance – 1 January 2022	Current period depreciation	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2022
Land improvements	(11.799.647)	(794.472)	276.484	-	-	(12.317.635)
Buildings	(122.460.941)	(13.650.537)	-	-	-	(136.111.478)
Plant, machinery and equipment	(879.164.327)	(104.396.622)	26.263.826	-	-	(957.297.123)
Motor vehicles	(52.842.806)	(11.102.554)	34.850	-	-	(63.910.510)
Furniture and fixtures	(56.645.820)	(10.411.657)	1.275.280	-	-	(65.782.197)
Other property, plant and equipment	-	(69.457)	-	-	-	(69.457)
Leasehold improvements	(3.458.799)	(600.816)	-	-	-	(4.059.615)
Constructions in progress	-	-	-	-	-	-
Total	(1.126.372.340)	(141.026.115)	27.850.440	-	-	(1.239.548.015)
Net book value	3.155.189.052					4.756.247.998

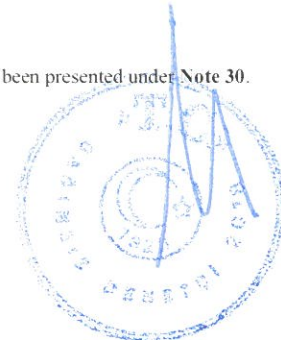
In the determination of the fair values of the property, plant and equipment, the fair values determined as a result of the appraisal studies carried out by Elit Gayrimenkul Değerleme Anonim Şirketi, which is authorized by the Capital Markets Board for the valuation of investment properties and those values have been reflected to the accompanying consolidated financial statements. As of 31 December 2023 and 2022, the detailed information of investment properties is as follows:

31.12.2022	Net book value	2022 appraisal		Accumulated revaluation surplus
		value	revaluation surplus	
Aliğa A1 Tesisi	212.847.765	371.365.387	158.517.622	158.517.622
Aliğa A-2 Tesisi 1116 Ada 3-No'lu Parsel	8.526.187	14.368.206	5.842.018	5.842.018
Aliğa A-2 Tesisi 1116 Ada 4 No'lu Parsel	485.780.298	812.643.959	326.863.660	326.863.660
Aliğa A3 Tesisi	257.305.719	429.892.757	172.587.038	172.587.038
Kınık OSB Tesisi	4.810.390	9.622.743	4.812.354	4.812.354
Denizli Haddehane	66.504.260	96.853.569	30.349.310	30.349.310
Zorlu Center İstanbul	97.032.589	122.698.214	25.665.626	25.665.626
Denizli Kocaer Tekstil-2 Tesisi 6 Parsel	29.367.978	41.868.819	12.500.841	12.500.841
Denizli Kocaer Tekstil-2 Tesisi 5 Parsel	366.715.561	504.197.141	137.481.580	137.481.580
Aliğa 1116 Ada 16 No'lu Parsel	461.117.853	779.648.165	318.530.312	318.530.314
Aliğa 1116 Ada 10 No'lu Parsel	1.903.128	1.903.128	-	-
Total	1.991.911.728	3.185.062.088	1.193.150.361	1.193.150.363

31.12.2023	Net book value	2023 appraisal		Accumulated revaluation surplus
		value	revaluation surplus	
Aliğa A1 Tesisi	371.365.387	421.920.000	50.554.613	209.072.235
Aliğa A-2 Tesisi 1116 Ada 3-No'lu Parsel	14.368.206	15.805.000	1.436.794	7.278.813
Aliğa A-2 Tesisi 1116 Ada 4 No'lu Parsel	802.262.147	920.805.000	118.542.853	445.406.514
Aliğa A3 Tesisi	434.892.757	480.540.000	45.647.243	218.234.281
Kınık OSB Tesisi	9.622.743	16.265.000	6.642.257	11.454.610
Denizli Haddehane	96.853.569	123.045.000	26.191.431	56.540.740
Zorlu Center İstanbul	122.698.214	121.490.000	(1.208.214)	24.457.411
Denizli Kocaer Tekstil-2 Tesisi 6 Parsel	36.868.819	25.410.000	(11.458.819)	1.042.022
Denizli Kocaer Tekstil-2 Tesisi 5 Parsel	504.197.141	368.085.000	(136.112.141)	1.369.439
Aliğa 1116 Ada 16 No'lu Parsel	779.648.165	857.300.000	77.651.835	396.182.147
Aliğa 1116 Ada 10 No'lu Parsel	1.103.128	1.155.000	51.869	51.872
Total	3.173.880.276	3.351.820.000	177.939.721	1.371.090.084

Total insurance coverage on property, plant and equipment has been presented under Note 22.

The functional breakdown of depreciation and amortisation charges on property, plant and equipment have been presented under Note 30.



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

NOTE 19 - INTANGIBLE ASSETS

As of 31 December 2023 and 2022, the movements for intangible assets, and related depreciation are as follows:

Other intangible assets

31.12.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Transfers	Closing balance – 31 December 2023
Rights	49.247.871	118.702	-	-	49.366.573
Development costs	302.330.254	-	-	-	302.330.254
Total	351.578.125	118.702	-	-	351.696.827

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Closing balance – 31 December 2023
Rights	(47.433.505)	(517.240)	-	(47.950.745)
Development costs	(280.157.397)	(16.666.662)	-	(296.824.059)
Total	(327.590.902)	(17.183.902)	-	(344.774.804)
Net book value	23.987.223			6.922.023

31.12.2022

Cost	Opening balance – 1 January 2022	Additions	Disposals	Transfers	Closing balance – 31 December 2022
Rights	47.454.706	1.793.165	-	-	49.247.871
Development costs	369.669.392	-	(39.224.603)	(28.114.535)	302.330.254
Total	417.124.098	1.793.165	(39.224.603)	(28.114.535)	351.578.125

Accumulated depreciation (-)	Opening balance – 1 January 2022	Current period depreciation	Disposals	Closing balance – 31 December 2022
Rights	(47.336.374)	(97.131)	-	(47.433.505)
Development costs	(286.964.037)	(49.315.103)	56.121.743	(280.157.397)
Total	(334.300.411)	(49.412.234)	56.121.743	(327.590.902)
Net book value	82.823.687			23.987.223

Total insurance coverage on intangible assets has been presented under Note 22.

The functional breakdown of depreciation and amortisation charges on intangible assets have been presented under Note 30.

NOTE 20 - EMPLOYEE BENEFITS

As of 31 December 2023 and 2022, the breakdown of employee benefits is as follows:

Account Name	31.12.2023	31.12.2022
Due to employees	19.050.820	11.340.922
Taxes payable	7.931.273	5.048.067
Social security premiums payable	25.197.524	16.410.971
Employee benefits, net	52.179.617	32.799.960

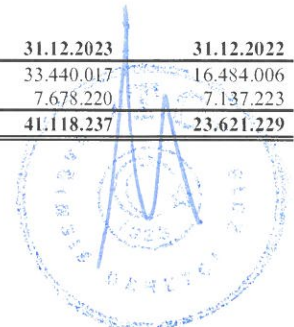
NOTE 21 – GOVERNMENT GRANTS

The Group is entitled to have personel employment, turquality incentives and deductible corporate tax rights which are considered in the scope of government grants.

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Other short-term provisions

Account Name	31.12.2023	31.12.2022
Provisions for lawsuit	33.440.017	16.484.006
Provisions for unused vacation	7.678.220	7.137.223
Total	41.118.237	23.621.229



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

As of 31 December 2023 and 2022, the movements of provisions for lawsuits are as follows:

Provisions for lawsuit	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the period – 1 January	16.484.006	17.236.305
Increases during the period	36.802.459	7.464.947
Provisions no longer required	(7.536.931)	(587.175)
Inflation adjustments	(12.309.517)	(7.630.071)
End of the period – 31 December	33.440.017	16.484.006

As of 31 December 2023 and 2022, the movements of provisions for unused vacation are as follows:

Provisions for unused vacation	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the period – 1 January	7.137.223	6.088.477
Increases during the period	4.179.139	4.015.607
Inflation adjustments	(3.638.142)	(2.966.861)
End of the period – 31 December	7.678.220	7.137.223

ii) *Contingent liabilities and contingent assets*

None.

iii) *Commitments, mortgages and guarantees not included in the liability*

As of 31 December 2023 and 2022, the breakdown of collateral/pledges/mortgages/bill of guarantees ("CPMB") is as follows:

Type	Currency	31.12.2023	
		Original currency amount	TL equivalent
Letter of Guarantee Given	TL	341.185.717	341.185.717
Letter of Guarantee Given	USD	94.142	2.771.370
Letter of Guarantee Given	EUR	2.190.300	71.346.613
Mortgages and Bill of Gurantees Given	TL	230.000.000	230.000.000
Pledges Given	TL	825.000.000	825.000.000
Pledges Given	USD	170.491.445	5.018.961.256
Pledges Given	EUR	8.100.000	263.848.590
Total CPMB's given, net			6.753.113.546
Letter of Guarantee Received	TL	19.540.000	19.540.000
Letter of Guarantee Received	USD	34.740	1.131.617
Letter of Guarantee Received	EUR	1.620.000	47.689.884
Total CPMB's received, net			68.361.501

Type	Currency	31.12.2022	
		Original currency amount	TL equivalent
Letter of Guarantee Given	TL	129.545.239	129.545.239
Letter of Guarantee Given	EUR	9.180.073	301.540.912
Mortgages and Bill of Gurantees Given	TL	378.977.900	378.977.900
Pledges Given	TL	298.239.130	298.239.130
Pledges Given	USD	28.250.000	870.375.434
Pledges Given	EUR	6.000.000	197.083.997
Total CPMB's given, net			2.175.762.612
Letter of Guarantee Received	TL	8.213.934	8.213.934
Letter of Guarantee Received	USD	172.000	5.299.278
Total CPMB's received, net			13.513.212

The functional breakdown of letters of guarantee which has been provided to various institutions during the period given accordingly to Customs Office, Electricity and Natural Gas distributor companies and tribunals. On the other hand, the Group has obtained letters of guarantees from its shareholders considered as bill of guarantees for acquisition of raw materials and supplies which were considered as deposit.

iv) *Ratio of guarantees and mortgages to equity*

As of 31 December 2023 and 2022, the Group's collateral/pledge/mortgage/bill of guarantees ("C&P&M&B") position is as follows:

Collateral, Pledge, Mortgages, Bill of Guarantees Given by the Group	31.12.2023	31.12.2022
A. Total amount of CPMB's given in the name of its own legal personality	645.303.700	706.783.240
B. Total amount of CPMB's given on behalf of the fully consolidated subsidiaries	-	-
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's given	-	1.468.979.372
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies	-	1.468.979.372

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

which are not in scope of B and C

iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C

	-	-
Total	645.303.700	2.175.762.612

The ratio of other CPMB's given by the Group to its equity is 9% as of 31 December 2023 (31 December 2022: 39%).

v) Total insurance coverage on assets

As of 31 December 2023, total insurance coverage on property, plant and equipment is amounting to TL 4.935.473.540 and USD 33.250.000 against wide variety of risks as collateral (31 December 2022 :TL 1.930.415.227, USD 63.650.000 and EUR 95.000).

NOTE 23 - COMMITMENTS

None.

NOTE 24 – PROVISIONS FOR EMPLOYEE BENEFITS

Account Name	31.12.2023	31.12.2022
Provision for employment termination benefits	38.489.361	40.583.109
Total	38.489.361	40.583.109

Under Turkish Labour Law, Kocaer Çelik and its subsidiaries and associates incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL 35.058,00 (31 December 2022: TL 19.982,83) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects.

As of 31 December 2023, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 31 December 2023, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 22% and an interest rate of 25%, resulting in a discount rate of 2.46%.

The movement of provision for employment termination benefits is as follows:

	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the Period – 1 January	40.583.109	25.396.532
Payments during the period (-)	(33.162.158)	(4.747.157)
Interest cost	3.658.779	2.228.252
Service cost	7.222.343	5.720.755
Loss on remeasurements of defined benefit plans	29.710.409	3.348.146
Actuarial gains/(losses)	9.877.782	22.745.784
Inflation adjustments	(19.400.903)	(14.109.203)
End of the Period – 31 December	38.489.361	40.583.109

NOTE 25 - TAX ASSETS AND LIABILITIES

As of 31 December 2023 and 2022, the breakdown of current income tax assets is as follows:

Account Name	31.12.2023	31.12.2022
Prepaid taxes	1.080	-
Current income tax assets, net	1.080	-

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 31 December 2023 and 2022, the breakdown of other current assets is as follows:

Account Name	31.12.2023	31.12.2022
Deferred VAT	259.944.124	214.704.523
Other current assets, net	259.944.124	214.704.523

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

As of 31 December 2023 and 2022, the breakdown of other current liabilities is as follows:

Account Name	31.12.2023	31.12.2022
Other	2.845	2.002
Other current liabilities, net	2.845	2.002

As of 31 December 2023 and 2022, the Group has no other non-current liabilities.

NOTE 27 – EQUITY

i) Non-controlling interests

From all equity account group items of subsidiaries within the scope of consolidation, including paid/issued share capital, the amounts corresponding to the shares other than the parent company and subsidiaries are deducted and disclosed in the equity of the consolidated statement of financial position as "Non-Controlling Interests".

As of 31 December 2023 and 2022, the movements of non-controlling interests are as follows:

	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the Period – 1 January	11.693.860	5.313.867
Capital increase, net	8.712.582	62.867
Gains/(losses) on remeasurements of defined benefit plans, net	(81.300)	(25.463)
Currency translation differences, net	6.163.230	1.980.987
Adjustments of inflation from TAS 29	(697.613)	(1.213.457)
Retained earnings, net	(5.712.582)	-
Profit for the period, net	(1.186.327)	5.575.059
End of the Period – 31 December	18.891.850	11.693.860

ii) Share capital / Capital adjustments due to cross-ownership

As of 31 December 2023 and 2022, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	31.12.2023		31.12.2022	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	500.384.989	76	520.084.989	79
Other	157.185.011	24	137.485.011	21
Total share capital	657.570.000	100	657.570.000	100

Number of shares, class of shares and privileges

The initial public offering of the Group was approved with the official circular on 16 June 2022 and the bulletin numbered 2022/30 of the Capital Markets Board ("CMB"). The relevant stocks of initial public offering was paid from the share capital amounting to TL 657.570.000, the group's shares amounting to TL 21.500.000 and the remaining TL 34.600.000 was paid from disposal of the shares of the shareholders, with total amount of TL 56.100.000. The capital increase amounting to TL 424.070.000 was realized from the emission premium that arising from after the public initial public offering and was recognised in equity. The capital increase was published in Official Gazette on 30 November 2022 and numbered 10715.

Capital adjustments due to cross-ownership

None.

iii) Capital reserves

None.

iv) Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The details of the restricted reserves are as follows:

Account Name	31.12.2023	31.12.2022
Legal reserves	52.423.813	20.816.417
Gain on disposal of a subsidiary and property, plant and equipment	170.499.708	170.499.708
Total	222.923.521	191.316.125

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

v) Retained earnings

As of 31 December 2023 and 2022, the breakdown of retained earnings is as follows:

Account Name	31.12.2023	31.12.2022
Retained earnings	2.574.705.745	1.859.314.047
Total	2.574.705.745	1.859.314.047

vi) Share premium

None.

vii) Other comprehensive income or expenses to be reclassified to profit or loss

As of 31 December 2023 and 2022, the detailed table of other comprehensive income or expenses to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	31.12.2023	31.12.2022
Currency translation differences	75.197.460	32.351.815
Gains/(losses) on hedges	(193.692.211)	(314.615.470)
Total	(118.494.751)	(282.263.655)

viii) Other comprehensive income or expenses not to be reclassified to profit or loss

As of 31 December 2023 and 2022, the detailed table of other comprehensive income or expenses not to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	31.12.2023	31.12.2022
Gains/(losses) on revaluation and remeasurement	1.352.451.955	996.551.398
Gains/(losses) on remeasurements of defined benefit plans	(19.441.909)	(18.935.908)
Total	1.333.010.046	977.615.490

viii) Equity

Account Name	31.12.2023	31.12.2022
Paid-in share capital	657.570.000	657.570.000
Adjustment to share capital	986.907.465	986.907.465
Other comprehensive income or expenses not to be reclassified to profit or loss	1.333.010.046	977.615.490
Share premium	219.137.189	219.137.189
Other comprehensive income or expenses to be reclassified to profit or loss	(118.494.751)	(282.263.655)
Restricted reserves	222.923.521	191.316.125
Retained earnings	2.574.705.745	1.859.314.047
Profit for the period	1.186.704.182	964.430.062
Equity holders of the parent	7.062.463.397	5.574.026.723
Non-controlling interests	18.891.850	11.693.860
Total equity	7.081.355.247	5.585.720.583

viii) Supplementary information regarding capital reserves and other equity items

As of 31 December 2023, the comparative information regarding the relevant equity items presented as inflation-adjusted in the consolidated financial statements with the inflation-adjusted amounts in the financial statements prepared in accordance with the Tax Procedure Law is as follows:

31.12.2023	Amounts adjusted for inflation in the financial statements prepared in accordance with the Tax Procedure Law	Amounts adjusted for inflation in the financial statements prepared in accordance with TAS/IFRS	Difference recognised in retained earnings
Adjustment to share capital	1.337.114.124	986.907.465	350.206.659
Share premium	238.566.396	219.137.189	19.429.207
Restricted reserves	1.530.117.418	191.316.125	1.338.801.293

NOTE 28 - REVENUE AND COST OF SALES

As of 31 December 2023 and 2022, the functional breakdown of revenue and cost of sales is as follows:

Account Name	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Domestic Sales	4.427.734.958	4.300.368.989
Foreign Sales	10.537.557.154	13.294.831.849
Other Revenue	130.377.343	2.895.912
Sales Returns (-)	(1.300.475)	(2.516.634)
Sales Discounts (-)	(2.888.184)	(7.153.150)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Net Sales	15.091.480.796	17.588.426.966
Cost of Sales (-)	(12.126.252.301)	(14.483.234.207)
Cost of Merchandise Sold (-)	(1.141.524.473)	(1.421.185.062)
Cost of Goods Sold (-)	(10.065.909.713)	(12.276.762.823)
Other Cost of Sales (-)	(328.848.986)	(316.627.859)
Personnel Expenses	(413.748.452)	(301.223.009)
Depreciation and Amortisation Charges(-)	(176.220.677)	(167.435.454)
Gross Profit	2.965.228.495	3.105.192.759

NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of 31 December 2023 and 2022, the functional breakdown of operating expenses is as follows:

Account Name	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Marketing, Sales and Distribution Expenses (-)	(756.267.318)	(1.075.697.054)
General Administrative Expenses (-)	(193.799.599)	(138.117.220)
Research and Development Expenses (-)	(6.981.383)	(5.309.163)
Total Operating Expenses (-)	(957.048.300)	(1.219.123.437)

NOTE 30 - EXPENSES BY NATURE

As of 31 December 2023 and 2022, the functional breakdown of marketing, sales and distribution expenses, research and development expenses and general administrative expenses recognized in expenses by nature is as follows:

Account Name	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Marketing, Sales and Distribution Expenses (-)	(756.267.318)	(1.075.697.054)
Personnel expenses	(26.843.254)	(17.278.169)
Freight costs	(373.994.609)	(679.953.324)
Export costs	(134.742.001)	(132.676.298)
Transportation costs	(73.214.553)	(59.602.304)
Customs duty and expenses	(5.615.933)	(7.232.164)
Consumable costs	(68.022.938)	(73.107.814)
Sales commission expenses	(23.271.487)	(72.125.826)
Depreciation and amortisation charges	(1.028.030)	(252.342)
Depreciation and amortisation charges – TFRS 16	(7.408.670)	(5.195.553)
Advertising expenses	(1.211.867)	(3.139.236)
Maintenance and repair expenses	(342.859)	(296.150)
Information systems expenses	(2.893.087)	(1.235.855)
Audit and consultancy expenses	(5.845.980)	(4.206.567)
Education costs	(220.214)	(94.674)
Utility expenses	(106.606)	(141.072)
Fair and promotion expenses	(19.632.482)	(7.718.789)
Litigation and notary costs, fees and charges	(2.339.010)	(2.838.734)
Stationery expenses	(463.358)	(149.873)
Travel expenses	(4.144.776)	(2.390.854)
Insurance expenses	(1.792.691)	(4.137.122)
Fuel expenditures	(367.534)	(643.388)
Representation and hospitality expenses	(144.887)	(83.397)
Taxes, duties and charges	(160.877)	(75.677)
Other	(2.459.615)	(1.121.872)
General Administrative Expenses (-)	(193.799.599)	(138.117.220)
Personnel expenses	(94.158.796)	(58.913.619)
Transportation costs	(30.138)	(12.336)
Consumable costs	(3.325.689)	(2.570.828)
Depreciation and amortisation charges	(15.317.560)	(22.294.751)
Depreciation and amortisation charges – TFRS 16	(20.664.773)	(9.861.675)
Grants and donations	(896.133)	(246.984)
Maintenance and repair expenses	(1.585.941)	(2.056.473)
Information systems expenses	(7.563.040)	(2.608.151)
Audit and consultancy expenses	(11.993.171)	(13.247.186)
Education costs	(1.500.895)	(883.984)
Utility expenses	(1.397.805)	(839.021)
Communication expenses	(2.826.692)	(1.369.999)
Rent expenses	(830.952)	(825.441)
Litigation and notary costs, fees and charges	(4.281.998)	(2.648.771)
Stationery expenses	(454.648)	(127.097)
Travel expenses	(5.901.686)	(3.748.229)
Insurance expenses	(2.735.786)	(1.839.411)
Motor vehicle expenditures	(1.632.687)	(2.273.291)
Representation and hospitality expenses	(1.690.216)	(761.372)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Taxes, duties and charges	(4.973.139)	(2.747.364)
Other	(10.037.884)	(8.241.237)
Research and Development Expenses (-)	(6.981.383)	(5.309.163)
Personnel expenses	(5.332.379)	(3.868.662)
Depreciation and amortisation charges	(135.941)	(455.802)
Other	(1.513.063)	(984.699)
Total operating expenses, net (-)	(957.048.300)	(1.219.123.437)

The functional breakdown of depreciation and amortisation charges recognized under consolidated statement of profit or loss is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Cost of Sales (-)	(176.220.677)	(167.435.454)
Marketing, Sales and Distribution Expenses (-)	(8.436.700)	(5.447.895)
General Administrative Expenses (-)	(35.982.333)	(32.156.426)
Research and Development Expenses (-)	(135.941)	(455.802)
Depreciation and amortisation charges, net	(220.775.651)	(205.495.577)

The functional breakdown of personnel expenses recognized under consolidated statement of profit or loss is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Cost of Sales (-)	(413.748.452)	(301.223.009)
Marketing, Sales and Distribution Expenses (-)	(26.843.254)	(17.278.169)
General Administrative Expenses (-)	(94.158.796)	(58.913.619)
Research and Development Expenses (-)	(5.332.379)	(3.868.662)
Personnel expenses, net	(540.082.881)	(381.283.459)

NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 31 December 2023 and 2022, the functional breakdown of other operating income and expenses is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Other Operating Income	257.119.979	288.557.702
Provisions No Longer Required (Doubtful receivables)	4.458.760	18.033.948
Provisions No Longer Required (Lawsuits)	7.536.931	587.175
Rent Income	6.587.580	10.505.727
Foreign Exchange Gains	27.402.623	58.139.183
Income from Tax Discounts and Deductions	8.770.666	-
Income from Insurance Compensation and Claims	4.344.731	41.742.979
Income from Litigation Claims	-	13.461.899
Discount Income	17.461.903	18.643.172
Interest Income	161.771.965	124.036.982
Income from Reversal of Discounts	13.079.761	-
Other	5.705.059	3.406.637
Other Operating Expenses (-)	(461.081.395)	(423.367.986)
Provisions for Doubtful Receivables	(456.495)	(10.737.700)
Provisions for Lawsuits	(36.802.459)	(7.464.947)
Foreign Exchange Losses	(137.735.833)	(273.432.079)
Expenses from Grants and Donations	(3.290.241)	(2.636.922)
Interest Expenses	(188.922.068)	(94.971.756)
Expenses from Reversal of Discounts	(11.314.458)	-
Discount Expenses	(9.380.388)	(21.551.915)
Expenses from Current Account Closures	(1.264.562)	(9.211.478)
Expenses from Additional Corporate Tax and Tax Base Increases	(64.934.230)	-
Other	(6.980.661)	(3.361.189)
Other operating income/(expenses), (net)	(203.961.416)	(134.810.284)

NOTE 32 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITIES

As of 31 December 2023 and 2022, the functional breakdown of gains and losses from investment activities is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Gains from Investment Activities	450.523.058	298.509.298
Gain on Sale of Property, Plant and Equipment and Intangible Assets	5.727.489	3.237.944
Investment Properties Revaluation Surplus	27.388.595	91.482.588
Gain on Sale of Securities	416.229.609	203.788.766

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Gain on Reversal of Provision for Impairment	1.177.365	-
Losses from Investment Activities (-)	(16.883.686)	(150.329.567)
Loss on Impairment on Property, Plant and Equipment	-	(150.115.506)
Loss on Sale of Securities	(16.883.686)	(1.565)
Loss on Provision for Impairment on Subsidiaries	-	(212.496)
Gains/(losses) from investment activities, (net)	433.639.372	148.179.731

NOTE 33 - FINANCIAL INCOME/(EXPENSES)

As of 31 December 2023 and 2022, the functional breakdown of financial income and expenses is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Financial Income	436.215.087	333.756.895
Interest Income	31.976.702	54.410.069
Foreign Exchange Gains	392.450.566	218.569.802
Interest Income arising from Group Companies and Shareholders	11.787.819	60.777.024
Financial Expenses (-)	(1.360.022.626)	(1.898.965.317)
Interest Expenses	(480.558.949)	(431.534.291)
Foreign Exchange Losses	(795.966.963)	(1.409.192.413)
Interest Expenses arising from Group Companies and Shareholders	(1.146.344)	-
Bank Commissions, Fees and Charges	(73.275.841)	(51.779.658)
Interest expense from TFRS 16	(9.074.529)	(6.458.955)
Financial income/(expenses), (net)	(923.807.539)	(1.565.208.422)

NOTE 34 – NON-CURRENT ASSETS HELD FOR SALE

None.

NOTE 35 – INCOME TAXES

The Group's tax expense (or income) consists of current period corporate income tax expense and deferred tax expense or income and the functional breakdown of income taxes is as follows:

Account Name	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Current period tax expense	(201.148.900)	(223.873.528)
Deferred tax income/(expense)	24.160.486	279.476.033
Total tax income/(expense)	(176.988.414)	55.602.505

i) Corporate tax

The Group, its subsidiaries and associates operating in Turkey, are subject to the tax legislation and practices in force in Turkey. Provisions have been allocated in the accompanying consolidated financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

Account Name	31.12.2023	31.12.2022
Current period tax expense	201.643.730	217.029.367
Less: Prepaid income tax	(182.182.323)	(180.536.344)
Current income tax liabilities, net	19.461.407	36.493.023

The corporate tax to be accrued on the taxable income is calculated on the basis of the deduction of the expenses that cannot be deducted from the tax base expense in the determination of the earnings, and the amount of dividends received from domestic companies, taxable income and investment allowances.

Corporate tax rates

The Corporate Tax Law has been amended with the Law No. 5520 on 13 June 2006. The aforementioned new Corporate Tax Law No. 5520 was originally published in the Official Gazette as of 21 June 2006. However provisions of the amended corporate tax law is effective from 1 January 2006. As of 31 December 2023, corporate tax rate applied in Turkey is 25% (31 December 2022: 23%). The Corporate Tax rate is applied to the tax base that will be calculated as a result of including the expenses that are not considered as deductible in accordance with the tax laws to the operating profit of the entities and deducting the exemptions and allowances (subsidiary earnings, investment discount, etc.) and deductions (Exemptions from research and development, etc.) included in the tax laws. Additional tax is not paid if the profit is not distributed.

In the Official Gazette dated 17 November 2020, amendments were made regarding both tax regulations and other regulations. As per Article 35 of the Law No. 7256 on Restructuring of Some Receivables and Amending Some Laws ("Law No. 7256"), published in the Official Gazette dated 17 November 2020 effective from 1 January 2021. For the institutions at least 20% of whose shares are offered to the public to be traded in Borsa Istanbul Equity Market for the first time, the corporate tax rate will be applied at a 2 point discounted rate for 5 accounting periods starting from the fiscal period during which their shares are offered to the public for the first time. However, the above mentioned discount on corporate tax rate is not applicable for banks, leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

pension companies. In case the condition disclosed in the aforementioned paragraph regarding the share ratio is lost within 5 accounting periods starting from the accounting period benefiting from the discount, taxes that are not accrued on time due to the reduced tax rate application are collected together with delay interest without any tax loss penalty.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to corporate tax law article numbered 20, the corporate tax is imposed by the taxpayer's tax returns. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-30 April following the close of the accounting year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Dividend payments by resident corporations to resident joint-stock company in Turkey again in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated. Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax.

The Group has been capitalised basic incentives and supports set forth under the Law No. 5746 pertaining the Support of Research and Development Activities for the R&D investment projects in its legal records. 100% of all eligible R&D and innovation expenditures made within technology centres, R&D centres (which should employ at least 15 (may increase to 30 for specific sectors) full-time equivalent R&D personnel), R&D and innovation projects supported by governmental institutions, foundations established by law, or international funds and design expenditures made within design centres (which should employ at least 10 full-time equivalent design personnel) and design projects supported by the above institutions can be deducted from the corporate income tax base in accordance with the necessary calculations which has been reflected in the accompanying consolidated financial statements.

As of 31 December 2023 and 2022, provision for income tax has been calculated is as follows:

	31.12.2023	31.12.2022
Operating Profit	1.191.487.085	1.028.499.129
Tax Base Additions	145.427.403	1.056.613.526
<i>Non-deductible expenses</i>	<i>145.427.403</i>	<i>1.056.613.526</i>
Retained Earnings (-)	-	-
Tax Allowances and Deductions (-)	(205.704.813)	(946.286.526)
Operating Profit, net (domestic)	1.131.209.675	1.046.111.071
Operating Profit, net (foreign)	-	92.715.058
Provision for income tax	(260.297.393)	(239.293.090)
Tax deductions arising from production activities	50.386.867	15.419.562
Tax deductions arising from investment incentives and government grants	8.761.626	-
Current period tax expense, net	(201.148.900)	(223.873.528)

Income withholding tax

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income tax withholding. In accordance with the decision of Cabinet numbered 2009-14592 dated 12 January 2009, the rate has been applied as 15%. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

ii) Deferred tax

Kocaer Çelik, its subsidiaries and associate, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS and the Turkish tax legislations. These differences usually due to the recognition of revenue and expense items in different reporting periods for the TAS and tax purposes, the differences explained as below.

As of 31 December 2023 and 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Account Name	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Depreciation and amortisation	(40.265.715)	59.187.649	(9.260.178)	11.837.529
Reversal of capitalised financing costs	332.283.644	306.440.571	76.489.201	61.288.135
Reversal of revaluation fund	700.826.941	474.664.777	161.190.196	94.932.955
PP&E Revaluation Surplus (Land and Buildings)	(714.971.306)	(714.971.306)	(44.685.707)	(71.497.131)
PP&E Revaluation Surplus (Buildings)	(1.464.046.723)	(1.193.150.362)	(91.502.920)	(119.315.036)
Investment Properties Revaluation Surplus	(268.530.233)	(139.602.107)	(61.761.954)	(27.920.421)
Profit elimination of constructions in progress	42.808.545	-	9.845.965	-
Employment Termination Benefits	38.489.361	24.629.708	8.912.424	4.925.942
Provisions for Doubtful Receivables	14.187.533	14.951.524	3.279.443	3.156.130
Provisions for Lawsuits	33.440.017	10.004.070	7.701.091	2.112.576

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Provisions for Loan Interest	(1.243.098)	4.005.977	(285.913)	841.255
Provisions for Unused Vacation	7.678.220	4.331.549	1.773.731	912.649
Adjustments for TFRS 16 "Leases"	1.639.196	1.038.220	377.015	218.026
Adjustments for customs discharge	-	(807.345)	-	(169.542)
Discount on notes receivables	9.294.869	13.079.761	2.137.820	2.746.750
Adjustments for derivative instruments	(132.054.137)	(149.090.954)	(26.491.519)	(29.898.883)
Adjustments for inventories	25.227.438	27.034.887	5.802.311	5.136.629
Capitalised policy interest recognised as an expense	22.594.500	4.403.211	5.196.735	924.673
Adjustments for sale and leaseback arrangements	73.307.313	73.307.313	16.860.682	15.394.536
Adjustments for internal rate of return	-	32.046	-	6.730
Adjustments for gain on sale of securities	(291.067.931)	8.991.850	(66.945.624)	1.888.289
Adjustments for currency translation differences	(36.576.803)	(5.003.190)	(8.412.665)	(1.050.670)
Interest and currency translation differences arising from sale and leaseback arrangements	141.175.393	167.395.437	32.470.340	33.479.087
Adjustments for inflation from TAS 29	(543.197.574)	(361.936.291)	125.016.755	112.866.936
Other	(17.461.903)	-	(4.016.238)	-
Deferred tax assets, net			143.690.991	102.817.124

Movements in deferred tax assets/(liabilities) are as follows:

	01.01.2023	01.01.2022
	31.12.2023	31.12.2022
Beginning of the period - 1 January	102.817.124	7.611.258
Deferred tax income/(expense) during the period, net	24.160.486	169.276.440
PP&E Revaluation Surplus	54.623.540	(119.315.036)
Additions arising from Derivative Instruments	688.372	6.921.952
Actuarial Gains/(Losses) on Deferred Tax, net	1.819.338	2.367.599
Adjustments for inflation from TAS 29, net	(40.417.869)	35.954.911
End of the period - 31 December	143.690.991	102.817.124

Reconciling the effective current period tax expense and profit for the period is as follows:

	31.12.2023	31.12.2022
Profit Before Tax	1.030.815.637	839.720.606
Tax calculated at domestic tax rate (25%)	(193.466.804)	(176.414.877)
Non-deductible expenses	(27.406.970)	(134.784.876)
Gains on tax allowances and tax rate differences/changes	38.466.800	252.258.196
Other	-	1.999.158
Adjustments for inflation	5.418.560	112.544.904
Tax income/(expense)	(176.988.414)	55.602.505

NOTE 36 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 31 December 2023 and 2022, which is as follows:

Account Name	31.12.2023	31.12.2022
Profit for the period	1.186.704.182	964.430.062
Weighted average number of shares	657.570.000	657.570.000
Earnings per share	1.8046	1.4667

NOTE 37 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

31.12.2023	Trade receivables	Other receivables	Trade payables	Other payables
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	8.203.934	-	-	-
Çakra Mağazacılık Ticaret ve Anonim Şirketi	671.165	30.229.044	-	-
Other	-	81.729	-	26.232.013
TOTAL	8.875.099	30.310.773	-	26.232.013
31.12.2022	Trade receivables	Other receivables	Trade payables	Other payables
Other	-	46.749.356	-	3.738.101
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	-	5.612.401	-	-
Çakra Mağazacılık Ticaret ve A.Ş.	395.183	33.100.772	175.976	-
Kocaer Metal Sanayi A.Ş.	-	-	1.672.482	-
KCR Tekstil A.Ş.	-	1.104	-	-
TOTAL	395.183	85.463.633	1.848.458	3.738.101

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

a) Related party transactions are as follows:

31.12.2023

Purchases	Goods and services	Rent	Interest	Other services	Total
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	-	-	7.771	7.771
Yağız Nakliyet A.Ş.	135.396.361	-	-	17.999.485	153.395.846
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	-	1.179.900	704.762	1.884.662
Kocaer Enerji	-	-	10.554.252	-	10.554.252
Total	135.396.361	-	11.734.152	18.712.018	165.842.531

Sales	Goods and services	Rent	Interest	Other services	Total
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	2.904.595	2.381.931	2.524.872	7.811.398
Yağız Nakliyet A.Ş.	-	129.093	-	18.443.763	18.572.856
Kocaer Steel Uk Limited	627.833.945	-	-	-	627.833.945
Hakan Kocaer	-	129.093	-	-	129.093
İbrahim Kocaer	-	129.093	-	-	129.093
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	525.490	11.217.073	1.025.607	12.768.170
Kocaer Enerji	-	-	-	214.104.445	214.104.445
Total	627.833.945	3.817.364	13.599.004	236.098.687	881.349.000

31.12.2022

Purchases	Goods and services	Rent	Interest	Other services	Total
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	-	-	-	113.001	113.001
Chakra Mağazacılık Ticaret Ve A.Ş.	-	3.696	-	172.659	176.355
Kocaer Metal Sanayi A.Ş.	-	27.202	-	426.962	454.164
Total	-	30.898	-	712.622	743.520

Sales	Goods and services	Rent	Interest	Other services	Total
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	-	2.131.220	3.302.893	5.025.001	10.459.114
Chakra Mağazacılık Ticaret Ve A.Ş.	-	-	2.178.653	563.150	2.741.803
KCR Tekstil A.Ş.	-	-	35.424.605	-	35.424.605
Kocaer Metal Sanayi A.Ş.	-	10.605	-	-	10.605
İbrahim Kocaer	-	92.353	-	6.387	98.740
Hakan Kocaer	-	78.145	-	1.672.563	1.750.708
Total	-	2.312.323	40.906.151	7.267.101	50.485.575

a) Key management compensation

Account Name	01.01.2023	01.01.2022
Key management compensation	29.493.924	8.636.743
Total	29.493.924	8.636.743

NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand. The capital structure of the Group consists of cash and cash equivalents explained in note 6, borrowings explained in note 8 and equity items containing respectively issued share capital, capital reserves, profit reserves and profits of previous years explained in note 27. Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Group monitors capital on the basis of the net financial debt/total equity ratio. This ratio calculated as dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes borrowings, finance leases and trade payables as disclosed in the consolidated statement of financial position). Total capital is calculated as equity, as presented in the consolidated statement of financial position, plus net debt.

General strategy based on the Group's equity does not differ from the prior period. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Consolidated net financial debt/invested capital ratio as of 31 December 2023 and 2022 are as follows:

	31.12.2023	31.12.2022
Total borrowings	5.122.255.426	6.302.958.987
Less: Cash and cash equivalents	(673.922.387)	(760.411.359)
Net financial debt	4.448.333.039	5.542.547.628
Equity	7.081.355.247	5.585.720.583
Invested capital	11.529.688.286	11.128.268.211
Net financial debt/invested capital ratio	0.3858	0.4980

Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has liabilities denominated in USD, EURO and GBP.

Foreign exchange transactions result in foreign exchange risk arising from foreign exchange denominated assets and liabilities into Turkish Lira. The Group's exposure to foreign exchange risk arises from its borrowings, receivables and payables denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed cash flow statements as of 31 December 2023 and 2022. Derivative financial instruments are also used as instruments for foreign exchange risk management for hedging purposes, when needed. Assets and liabilities denominated in foreign currency are as follows:



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

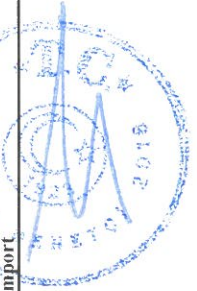
KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

As of 31 December 2023 and 2022, foreign exchange position of the Group is as follows:

	Foreign Exchange Position									
	31.12.2023			31.12.2022						
	TL equivalent	USD	EUR	GBP	Other	TL equivalent	USD	EUR	GBP	Other
1. Trade Receivables	1.424.984.941	44.902.774	3.165.974	-	-	2.229.438.414	105.858.483	12.544.068	-	-
2a. Monetary Financial Assets	587.500.046	14.731.639	627.011	3.562.950	-	657.716.098	29.917.158	3.868.196	942.853	-
2b. Non-Monetary Financial Assets	105.621.759	2.675.312	824.752	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Total Current Assets (1+2+3)	2.118.106.745	62.309.725	4.617.737	3.562.950	-	2.887.154.512	135.775.641	16.412.264	942.853	-
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	2.118.106.745	62.309.725	4.617.737	3.562.950	-	2.887.154.512	135.775.641	16.412.264	942.853	-
10. Trade Payables	934.493.649	31.226.197	373.677	-	-	886.359.528	45.799.328	1.357.931	-	-
11. Financial Liabilities	846.393.973	26.260.374	2.165.772	-	-	1.364.633.074	61.709.807	10.347.184	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Total Current Liabilities (10+11+12)	1.780.887.621	57.486.571	2.539.449	-	-	2.250.992.602	107.509.134	11.705.115	-	-
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	685.747.966	20.677.520	2.295.705	-	-	456.943.683	15.655.948	8.161.541	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	685.747.966	20.677.520	2.295.705	-	-	456.943.683	15.655.948	8.161.541	-	-
18. Total Liabilities (13+17)	2.466.635.587	78.164.091	4.835.154	-	-	2.707.936.284	123.165.082	19.866.656	-	-
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(348.528.842)	(15.854.366)	(217.417)	3.562.950	-	179.218.228	12.610.559	(3.454.392)	942.853	-
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(348.528.842)	(18.529.678)	(1.042.169)	3.562.950	-	179.218.228	12.610.559	(3.454.392)	942.853	-
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	10.030.834.860	416.859.209	-	-	-	14.208.105.269	806.183.701	50.086.658	-	-
23. Export	3.433.984.812	152.155.893	-	-	-	2.972.536.378	179.532.978	121.104	-	-
24. Import	-	-	-	-	-	-	-	-	-	-



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The following table details the Group's foreign currency sensitivity as at 31 December 2023 and 2022 for the changes at the rate of 10%:

Exchange Rate Sensitivity Analysis		
31.12.2023		
	Profit / (Loss)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(47.432.945)	47.432.945
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(47.432.945)	47.432.945
Change in EUR against TL by 10%		
4- EURO Net Asset / Liability	(760.239)	760.239
5- Hedged portion of EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	(760.239)	760.239
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	13.340.291	(13.340.291)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	13.340.291	(13.340.291)
TOTAL	(34.852.893)	34.852.893

Exchange Rate Sensitivity Analysis		
31.12.2022		
	Profit / (Loss)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	22.818.441	(22.818.441)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	22.818.441	(22.818.441)
Change in EUR against TL by 10%		
4- EURO Net Asset / Liability	(7.017.018)	7.017.018
5- Hedged portion of EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	(7.017.018)	7.017.018
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	2.120.400	(2.120.400)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	2.120.400	(2.120.400)
TOTAL	17.921.823	(17.921.823)

Interest rate risk

The Group is exposed interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest such as time deposits (Note 6) and short-long term nature of borrowings (Note 8) as well as using derivative instruments for hedging purposes.

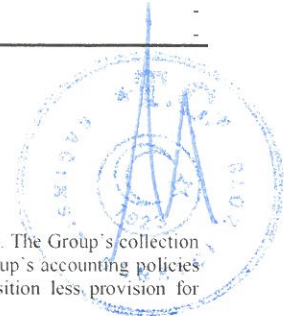
	31.12.2023	31.12.2022
Fixed-Interest Rate Financial Instruments		
Financial Assets	79.636.817	316.667.148
Financial Liabilities	2.907.013.544	3.141.877.054
Floating-Interest Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

Equity securities and other related risks related financial instruments

The Group has no any securities and similar financial assets sensitive to changes in fair value.

Credit risk management

Holding financial instruments also carries the risk of the other party not meeting the requirements of the agreement. The Group's collection risk mainly arises from its trade receivables. Trade receivables are evaluated by taking into consideration the Group's accounting policies and procedures and accordingly, trade receivables are allocated in the consolidated statement of financial position less provision for doubtful receivables in the consolidated statement of financial position (Note 10).



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

As 31 December 2023 and 2022, the exposure of consolidated financial asset to credit risk is as follows:

CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INSTRUMENT TYPES

31.12.2023	Receivables				Notes	Bank deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	8.875.099	1.245.960.882	30.310.773	195.731.415	10-11	673.806.908	6
- Maximum risk secured with guarantees and collaterals	-	465.775.080	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	8.875.099	1.245.960.882	30.310.773	195.731.415	10-11	673.806.908	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
C. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	-
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6
D. Net book value of impaired assets	-	-	-	-	10-11	-	-
- Past due (gross book value)	-	14.919.304	-	-	10-11	-	6
- Impairment (-)	-	(14.919.304)	-	-	10-11	-	6
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6

31.12.2022	Receivables				Notes	Bank deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	395.183	1.985.165.086	85.463.633	180.925.471	10-11	760.293.548	6
- Maximum risk secured with guarantees and collaterals	-	776.968.232	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	395.183	1.985.165.086	85.463.633	180.925.471	10-11	760.293.548	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
C. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	-
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6
D. Net book value of impaired assets	-	-	-	-	10-11	-	-
- Past due (gross book value)	-	29.850.837	-	-	10-11	-	6
- Impairment (-)	-	(29.850.837)	-	-	10-11	-	6
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6

Liquidity risk management

The Group tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly.

Liquidity risk statements

Liquidity risk is the risk that a Group will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

Undiscounted contractual cash flows of the derivative and non-derivative consolidated financial liabilities in TL as of 31 December 2023 and 2022 are as follows:

31.12.2023

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	4-12 months		1-5 years	
Non-Derivative Financial Liabilities	4.409.392.722	4.516.798.917	2.033.776.436	1.686.204.578	796.817.902		
Bank Borrowings	2.834.496.168	2.936.128.340	943.037.725	1.362.784.887	630.305.728		
Finance Lease Liabilities	72.517.376	75.115.550	20.304.173	32.892.824	21.918.552		
Lease Liabilities	146.219.188	149.395.037	1.200.354	3.601.061	144.593.622		
Trade Payables	1.235.908.351	1.235.908.351	948.982.545	286.925.806	-		
Other Payables	120.251.639	120.251.639	120.251.639	-	-		

31.12.2022

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	4-12 months		1-5 years	
Non-Derivative Financial Liabilities	4.616.386.100	3.400.474.411	1.655.328.935	1.415.282.135	329.863.341		
Bank Borrowings	2.872.534.442	1.774.980.124	283.170.962	1.337.888.102	163.921.060		
Finance Lease Liabilities	269.342.612	171.683.332	24.911.116	73.445.113	73.327.103		
Lease Liabilities	108.013.196	107.880.405	1.316.307	3.948.920	102.615.178		

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

<i>Trade Payables</i>	1.298.453.846	1.298.453.846	1.298.453.846	-	-
<i>Other Payables</i>	68.042.004	47.476.704	47.476.704	-	-

Fair value of financial assets and liabilities

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists. Foreign currency denominated receivables and payables are translated with the exchange rates prevailing as of the date of the consolidated financial statements.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

The carrying values of cash and cash equivalents including cash on hand and demand deposits, accrued interests and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables less provision for doubtful receivables are considered to approximate their respective carrying values.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of the bank borrowings after discount are considered to be approximate to their corresponding carrying values. Bank borrowings are expressed with discounted cost and transaction costs are added to the initial cost of the loan. The fair values of the loans after discount are considered to be approximate to their corresponding carrying values. In addition, it is considered that the fair values of the trade payables are approximate to their respective carrying value due to their short-term nature.

NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

Fair value hedge of foreign currency risk

The Group uses hedge accounts on its balance sheet by borrowing in the same currency against the foreign currency denominated risks arising from the foreign currency sales amounts to be realized in the subsequent periods within the scope of the agreements.

In this context, repayments of foreign currency denominated borrowings, which are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that are realized on closing dates and determined as hedged item within the scope of hedge accounting.

In accordance with the currency risk management strategy determined by the Group management, unrealized firm commitment applies hedge accounting to hedge the currency risk component of the fair value risk and hedge the cash flow risk of the highly probable forecast transaction currency risk component and is formed on the hedged item and the hedging instrument. The Group aims to present a precise income statement by netting the foreign exchange rate fluctuations that have not yet been realized and by following the currency fluctuations of bank borrowings, which are defined as hedge instruments, under the consolidated statement of other comprehensive income.

In accordance with the hedge accounting strategy established by the Group management, the Group tries to maintain a 100% hedge ratio and a hedge effectiveness between 70% and 130%. As of 31 December 2023, hedge ratio and hedge effectiveness have been calculated as 114% and 86%, respectively.

TL	31.12.2023
The amount of the hedged item's risk component recognised in the assets under balance sheet (firm commitment)	132.457.597
USD	31.12.2023
The present value of the hedged item (current)	82.531.555
The present value of the hedged item (non-current)	20.624.639
The present value of the hedging instrument (current)	73.070.513
The present value of the hedging instrument (non-current)	17.651.302
EUR	31.12.2023
The present value of the hedged item (current)	3.264.481
The present value of the hedged item (non-current)	2.056.539
The present value of the hedging instrument (current)	2.751.732
The present value of the hedging instrument (non-current)	2.119.679
TL	31.12.2023
The cumulative exchange difference on hedged item (current)	342.527.762
The cumulative exchange difference on hedged item (non-current)	65.697.617
The cumulative exchange difference on hedging instrument (current)	(285.231.794)
The cumulative exchange difference on hedging instrument (non-current)	(65.382.405)
Hedge effectiveness ratio	86%
Exchange rate difference amount in inactive markets maintained within a band in the balance sheet	29.319.299
Exchange rate difference amount in inactive markets maintained within a band in the statement of profit or loss	
Hedge ratio	TL

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

The total amount of future expected cash flows of the hedged item (Cash flow hedge)	3.340.549.231
The total amount of future expected cash flows of the instrument used for hedging purposes (Cash flow hedge)	2.923.306.996
Hedge ratio, net	114%

Financial instruments and financial risk management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk at fair value, price risk) credit risk, cash flow interest rate risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments and forward contracts to hedge risk exposures.

Fair value of financial instruments

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists.

The Group determined fair value of financial instruments by using available market information and appropriate valuation methods. However, evaluating the market information and forecasting the real values requires interpretation. As a result, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of each financial instrument for which it is practicable to estimate fair value.

Monetary assets

The carrying values of financial assets including cash and cash equivalents are carried at cost which is considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables less provision for doubtful receivables are considered to approximate their respective carrying values.

Monetary liabilities

The fair values of short-term bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

Financial assets

The fair values of financial assets carried at cost including cash and cash equivalents and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk.

Debt and equity securities are carried at fair value in accordance with the market prices, if one exists.

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices):

Level 3: Inputs for the asset or liability that are not based on observable market data.

NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 41 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

