

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2025**

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2025**

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KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025 AND 31 DECEMBER 2024**

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

		Unreviewed Current Period 30.09.2025	Audited Prior Period 31.12.2024
ASSETS			
Current Assets		11.049.285.595	12.867.499.511
Cash And Cash Equivalents	6	1.962.778.144	3.230.424.052
Financial Investments	7	871.512.584	625.361.242
Trade Receivables	10	3.859.486.093	3.984.732.899
<i>Third Parties</i>	<i>10</i>	<i>3.859.486.093</i>	<i>3.984.732.899</i>
Other Receivables	11	544.294.426	707.013.896
<i>Third Parties</i>	<i>11</i>	<i>436.401.727</i>	<i>612.983.088</i>
<i>Related Parties</i>	<i>11-37</i>	<i>107.892.699</i>	<i>94.030.808</i>
Inventories	13	3.581.698.012	3.759.820.441
Prepaid Expenses	15	151.677.861	291.677.486
<i>Third Parties</i>		<i>151.677.861</i>	<i>291.677.486</i>
Current Income Tax Assets	25	1.496	16.319.353
Other Current Assets	26	77.836.979	252.150.142
Non-Current Assets		12.531.157.006	11.959.676.853
Other Receivables	11	6.386.378	6.386.378
<i>Third Parties</i>	<i>11</i>	<i>6.386.378</i>	<i>6.386.378</i>
Financial Investments	7	5.845	5.845
Right Of Use Assets	14	244.667.082	262.756.843
Investment Properties	17	617.977.408	614.046.819
Property, Plant And Equipment	18	11.495.423.144	10.921.650.923
Intangible Assets	19	6.981.048	9.102.187
<i>Other Intangible Assets</i>	<i>19</i>	<i>6.981.048</i>	<i>9.102.187</i>
Prepaid Expenses	15	159.716.101	145.727.858
<i>Third Parties</i>		<i>159.716.101</i>	<i>145.727.858</i>
TOTAL ASSETS		23.580.442.601	24.827.176.364

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025 AND 31 DECEMBER 2024**

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

	Notes	Unreviewed Current Period 30.09.2025	Audited Prior Period 31.12.2024
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	8	3.163.069.569	1.947.411.808
Short-Term Portion Of Long-Term Borrowings	8	691.329.534	2.007.468.510
Trade Payables	10	3.739.384.164	5.418.608.912
<i>Third Parties</i>	10	3.739.384.164	5.418.608.912
Employee Benefits	20	113.068.426	108.398.772
Other Payables	11	221.549.743	62.581.433
<i>Third Parties</i>	11	221.528.660	62.540.734
<i>Related Parties</i>	11-37	21.083	40.699
Deferred Income	15	656.907.657	537.772.311
<i>Third Parties</i>		656.907.657	537.772.311
Current Income Tax Liabilities	35	38.702.215	573.344
Short-Term Provisions	22	80.586.418	73.665.428
<i>Other Short-Term Provisions</i>	22	55.495.765	52.420.647
<i>Short-Term Provisions For Employee Benefits</i>	22	25.090.653	21.244.781
Non-Current Liabilities			
Long-Term Borrowings	8	2.105.294.163	1.910.373.926
Long-Term Provisions	24	72.412.409	82.105.157
<i>Long-Term Provisions For Employee Benefits</i>	24	72.412.409	82.105.157
Deferred Tax Liabilities	35	865.135.043	768.019.132
EQUITY			
Equity Holders Of The Parent			
Paid-In Share Capital	27	1.915.000.000	1.915.000.000
Adjustment To Share Capital	27	1.432.347.498	1.432.347.498
Share Premium	27	396.843.639	396.843.639
Other Comprehensive Income Or Expenses Not To Be Reclassified To Profit Or Loss	27	1.993.401.504	1.978.012.392
Other Comprehensive Income Or Expenses To Be Reclassified To Profit Or Loss	27	(468.857.052)	(50.151.415)
Restricted Reserves	27	480.024.522	478.242.923
Retained Earnings	27	5.594.238.424	5.623.919.589
Profit For The Period	27	445.107.005	103.978.957
Non-Controlling Interests	27	44.897.720	32.004.048
TOTAL LIABILITIES AND EQUITY		23.580.442.601	24.827.176.364

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2025 AND 2024**

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

		Unreviewed Current Period	Unreviewed Current Period	Unreviewed Prior Period	Unreviewed Prior Period
Notes		01.01.2025 30.09.2025	01.07.2025 30.09.2025	01.01.2024 30.09.2024	01.07.2024 30.09.2024
Revenue	28	17.243.448.882	5.938.832.794	17.422.991.342	5.938.204.838
Cost of Sales (-)	28	(13.976.255.188)	(4.993.931.739)	(14.304.382.513)	(4.894.904.207)
Gross Profit From Non-Finance Sector Operations		3.267.193.694	944.901.055	3.118.608.829	1.043.300.631
GROSS PROFIT		3.267.193.694	944.901.055	3.118.608.829	1.043.300.631
Marketing, Sales and Distribution Expenses (-)	29-30	(1.149.041.662)	(429.391.358)	(909.402.233)	(329.280.766)
General Administrative Expenses (-)	29-30	(287.283.961)	(52.790.070)	(335.994.480)	(116.181.887)
Research and Development Expenses (-)	29-30	(12.071.158)	(4.173.723)	(15.069.141)	(6.315.039)
Other Operating Income	31	975.824.010	10.089.487	634.454.751	208.474.798
Other Operating Expenses (-)	31	(1.047.552.541)	(52.898.030)	(971.965.693)	(216.162.644)
OPERATING PROFIT		1.747.068.382	415.737.361	1.520.632.033	583.835.093
Gains From Investment Activities	32	642.295.711	409.437.464	516.140.037	(24.282.174)
Losses From Investment Activities (-)	32	(310.151.200)	(269.900.426)	(2.355.317)	(2.135.305)
Operating Profit Before Financial Income/(Expense)		2.079.212.893	555.274.399	2.034.416.753	557.417.614
Financial Income	33	200.968.901	111.938.996	157.908.993	104.199.985
Financial Expenses (-)	33	(1.775.569.583)	(537.772.829)	(1.391.306.023)	(598.232.735)
Net Monetary Position Gains/(Losses)		216.096.113	88.964.553	(621.465.029)	(276.440.935)
Profit Before Tax		720.708.324	218.405.119	179.554.694	(213.056.071)
Tax Income/(Expense)	35	(270.207.941)	(190.726.305)	(171.353.128)	10.401.848
- Current Period Tax Expense		(39.887.432)	(38.773.524)	(1.566.046)	49.808.519
- Deferred Income Tax		(230.320.509)	(151.952.781)	(169.787.082)	(39.406.671)
Profit For The Period From Continuing Operations		450.500.383	27.678.814	8.201.566	(202.654.223)
Profit For The Period		450.500.383	27.678.814	8.201.566	(202.654.223)
Attributable To		450.500.383	27.678.814	8.201.566	(202.654.223)
Non-Controlling Interests		5.393.378	670.545	4.953.624	2.491.907
Equity Holders Of The Parent		445.107.005	27.008.269	3.247.942	(205.146.130)
Earnings Per Share					
Earnings Per Share From Continuing Operations	36	0.2324	0.0141	0.0049	(0.3120)

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2025 AND 2024

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

		Unreviewed Current Period	Unreviewed Current Period	Unreviewed Prior Period	Unreviewed Prior Period
	Notes	01.01.2025 30.09.2025	01.07.2025 30.09.2025	01.01.2024 30.09.2024	01.07.2024 30.09.2024
PROFIT FOR THE PERIOD	27	450.500.383	27.678.814	8.201.566	(202.654.223)
OTHER COMPREHENSIVE INCOME					
Items Not To Be Reclassified To Profit Or Loss		15.389.111	11.861.641	4.966.308	11.850.481
Property, Plant And Equipment Revaluation Surplus					
Gains/(Losses) On Remeasurements Of Defined Benefit Plans	24	16.762.174	11.758.601	6.183.989	(12.009.312)
Adjustments For Inflation, Net		-	-	19.117	22.268.694
Taxes Relating To Other Comprehensive Income		(1.373.063)	103.040	(1.236.798)	1.591.099
Not To Be Reclassified To Profit Or Loss					
- Deferred Income Tax - (Actuarial Gains/Losses)	35	(1.373.063)	103.040	(1.236.798)	1.591.099
Items To Be Reclassified To Profit Or Loss		(411.205.342)	31.363.417	55.978.091	(29.862.951)
Currency Translation Differences		1.014.150	(26.738.261)	(9.071.461)	8.597.078
Gains/(Losses) On Cash Flow Hedges	27	(412.219.492)	58.101.678	65.049.552	(38.460.029)
OTHER COMPREHENSIVE INCOME		(395.816.231)	43.225.058	60.944.399	(18.012.470)
TOTAL COMPREHENSIVE INCOME		54.684.152	70.903.872	69.145.965	(220.666.693)
Attributable to		54.684.152	70.903.872	69.145.965	(220.666.693)
Non-Controlling Interests		12.893.672	(397.183)	5.965.518	987.155
Equity Holders of the Parent		41.790.480	71.301.055	63.180.447	(221.653.848)

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2025 AND 2024**

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

	Notes				Items not to be	Items to be reclassified	Retained earnings							Total equity		
		Paid-in share capital	Adjustment to share capital	Share premium	reclassified to profit or loss	to profit or loss	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	Non-controlling interests
Unreviewed prior period																
Balances at 1 January 2024 (Beginning of the period)	27	876.501.431	2.099.549.086	396.842.644	(35.280.104)	2.449.199.118	146.687.246	(350.763.508)	404.301.380	5.311.841.043	1.511.227.698	12.810.106.034	34.211.859	12.844.317.893		
Transfers	27	-	-	-	-	-	-	-	74.542.714	1.436.684.984	(1.511.227.698)	-	-	-		
Total Comprehensive Income		-	-	-	4.870.632	-	(9.987.679)	65.049.552	-	-	3.247.942	63.180.447	5.965.518	69.145.965		
-Profit for the Period		-	-	-	-	-	-	-	-	-	3.247.942	3.247.942	4.953.624	8.201.566		
-Other Comprehensive Income	27	-	-	-	4.870.632	-	(9.987.679)	65.049.552	-	-	-	59.932.505	1.011.894	60.944.399		
Balances at 30 September 2024 (End of the period)	27	876.501.431	2.099.549.086	396.842.644	(30.409.472)	2.449.199.118	136.699.567	(285.713.956)	478.844.094	6.748.526.027	3.247.942	12.873.286.481	40.177.377	12.913.463.858		
Unreviewed current period																
Balances at 1 January 2025 (Beginning of the period)	27	1.915.000.000	1.432.347.498	396.843.639	(34.814.350)	2.012.826.742	144.562.018	(194.713.433)	478.242.923	5.623.919.589	103.978.957	11.878.193.583	32.004.048	11.910.197.631		
Transfers	27	-	-	-	-	-	-	-	1.781.599	102.197.358	(103.978.957)	-	-	-		
Dividends paid		-	-	-	-	-	-	-	-	(131.878.523)	-	(131.878.523)	-	(131.878.523)		
Total Comprehensive Income		-	-	-	15.389.112	-	(6.486.145)	(412.219.492)	-	-	445.107.005	41.790.480	12.893.672	54.684.152		
-Profit for the Period	27	-	-	-	-	-	-	-	-	-	445.107.005	445.107.005	5.393.378	450.500.383		
-Other Comprehensive Income		-	-	-	15.389.112	-	(6.486.145)	(412.219.492)	-	-	-	(403.316.525)	7.500.294	(395.816.231)		
Balances at 30 September 2025 (End of the period)	27	1.915.000.000	1.432.347.498	396.843.639	(19.425.238)	2.012.826.742	138.075.873	(606.932.925)	480.024.522	5.594.238.424	445.107.005	11.788.105.540	44.897.720	11.833.003.260		

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2025 AND 2024

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of TL on 30 September 2025, unless otherwise indicated.)

		Unreviewed current period	Unreviewed prior period
	Notes	01.01.2025 30.09.2025	01.01.2024 30.09.2024
A) CASH FLOWS FROM OPERATING ACTIVITIES		(1.212.578.322)	(40.983.018)
PROFIT FOR THE PERIOD		450.500.383	8.201.566
Profit For The Period From Continuing Operations		450.500.383	8.201.566
Adjustments To Reconcile Profit For The Period To Cash Generated From Operating Activities		(570.028.161)	696.500.336
Depreciation And Amortisation	14-18-19	363.510.431	335.581.105
Adjustments For Tax Income And Expenses	35	(270.207.941)	276.870.754
Adjustments For Impairment Loss (Reversal Of Impairment Loss)	10	-	2.730.942
<i>Adjustments For Receivables Impairment (Reversal)</i>	10	-	2.730.942
Adjustments For Provisions	22-24	15.490.984	28.593.706
<i>Adjustments For Other Provisions (Reversal)</i>		3.075.118	(9.418.432)
<i>Adjustments For Provision For Employee Benefits (Reversal)</i>	22-24	12.415.866	38.012.138
Adjustments For Interest Income And Expenses		(584.654.776)	(532.297.342)
<i>Adjustments For Interest Income</i>	33	37.212.347	56.658.548
<i>Adjustments For Interest Expenses</i>	33	(621.867.123)	(588.955.890)
Adjustments For Unrealized Currency Translation Differences		-	43.287.417
Adjustments For Gains/(Losses) On Fair Value	32	(618.958.496)	(510.232.973)
<i>Financial Assets</i>	32	(618.958.496)	(510.232.973)
Monetary Gains/(Losses)		524.791.637	1.051.966.727
Total Adjustments		(570.028.161)	696.500.336
Changes In Working Capital		(1.025.939.820)	(633.534.984)
Adjustments For Gains/(Losses) On Trade Receivables	10	125.246.806	(2.168.429.175)
<i>Third Parties</i>	10	125.246.806	(2.173.238.532)
<i>Related Parties</i>	10	-	4.809.357
Adjustments For Gains/(Losses) On Other Receivables Related To Operations	11-37	353.350.493	(216.560.781)
<i>Third Parties</i>		353.350.493	(166.986.833)
<i>Related Parties</i>		-	(49.573.948)
Changes In Derivative Assets		(412.219.492)	238.372.789
Changes In Inventories	13	178.122.429	440.065.144
Changes In Prepaid Expenses	15	126.011.382	(107.748.558)
Adjustments For Gains/(Losses) On Trade Payables	10	(1.679.224.748)	1.160.553.874
<i>Third Parties</i>	10	(1.679.224.748)	1.160.553.874
Adjustments For Gains/(Losses) On Payables Due To Employee Benefits	20	4.669.654	31.127.929
Adjustments For Gains/(Losses) On Other Payables Related To Operations		158.968.310	(166.066.666)
<i>Third Parties</i>		158.968.310	(118.562.263)
<i>Related Parties</i>		-	(47.504.403)
Changes In Deferred Income	15	119.135.346	(71.529.656)
Adjustments For Gains/(Losses) On Other Changes In Working Capital		-	226.680.116
Cash Flows From Operating Activities		(1.145.467.598)	71.166.918
Adjustments For Gains/(Losses) On Provisions For Employee Benefits	24	(28.981.853)	(29.979.975)
Income Taxes Refund/(Paid)	35	(38.128.871)	(82.169.961)
Net Cash From Operating Activities		(1.212.578.322)	(40.983.018)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(570.287.857)	(788.243.883)
Cash Inflows From Sale Of Property, Plant And Equipment And Intangible Asset	18-19	14.415.495	15.442.710
<i>Property, Plant And Equipment</i>	18	14.415.495	15.442.710
Cash Outflows From Purchase Of Property, Plant And Equipment And Intangible Assets	18-19	(912.591.171)	(1.224.920.149)
<i>Property, Plant And Equipment</i>	18	(912.591.171)	(1.224.920.149)
Cash Outflows From Purchases Of Investment Properties (-)	17	(3.930.589)	(326.434)
Changes In Financial Investments		331.818.408	-
Cash Inflows/Outflows From Dividend Payments And Other Financial Instruments		-	421.559.990
C) CASH FLOWS FROM FINANCING ACTIVITIES		521.706.416	1.051.499.441
Cash Inflows/(Outflows) From Repayments Of Borrowings		94.439.022	1.607.534.851
Cash Outflows From Lease Liabilities	14	90.795.703	(23.738.068)
Interest Paid/Received, Net	33	584.654.776	(532.297.342)
Other Cash Inflows/Outflows		(248.183.085)	-
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(1.261.159.763)	222.272.540
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(6.486.145)	(9.987.679)
Net Increase/(Decrease) in Cash and Cash Equivalents		(1.267.645.908)	212.284.861
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	3.230.424.052	1.220.427.914
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	1.962.778.144	1.432.712.775

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 INTERIM PERIOD ENDED 30 SEPTEMBER 2025

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL on 30 September 2025, 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. 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.

In its 3 steel profile factories with an annual production capacity of 800,000 tons, Galvanizing factory with a capacity of 100 thousand tons, Steel Service Center with a capacity of 120 thousand tons and Electricity production facilities with a capacity of 15 million kWh, using the latest technology and high engineering power; it produces special steel profiles for solar energy infrastructure, energy transmission line, structural steel, transportation, mining, tunneling, shipbuilding, agriculture, machinery manufacturing and defense industry sectors.

The registered address of the Kocaer Çelik is as follows:

Gümüşçay 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 30 September 2025 and 31 December 2024, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	30.09.2025		31.12.2024	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	1.420.836.864	74	1.420.836.864	74
Other (Listed shares)	494.163.136	26	494.163.136	26
Total share capital	1.915.000.000	100	1.915.000.000	100

The Group has applied the registered capital system in accordance with the CMB regulations and adopted to the registered capital system with the permission of the CMB on 14 April 2022 and numbered 18/589. The issued share capital of the Group has been increased by TL 1.257.430.000 to TL 1.915.000.000 and the issued share capital has been fully paid free of collusion. The capital increase was registered and announced in the Official Gazette on 28 December 2024 and numbered 11217.

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.	Türkiye	International Road Transport
Kocaer Steel UK LTD (Former title: MYMETAL LTD)	England	Wholesale Trade of Iron and Steel Products
Kocaer Steel Ireland Limited (*)	Ireland	Wholesale Trade of Iron and Steel Products
Kocaer Enerji A.Ş. (**)	Türkiye	Energy Production
KCR Dış Ticaret A.Ş.(***)	Türkiye	Export and Import of Iron and Steel Products

(*) 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 30 September 2025, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

(**) 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.

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(***) KCR Dış Ticaret Anonim Şirketi was established on 3 May 2024 and its registration was published in th Official Gazette on 3 May 2024 and numbered 11074.

The registered address of the KCR Dış Ticaret is as follows:

Gümüşçay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli

KCR Dış Ticaret’s business activities include ensuring supply, shape, manufacture, store, trade, distribute, market, transport, import and export iron and steel products, semi-finished products and raw materials.

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 and registered as Kocaer Steel UK Limited on 29 September 2022.
- 2- 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 Offical Gazette on 4 July 2023 and numbered 10863. The registered address of the Kocaer Enerji is Bozköy Mah. Sanayi Caddesi No:31/2 Aliağa/ 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 outstanding shares each with a nominal value of TL 1. Accordingly, current share capital of Kocaer Enerji has been increased to 600.000 outstanding shares each with a nominal value of TL 1.000 representing current share capital amounting to TL 600.000.000. The relevant decision was published in Official Gazette on 11 September 2024 and numbered 1162. The amount of TL 600.000.000 representing 600.000 outstanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Hakan Kocaer and the amount of TL 594.000.000 representing 594.000 outstanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi.
- 3- KCR Dış Ticaret Anonim Şirketi was established on 3 May 2024 and its registration eas published in th Official Gazette on 3 May 2024 and numbered 11074. The registered address of the KCR Dış Ticaret is Gümüşçay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli. KCR Dış Ticaret’s business activities include ensuring supply, shape, manufacture, store, trade, distribute, market, transport, import and export iron and steel products, semi-finished products and raw materials. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of KCR Dış Ticaret is amounting to TL 2.000.000 which comprise of 2.000 outstanding shares each with a nominal value of TL 1.000. The amount of TL 20.000 representing 20 outstanding shares was committed to paid-in cash by Hakan Kocaer and the remaining amount of TL 1.980.000 representing 1.980 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 interim reporting 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 the interim reporting period and average number of personnel employed by Kocaer Çelik is 1.166 (31 December 2024: 1.115).

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.

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”).

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

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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 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 accordance with the Turkish Accounting Standard No: 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare complete set of consolidated financial statements in the interim periods.

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 Kocaer 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.

2.02 Adjustments of Financial Statements in Hyperinflationary Periods

Financial Reporting in Hyperinflationary Economies

In accordance with the announcement realised by the Public Oversight Accounting and Auditing Standards Authority (the “POA”) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies for the annual reporting period beginning on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. For comparative purposes, comparative information in the prior period financial statements is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has also presented its consolidated financial statements as at and for the year ended 31 December 2024 and as at for the interim period ended 30 September 2024 in terms of the purchasing power on 30 September 2025.

In accordance with the CMB’s resolution No: 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.

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

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index (“CPI”) in Türkiye published by the Turkish Statistical Institute (“TURKSTAT”). As of 30 September 2025, 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
30 September 2025	3.367,22	1	222%
31 December 2024	2.684,55	1.25430	291%
30 September 2024	2.526,16	1.33294	343%

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

- The consolidated financial statements for the current period presented in TL are expressed in terms of the purchasing power of TL at the balance sheet date and the amounts for the previous reporting periods are restated in accordance with the purchasing power of TL at the end of the reporting period.
- Monetary assets and liabilities are not restated as they are currently expressed in terms of the purchasing power at the balance sheet date. Where the inflation-adjusted carrying amounts of non-monetary items exceed their recoverable amounts or net realisable values, the provisions of TAS 36 “Impairment of Assets” and TAS 2 “Inventories” are applied, respectively.
- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the statement of financial position date are restated by using the relevant adjustment factors.

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- All items in the statement of comprehensive income, except for the non-monetary items in the statement of financial position that have an effect on the statement of comprehensive income, are restated by applying the coefficients calculated over the periods in which the income and expense accounts were initially recognised in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recognised in the gains/(losses) on net monetary position in the consolidated statement of profit or loss.

The main components of TAS 29 indexes and transactions 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 the 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 on 30 September 2025. 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

After the restructuring realized by the Group management and ceasing the operations of home textile, the main and sole activities of the Group became iron, steel and transportation operations. In order to present the consolidated financial position and the results of operations, 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 entities 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.

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The statement of financial position and profit or loss 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 ownership interests are as follows:

Proportion of voting rights and effective ownership interests held by Kocaer Çelik (%)		
Subsidiaries	30.09.2025	31.12.2024
Yağız Nakliyat San. ve Tic. A.Ş.	90.81	90.81
Kocaer Steel UK Ltd	90	90
Kocaer Enerji A.Ş.	99	99
KCR Dış Ticaret A.Ş.	99	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 statements of financial position and profit or loss as “non-controlling interests”.

Business combinations under common control

Legal mergers between entities controlled by the Group are not recognised under TFRS 3 (Revised) Business Combinations. IFRS does not have a specific accounting policy for this transaction. Therefore, the Group does not recognise “” Within the scope of TAS 8 “Accounting Policies, Accounting Estimates and Errors”, paragraphs 10 to 12 of the definitions of ‘Accounting Policies, Accounting Estimates and Errors’, the Group has used the guidance on entities under common control included in Generally Accepted Accounting Principles in the United States of America. 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.

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. 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 prior 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.

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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 30 September 2025 on a comparative basis with consolidated statement of financial position as at 31 December 2024; and consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the interim period 1 January – 30 September 2025 on a comparative basis with consolidated financial statements for the interim period 1 January – 30 September 2024.

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 interim reporting 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 a material influence on the outcome of the current period or is expected to have a material influence 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 a material influence on the results of operations in the current period.

2.07 Offsetting

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position 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 the 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.

Kocaer Çelik has been serving in many sectors such as energy and renewable 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,
- 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:

- (a) the contract has been approved by the parties to the contract;
- (b) each party’s rights in relation to the goods or services to be transferred can be identified;
- (c) the payment terms for the goods or services to be transferred can be identified;
- (d) the contract has commercial substance; and
- (e) 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

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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 reversal 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 31 January 2025 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 of the purchasing power on 31 December 2004 for the items acquired before 1 January 2005 and for the items acquired 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 statements of profit or loss 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.

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 operating profit in the current period.

Repairs and maintenance expenses are charged to the statements of profit or loss 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.

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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 Türkiye Ministry of Industry and Technology.

Research and development costs recognized under consolidated statement of profit or loss 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:

- The technical feasibility of completing the asset so that it will be available for use or sale.
- The intention to complete the asset and use or sell it.
- The ability to use or sell the asset.
- The asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell it.
- The ability to measure reliably the expenditure attributable to the intangible asset.

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.

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 material influence 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
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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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.
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.

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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 Kocaer 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 recognised 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 statement of profit or loss 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 Türkiye, 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, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised 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 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.

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.

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2.08.12 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Kocaer Çelik Sanayi ve Ticaret 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 recognised in the statement of profit or loss 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 presented 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 statement of profit or loss. 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 of changes in actuarial assumptions compose the actuarial gains/(losses) and recognised under consolidated statement of other comprehensive income.

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In the accompanying consolidated financial statements, termination benefits is recognised as the amount calculated by discounting the future obligations at the balance sheet date using the appropriate interest rate adjusted for the inflation rate.

2.08.16 Statement of Cash Flows

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 highly-liquid investments.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property, plant and equipment, 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 of 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 and other comprehensive income 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 31 January 2025 in the accompanying consolidated financial statements for the interim period ended 30 September 2025. 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).

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

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

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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:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) 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:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) 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) A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- (b) 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:

- (a) 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.
- (b) 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:

- (a) The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- (b) 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.

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”.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2025

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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 statement of financial position, 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 30 September 2025 and 31 December 2024 (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 “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 presented 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 less retained earnings.

2.11 Going Concern

As of 30 September 2025, 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 accounting policies adopted in preparation of the consolidated financial statements as at and for the period ended 30 September 2025 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 2025 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

- i) **The new standards, amendments and interpretations effective as of 1 January 2025 are as follows:**

Amendments to TAS 21 - Lack of exchangeability

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

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

- i) **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.

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Amendments to TFRS 10/TAS 28 — Sales or contributions of assets between an investor and its associate/joint venture

In December 2017, the POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will assess the effects of the amendments after the new standards have been finalized.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after 1 January 2026 with the announcement made by the POA.

The standard is not applicable for the Group and the standard has no material influence on the financial position or performance of the Group.

TFRS 18 Presentation and Disclosure in Financial Statements

The standard is effective from annual periods beginning on or after 1 January 2027 and published in the Official Gazette on 8 May 2025. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in TFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

TFRS 19 – Subsidiaries without Public Accountability: Disclosures

TFRS 19 – Subsidiaries without Public Accountability: Disclosures (“TFRS 19”) was published in the Official Gazette on 10 August 2025. It is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. The standard aims to reduce the disclosure requirements in TAS/TFRS for subsidiaries covered by its scope. Under TFRS 19, businesses that are not subject to public accountability and are themselves subsidiaries are expected to apply the simplified disclosure provisions set out in TFRS 19 instead of the disclosure provisions in other TAS/TFRS. This aims to reduce the reporting obligations of these businesses in terms of disclosure provisions. The application of TFRS 19 is not mandatory and is left to the discretion of the entity.

A subsidiary meets the relevant conditions in the following circumstances:

- It is a non-public subsidiary or a subsidiary whose capital market instruments are not traded on a stock exchange, or
- It has a parent or intermediate parent that produces consolidated financial statements in accordance with TAS/TFRS that are available to the public.

The standard has no material influence on the financial position or performance of the Group.

Amendments to TFRS 9 and TFRS 7 – Classification and measurement of financial instruments

On 10 August 2025, the POA issued amendments to the classification and measurement of financial instruments (amendments to TFRS 9 and TFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in TFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. The Group is in the process of assessing the material influence of the amendments on financial position or performance of the Group.

Contracts Referencing Nature-dependent Electricity—Amendments to TFRS 9 and TFRS 7

On 10 August 2025, the POA issued the amendment “Contracts for Electricity Generated from Natural Resources” (related to TFRS 9 and TFRS 7). The amendment clarifies the application of the “own use” exception and permits hedge accounting when such contracts are used as hedging instruments. The amendment also introduces new disclosure requirements to help investors understand the impact of these contracts on an entity’s financial performance and cash flows. The amendment is not applicable for the Group and has no material influence on the financial position or performance of the Group.

Annual Improvements to TAS/TFRS Accounting Standards - Amendment 11

On 27 September 2025, the POA issued “Annual Improvements to TAS/TFRS Accounting Standards /Amendment 11” published in the Official Gazette with the following amendments:

- TFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge accounting by a first-time adopter: The amendment is intended to eliminate potential confusion caused by the inconsistency between the wording in TFRS 1 and the hedge accounting requirements in TFRS 9.
- TFRS 7 Financial Instruments: Disclosures - Gains or losses on derecognition: TFRS 7 amends the wording of unobservable inputs and adds a

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reference to TFRS 13.

- TFRS 9 Financial Instruments - Transaction price when the lease liability is derecognized by the lessee: TFRS 9 has been amended to clarify that when the lease liability is extinguished for the lessee, the lessee is required to apply the derecognition provisions in TFRS 9 and the resulting gain or loss is recognized in profit or loss. TFRS 9 has also been amended to remove the reference to “transaction price”.
- TFRS 10 Consolidated Financial Statements - Identifying the “de facto agent”: Amendments to TFRS 10 to remove inconsistencies in paragraphs.
- TAS 7 Statement of Cash Flows - Cost method: The wording in the Standard has been deleted following the removal of “cost method” in previous amendments.

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

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. Of 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 acquisitions 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 recognised 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 and relevant acquisitions at the end of the reporting periods in accordance with the TFRS 3.

As of 30 September 2025 and 31 December 2024, the Group has no acquisitions under business combinations in accordance with 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 TFRS, 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, foreign trade and various other sectors.

Operating segments which have been prepared in accordance with the reportable segments of Kocaer Çelik for the interim periods ended 30 September 2025 and 2024 are as follows:

	Steel	Transportation	Energy	Foreign trade – Kcr Dış Ticaret	Elimination/ Adjustments	Total
Revenue	18.157.910.607	226.683.941	242.985	7.630.454.151	(8.771.842.802)	17.243.448.882
Cost of Sales (-)	(14.910.226.859)	(199.474.580)	(6.734)	(7.613.278.157)	8.746.731.142	(13.976.255.188)
Gross Profit from Non-Finance Sector Operations	3.247.683.748	27.209.361	236.251	17.175.994	(25.111.660)	3.267.193.694
GROSS PROFIT	3.247.683.748	27.209.361	236.251	17.175.994	(25.111.660)	3.267.193.694
Marketing, Sales and Distribution Expenses (-)	(1.142.856.518)	-	-	(6.185.144)	-	(1.149.041.662)
General Administrative Expenses (-)	(261.262.834)	(4.237.454)	(301.805)	(21.481.868)	-	(287.283.961)
Research and Development Expenses (-)	(12.071.158)	-	-	-	-	(12.071.158)
Other Operating Income	950.658.219	1.153.723	3.168	4.929.834	19.079.066	975.824.010
Other Operating Expenses (-)	(980.952.379)	(2.142.011)	(2.270.155)	(45.352.131)	(16.835.865)	(1.047.552.541)
OPERATING PROFIT	1.801.199.078	21.983.619	(2.332.541)	(50.913.315)	(22.868.459)	1.747.068.382
Gains from investment activities	642.295.711	-	-	-	-	642.295.711
Losses from investment activities (-)	(310.113.007)	(38.193)	-	-	-	(310.151.200)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	2.133.381.782	21.945.426	(2.332.541)	(50.913.315)	(22.868.459)	2.079.212.893
Financial Income	111.454.421	17.330	253.820	89.243.330	-	200.968.901
Financial Expenses (-)	(1.735.305.404)	(12.929)	(893.199)	(39.358.051)	-	(1.775.569.583)
Net Monetary Position Gains/(Losses)	85.672.768	(17.219.365)	142.867.476	4.770.269	4.965	216.096.113
PROFIT BEFORE TAX	595.203.567	4.730.462	139.895.556	3.742.233	(22.863.494)	720.708.324

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30.09.2024	Steel	Transportation	Energy	Foreign trade – Kcr Dış Ticaret	Elimination/ Adjustments	Total
Revenue	17.859.067.038	200.426.638	147.668	1.368.870.245	(2.005.520.247)	17.422.991.342
Cost of Sales (-)	(14.780.163.271)	(170.000.783)	(98.403)	(1.360.117.419)	2.005.997.363	(14.304.382.513)
Gross Profit from Non-Finance Sector Operations	3.078.903.767	30.425.855	49.265	8.752.826	477.116	3.118.608.829
GROSS PROFIT	3.078.903.767	30.425.855	49.265	8.752.826	477.116	3.118.608.829
Marketing, Sales and Distribution Expenses (-)	(910.316.126)	-	(1.197)	(933.245)	1.848.335	(909.402.233)
General Administrative Expenses (-)	(324.111.192)	(3.249.829)	(1.092.954)	(7.540.505)	-	(335.994.480)
Research and Development Expenses (-)	(15.069.141)	-	-	-	-	(15.069.141)
Other Operating Income	639.981.068	2.074.628	1.496.143	(92.967)	(9.004.121)	634.454.751
Other Operating Expenses (-)	(977.502.176)	(716.178)	(411.547)	(14.462)	6.678.670	(971.965.693)
OPERATING PROFIT	1.491.886.200	28.534.476	39.710	171.647	-	1.520.632.033
Gains from investment activities	516.140.037	-	-	-	-	516.140.037
Losses from investment activities (-)	(2.355.317)	-	-	-	-	(2.355.317)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	2.005.670.920	28.534.476	39.710	171.647	-	2.034.416.753
Financial Income	121.784.704	3.538	1.155.336	34.965.415	-	157.908.993
Financial Expenses (-)	(1.355.323.500)	(5.720)	(1.030.976)	(34.945.827)	-	(1.391.306.023)
Net Monetary Position Gains/(Losses)	(832.938.117)	(24.754.155)	93.607.307	27.926	142.592.010	(621.465.029)
PROFIT BEFORE TAX	(60.805.993)	3.778.139	93.771.377	219.161	142.592.010	179.554.694

NOTE 6 - CASH AND CASH EQUIVALENTS

As of 30 September 2025 and 31 December 2024, the functional breakdown of cash and cash equivalents is as follows:

Account Name	30.09.2025	31.12.2024
Cash on hand	44.931	13.085
Banks	1.962.733.213	3.230.410.967
- Demand deposits	585.279.524	907.763.479
- Time deposits	1.377.453.689	2.322.647.488
Cash and cash equivalents, net	1.962.778.144	3.230.424.052

As of 30 September 2025 and 31 December 2024, the functional breakdown of cash on hand is as follows:

Cash on hand	30.09.2025		31.12.2024	
	Original currency amount	TL equivalent	Original currency amount	TL equivalent
TL	44.931	44.931	13.085	13.085
Total	44.931	44.931	13.085	13.085

As of 30 September 2025 and 31 December 2024, the functional breakdown of banks is as follows:

Banks	30.09.2025		31.12.2024	
	Original currency amount	TL equivalent	Original currency amount	TL equivalent
TL	1.404.518.267	1.404.518.267	2.333.895.525	2.333.895.525
USD	7.017.055	291.196.560	14.256.674	629.866.149
EUR	880.826	42.850.356	3.279.681	151.148.925
GBP	4.026.729	224.168.030	2.081.188	115.500.368
Total	1.962.733.213	1.962.733.213	3.230.410.967	3.230.410.967

As of 30 September 2025 and 31 December 2024, the breakdown of time deposits including the maturity analysis and annual effective interest rates is as follows:

Banks	30.09.2025		31.12.2024	
	Original currency amount	Annual effective interest rate (%)	Original currency amount	Annual effective interest rate (%)
TL	1.377.453.689	37 - 40.5	2.322.647.488	31 - 45
Total	1.377.453.689		2.322.647.488	

Maturity	30.09.2025	31.12.2024
1-30 days	1.377.453.689	2.322.647.488
Total	1.377.453.689	2.322.647.488

As of 30 September 2025 and 31 December 2024, the Group has no blocked deposits.

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NOTE 7 - FINANCIAL INVESTMENTS

As of 30 September 2025 and 31 December 2024, the breakdown and details of short-term financial investments are as follows:

Account Name	30.09.2025	31.12.2024
Financial assets at fair value through profit or loss	871.512.584	625.361.242
Short-term financial investments, net	871.512.584	625.361.242

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 30 September 2025.

As of 30 September 2025 and 31 December 2024, the breakdown and details of long-term financial investments are as follows:

Account Name	30.09.2025	31.12.2024
Kocaer Steel Ireland Limited (*)	5.845	5.845
Long-term financial investments, net	5.845	5.845

(*) 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 30 September 2025, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

NOTE 8 – BORROWINGS

As of 30 September 2025 and 31 December 2024, the detailed analysis of short-term borrowings is as follows:

Account Name	30.09.2025	31.12.2024
Bank borrowings	3.114.927.922	1.890.412.276
Finance lease liabilities	12.997.299	24.756.462
Lease liabilities	14.208.227	13.003.659
Other	20.936.121	19.239.411
Short-term borrowings, net	3.163.069.569	1.947.411.808

As of 30 September 2025 and 31 December 2024, the breakdown of short-term portion of long-term borrowings is as follows:

Account Name	30.09.2025	31.12.2024
Principal and interest installments of long-term borrowings	691.329.534	2.007.468.510
Short-term portion of long-term borrowings, net	691.329.534	2.007.468.510

As of 30 September 2025 and 31 December 2024, the detailed analysis of long-term borrowings is as follows:

Account Name	30.09.2025	31.12.2024
Bank borrowings	1.883.734.807	1.682.407.054
Finance lease liabilities	-	7.536.328
Lease liabilities	221.559.356	220.430.544
Long-term borrowings, net	2.105.294.163	1.910.373.926

The repayment schedule of borrowings is as follows:

Bank borrowings (Loans)	30.09.2025	31.12.2024
0-3 months	1.464.365.239	1.909.651.688
4-12 months	2.362.828.338	2.007.468.509
13-36 months	1.883.734.807	1.682.407.054
Total	5.710.928.384	5.599.527.251
Finance lease liabilities	30.09.2025	31.12.2024
0-3 months	5.660.284	6.873.457
4-12 months	7.337.015	17.883.006
1 year and over	-	7.536.327
Total	12.997.299	32.292.790
Lease liabilities	30.09.2025	31.12.2024
0-3 months	3.274.838	2.858.059
4-12 months	10.933.389	10.145.600
13-36 months	221.559.356	220.430.544
Total	235.767.583	233.434.203

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

30.09.2025

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
TL	2.036.028.247	2.036.028.247	20.73-22.97
EUR	39.366.068	1.925.481.012	4.60 - 6.20
USD	34.516.965	1.437.493.525	5-6.50
GBP	5.600.000	311.925.600	7.50
Total		5.710.928.384	

31.12.2024

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
TL	1.253.494.318	1.253.494.318	6-20
EUR	35.629.000	1.647.140.648	3 - 6
USD	54.216.392	2.407.109.491	4-7
GBP	5.257.601	291.782.794	7.50
Total		5.599.527.251	

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

30.09.2025

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
USD	2.490.176	12.997.299	8
Total		12.997.299	

31.12.2024

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
GBP	5.047	280.094	-
EUR	7.600	350.835	4-8
USD	714.072	31.661.861	8
Total		32.292.790	

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 30 September 2025 and 31 December 2024, the breakdown of short-term trade receivables is as follows:

Account Name	30.09.2025	31.12.2024
Trade Receivables from Third Parties	3.859.486.093	3.984.732.899
-Customers	3.170.082.729	2.913.974.331
-Notes receivables	689.403.364	1.070.758.568
- Doubtful trade receivables	24.795.928	22.257.834
- Provision for doubtful trade receivables (-)	(24.795.928)	(22.257.834)
Short-term trade receivables, net	3.859.486.093	3.984.732.899

The movements of provision for doubtful receivables are as follows:

	01.01.2025	01.01.2024
	30.09.2025	30.09.2024
Beginning of the period – 1 January	22.224.924	27.017.851
Additions	10.781.458	8.208.215
Provisions no longer required	(3.081.324)	(5.105.727)
Inflation adjustments	(5.129.130)	(7.452.790)
End of the period – 30 September	24.795.928	22.667.549

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 30 September 2025 and 31 December 2024, the Group has no long-term trade receivables.

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As of 30 September 2025 and 31 December 2024, the breakdown of short-term trade payables is as follows:

Account Name	30.09.2025	31.12.2024
Trade Payables to Third Parties	3.739.384.164	5.418.608.912
- <i>Suppliers</i>	3.739.384.164	5.418.608.912
Short-term trade payables, net	3.739.384.164	5.418.608.912

As of 30 September 2025 and 31 December 2024, the Group has no long-term trade payables.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 30 September 2025 and 31 December 2024, the detailed analysis of short-term other receivables is as follows:

Account Name	30.09.2025	31.12.2024
Other Receivables from Third Parties	436.401.727	612.983.088
- <i>Deposits and guarantees given</i>	10.444.381	9.499.656
- <i>Due from tax office</i>	419.106.963	434.606.908
- <i>Due from employee</i>	6.326.826	3.541.463
- <i>Other</i>	523.557	165.335.061
Other Receivables from Related Parties (Note 37)	107.892.699	94.030.808
Short-term other receivables, net	544.294.426	707.013.896

As of 30 September 2025 and 31 December 2024, the details of long-term other receivables are as follows:

Account Name	30.09.2025	31.12.2024
Other Receivables from Third Parties	6.386.378	6.386.378
- <i>Deposits and guarantees given</i>	6.386.378	6.386.378
Long-term other receivables, net	6.386.378	6.386.378

As of 30 September 2025 and 31 December 2024, the details of short-term other payables are as follows:

Account Name	30.09.2025	31.12.2024
Other Payables to Third Parties	221.528.660	62.540.734
- <i>Other liabilities</i>	333.798	462.925
- <i>Taxes payable</i>	220.159.432	60.908.825
- <i>Other payables</i>	1.035.430	1.168.984
Other Payables to Related Parties (Note 37)	21.083	40.699
Short-term other payables, net	221.549.743	62.581.433

As of 30 September 2025 and 31 December 2024, the Group has no long-term other payables.

NOTE 12 - DERIVATIVE INSTRUMENTS

None.

NOTE 13 – INVENTORIES

As of 30 September 2025 and 31 December 2024, the breakdown of inventories is as follows:

Account Name	30.09.2025	31.12.2024
Raw materials and supplies	1.000.894.776	1.224.721.934
Finished goods	1.882.166.219	1.673.587.825
Merchandise	678.838.746	847.768.283
Other inventories	19.798.271	13.742.399
Total	3.581.698.012	3.759.820.441

The Group has no provision for impairment on inventories.

NOTE 14 – RIGHT OF USE ASSETS

As of 30 September 2025 and 2024, the movements for right of use assets, and related depreciation are as follows:

Cost	30.09.2025		Currency translation differences	Closing balance – 30 September 2025
	Opening balance – 1 January 2025	Additions		
Motor vehicles	52.206.095	42.101.186	-	94.307.281
Buildings	374.798.734	48.694.517	(71.899.627)	351.593.624
Total	427.004.829	90.795.703	(71.899.627)	445.900.905

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	Opening balance – 1 January 2025	Current period depreciation	Currency translation differences	Closing balance – 30 September 2025
Accumulated depreciation (-)				
Motor vehicles	(52.206.095)	(6.493.498)	-	(58.699.593)
Buildings	(112.041.891)	(30.492.339)	-	(142.534.230)
Total	(164.247.986)	(36.985.837)	-	(201.233.823)
Net book value	262.756.843			244.667.082

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Currency translation differences	Closing balance – 30 September 2024
Motor vehicles	35.376.555	16.731.479	-	52.108.034
Buildings	442.806.922	7.006.589	(43.287.417)	406.526.094
Total	478.183.477	23.738.068	(43.287.417)	458.634.128

	Opening balance – 1 January 2024	Current period depreciation	Currency translation differences	Closing balance – 30 September 2024
Accumulated depreciation (-)				
Motor vehicles	(26.939.205)	(20.671.314)	-	(47.610.519)
Buildings	(98.507.640)	(12.478.979)	-	(110.986.619)
Total	(125.446.845)	(33.150.293)	-	(158.597.138)
Net book value	352.736.632			300.036.990

NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

As of 30 September 2025 and 31 December 2024, the breakdown of short-term prepaid expenses is as follows:

Account Name	30.09.2025	31.12.2024
Prepaid Expenses to Third Parties	151.677.861	291.677.486
<i>Short-term prepaid expenses</i>	<i>15.632.771</i>	<i>41.931.096</i>
<i>Advances given for purchases</i>	<i>135.841.541</i>	<i>249.351.715</i>
<i>Advances given to employees</i>	<i>-</i>	<i>295.447</i>
<i>Business cash advances</i>	<i>203.549</i>	<i>99.228</i>
Short-term prepaid expenses, net	151.677.861	291.677.486

As of 30 September 2025 and 31 December 2024, the breakdown of long-term prepaid expenses is as follows:

Account Name	30.09.2025	31.12.2024
Long-term prepaid expenses	211.375	-
Advances given for non-current assets	159.504.726	145.727.858
Long-term prepaid expenses, net	159.716.101	145.727.858

As of 30 September 2025 and 31 December 2024, the breakdown of short-term deferred income is as follows:

Account Name	30.09.2025	31.12.2024
Deferred Income from Third Parties	656.907.657	537.772.311
<i>Advances received</i>	<i>656.907.657</i>	<i>537.772.311</i>
Short-term deferred income, net	656.907.657	537.772.311

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, provision for impairment was allocated in the accompanying consolidated financial statements and Kocaer Metal was not considered as an investment accounted for using the equity method for the year ended 31 December 2022. 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 30 September 2025 and 2024, the movements and relevant financial information regarding investment properties, and related depreciation are as follows:

Cost	Opening balance – 1 January 2025	Additions	Disposals	Closing balance – 30 September 2025
Land	331.152.927	3.930.589	-	335.083.516
Buildings	282.893.892	-	-	282.893.892
Total	614.046.819	3.930.589	-	617.977.408

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30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Closing balance – 30 September 2024
Land	248.360.329	-	-	248.360.329
Buildings	269.874.207	326.434	-	270.200.641
Total	518.234.536	326.434	-	518.560.970

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 30 September 2025 and 2024, the movements for property, plant and equipment, and related depreciation are as follows:

30.09.2025

Cost	Opening balance – 1 January 2025	Additions	Disposals	Transfers	Closing balance – 30 September 2025
Land	4.185.752.789	41.181.819	-	-	4.226.934.608
Land improvements	62.045.320	89.046	-	637.773	62.772.139
Buildings	2.270.274.618	97.629.130	-	30.356.841	2.398.260.589
Plant, machinery and equipment	4.501.989.163	221.808.571	(194.175.705)	170.658.016	4.700.280.045
Motor vehicles	436.171.695	48.357.620	(35.128.745)	-	449.400.570
Furniture and fixtures	226.796.013	7.601.937	(38.100)	1.153.221	235.513.071
Other property, plant and equipment	500.958	-	-	-	500.958
Leasehold improvements	10.444.058	381.004	-	-	10.825.062
Constructions in progress	2.142.157.317	495.298.945	-	(202.805.851)	2.434.650.411
Total	13.836.131.931	912.348.072	(229.342.550)	-	14.519.137.453

Accumulated depreciation (-)	Opening balance – 1 January 2025	Current period depreciation	Disposals	Transfers	Closing balance – 30 September 2025
Land improvements	(29.761.491)	(2.840.612)	-	-	(32.602.103)
Buildings	(347.863.345)	(42.129.290)	-	-	(389.992.635)
Plant, machinery and equipment	(2.187.613.995)	(219.008.925)	194.175.707	-	(2.212.447.213)
Motor vehicles	(191.416.326)	(43.768.858)	20.723.782	-	(214.461.402)
Furniture and fixtures	(148.038.076)	(16.003.296)	27.566	-	(164.013.806)
Other property, plant and equipment	(460.211)	(40.746)	-	-	(500.957)
Leasehold improvements	(9.327.564)	(368.629)	-	-	(9.696.193)
Total	(2.914.481.008)	(324.160.356)	214.927.055	-	(3.023.714.309)
Net book value	10.921.650.923				11.495.423.144

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Closing balance – 30 September 2024
Land	4.141.667.053	68.925.211	-	4.210.592.264
Land improvements	61.249.501	4.644.235	-	65.893.736
Buildings	2.190.765.721	32.677.772	-	2.223.443.493
Plant, machinery and equipment	3.744.812.531	513.633.774	(4.369.254)	4.254.077.051
Motor vehicles	371.112.805	62.934.744	(11.073.456)	422.974.093
Furniture and fixtures	218.858.301	12.284.117	-	231.142.418
Other property, plant and equipment	500.956	-	-	500.956
Leasehold improvements	10.444.031	-	-	10.444.031
Constructions in progress	1.499.717.802	524.254.254	-	2.023.972.056
Total	12.239.128.701	1.219.354.107	(15.442.710)	13.443.040.098

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Disposals	Closing balance – 30 September 2024
Land improvements	(26.019.064)	(2.801.342)	-	(28.820.406)
Buildings	(293.844.454)	(40.354.214)	-	(334.198.668)
Plant, machinery and equipment	(1.929.399.734)	(194.934.128)	4.450.563	(2.119.883.299)
Motor vehicles	(150.579.091)	(37.112.189)	9.189.290	(178.501.990)
Furniture and fixtures	(136.880.232)	(15.719.724)	-	(152.599.956)
Other property, plant and equipment	(292.768)	(125.354)	-	(418.122)
Leasehold improvements	(8.339.320)	(741.415)	-	(9.080.735)
Total	(2.545.354.663)	(291.788.366)	13.639.853	(2.823.503.176)
Net book value	9.693.774.037			10.619.536.922

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**.

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NOTE 19 - INTANGIBLE ASSETS

As of 30 September 2025 and 2024, the movements for intangible assets, and related depreciation are as follows:

Other intangible assets

30.09.2025

Cost	Opening balance – 1 January 2025	Additions	Closing balance – 30 September 2025
Rights	92.167.345	243.099	92.410.444
Development costs	553.051.303	-	553.051.303
Total	645.218.648	243.099	645.461.747

Accumulated depreciation (-)	Opening balance – 1 January 2025	Current period depreciation	Closing balance – 30 September 2025
Rights	(87.760.380)	(1.394.954)	(89.155.334)
Development costs	(548.356.081)	(969.284)	(549.325.365)
Total	(636.116.461)	(2.364.238)	(638.480.699)
Net book value	9.102.187		6.981.048

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Closing balance – 30 September 2024
Rights	89.399.528	15.789	89.415.317
Development costs	547.499.666	5.550.250	553.049.916
Total	636.899.194	5.566.039	642.465.233

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Closing balance – 30 September 2024
Rights	(86.835.246)	(692.293)	(87.527.539)
Development costs	(537.528.629)	(9.950.153)	(547.478.782)
Total	(624.363.875)	(10.642.446)	(635.006.321)
Net book value	12.535.319		7.458.912

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 30 September 2025 and 31 December 2024, the breakdown of employee benefits is as follows:

Account Name	30.09.2025	31.12.2024
Due to employees	58.675.506	52.449.418
Taxes payable	21.261.830	22.617.224
Social security premiums payable	33.131.090	33.332.130
Employee benefits, net	113.068.426	108.398.772

NOTE 21 – GOVERNMENT GRANTS

None.

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Other short-term provisions

Account Name	30.09.2025	31.12.2024
Provision for lawsuits	55.495.765	52.420.647
Provision for unused vacation	25.090.653	21.244.781
Total	80.586.418	73.665.428

As of 30 September 2025 and 2024, the movements of provision for lawsuits are as follows:

	01.01.2025	01.01.2024
	30.09.2025	30.09.2024
Beginning of the period – 1 January	52.420.647	60.557.611
Additions	17.696.089	9.137.014
Provisions no longer required	(720.108)	(1.213.234)
Payments during the period	(2.010.831)	(628.464)
Inflation adjustments	(11.890.032)	(16.740.007)
End of the period – 30 September	55.495.765	51.112.920

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As of 30 September 2025 and 2024, the movements of provision for unused vacation are as follows:

	01.01.2025	01.01.2024
	30.09.2025	30.09.2024
Beginning of the period – 1 January	21.244.780	13.904.738
Additions	8.904.075	3.882.096
Inflation adjustments	(5.058.202)	(7.235.926)
End of the period – 30 September	25.090.653	10.550.908

ii) Contingent liabilities and contingent assets

None.

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

As of 30 September 2025 and 31 December 2024, the breakdown of collateral/pledges/mortgages/bill of guarantees (“CPMB”) is as follows:

Type	Currency	30.09.2025	
		Original currency amount	TL equivalent
Letter of guarantee given	TL	1.519.893.528	1.519.893.528
Letter of guarantee given	USD	17.271	716.718
Pledges given	TL	3.862.935.570	3.862.935.570
Pledges given	USD	161.250.000	6.691.617.000
Pledges given	EUR	28.100.000	1.367.005.990
Total CPMB’s given, net			13.442.168.806
Letter of guarantee received	TL	87.126.230	87.126.230
Letter of guarantee received	EUR	139.875	6.804.625
Total CPMB’s received, net			93.930.855

Type	Currency	31.12.2024	
		Original currency amount	TL equivalent
Letter of guarantee given	TL	1.363.412.406	1.363.412.406
Letter of guarantee given	USD	17.271	763.040
Pledges given	TL	3.417.066.593	3.417.066.593
Pledges given	USD	133.866.445	5.914.278.545
Pledges given	EUR	14.100.000	649.819.210
Total CPMB’s given, net			11.345.339.794
Letter of guarantee received	TL	33.005.693	33.005.693
Letter of guarantee received	EUR	80.875	3.727.243
Total CPMB’s received, net			36.732.936

iv) Ratio of guarantees and mortgages to equity

As of 30 September 2025 and 31 December 2024, the Group’s collateral/pledge/mortgage/bill of guarantees (“C&P&M&B”) position is as follows:

Collaterals, Pledges, Mortgages, Bill of Guarantees Given by the Group	30.09.2025	31.12.2024
A. Total amount of CPMB’s given in the name of its own legal personality	1.520.610.246	1.364.175.446
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	11.921.558.560	9.981.164.348
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 which are not in scope of B and C	11.921.558.560	9.981.164.348
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
Total	13.442.168.806	11.345.339.794

The ratio of other CPMB’s given by the Group to its equity is 101% as of 30 September 2025 (31 December 2024: 84%).

v) Total insurance coverage on assets

As of 30 September 2025, total insurance coverage on property, plant and equipment is amounting to TL 6.920.808.317 and USD 32.000.000 against wide variety of risks as collateral (31 December 2024: TL 25.448.499.694 and USD 33.000.000).

NOTE 23 - COMMITMENTS

None.

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NOTE 24 – PROVISIONS FOR EMPLOYEE BENEFITS

	30.09.2025	31.12.2024
Provision for employment termination benefits	72.412.409	82.105.157
Total	72.412.409	82.105.157

Under Turkish Labour Law, Kocaer Çelik and its subsidiaries and associates incorporated in Türkiye 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 30 September 2025, the amount payable consists of one month’s salary limited to a maximum of TL 53,919,68 (31 December 2024: TL 41,828,42) 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 30 September 2025, 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 30 September 2025, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 24% and an interest rate of 27.41%, resulting in a discount rate of 2.75%.

The movements of provision for employment termination benefits are as follows:

	01.01.2025	01.01.2024
	30.09.2025	30.09.2024
Beginning of the period – 1 January	82.105.157	69.701.633
Payments during the period (-)	(28.981.853)	(29.979.975)
Interest cost	8.256.711	6.762.272
Service cost	14.822.647	16.228.755
Loss on remeasurements of defined benefit plans	20.406.658	24.207.863
Actuarial gains/losses	(6.910.403)	12.088.712
Inflation adjustments	(17.286.508)	(21.434.454)
End of the period – 30 September	72.412.409	77.574.806

NOTE 25 - TAX ASSETS AND LIABILITIES

As of 30 September 2025 and 31 December 2024, the breakdown of current income tax assets is as follows:

Account Name	30.09.2025	31.12.2024
Prepaid taxes	1.496	16.319.353
Current income tax assets, net	1.496	16.319.353

As of 30 September 2025 and 31 December 2024, the Group has no current income tax liabilities.

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 30 September 2025 and 31 December 2024, the breakdown of other current assets is as follows:

Account Name	30.09.2025	31.12.2024
Deferred VAT	77.836.979	252.150.142
Other current assets, net	77.836.979	252.150.142

As of 30 September 2025 and 31 December 2024, the Group has no other current and non-current liabilities.

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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 30 September 2025 and 2024, the movements of non-controlling interests are as follows:

	01.01.2025	01.01.2024
	30.09.2025	30.09.2024
Paid-in share capital	7.312.844	7.222.146
Adjustment to share capital	17.979.163	3.391.883
Gains/(losses) on remeasurements of defined benefit plans, net	(260.104)	(189.233)
Currency translation differences, net	20.751.908	27.367.636
Retained earnings, net	(8.554.082)	(6.651.482)
Restricted reserves	2.274.613	2.274.615
Adjustments of inflation from TAS 29	-	1.808.188
Profit for the period, net	5.393.378	4.953.624
End of the period – 30 September	44.897.720	40.177.377

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

As of 30 September 2025 and 31 December 2024, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	30.09.2025		31.12.2024	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	1.420.836.864	74	1.420.836.864	74
Other (Listed shares)	494.163.136	26	494.163.136	26
Total share capital	1.915.000.000	100	1.915.000.000	100

Number of shares, class of shares and privileges

The Group has applied the registered capital system in accordance with the CMB regulations and adopted to the registered capital system with the permission of the CMB on 14 April 2022 and numbered 18/589. The issued share capital of the Group has been increased by TL 1.257.430.000 to TL 1.915.000.000 and the issued share capital has been fully paid free of collusion. The capital increase was registered and announced in the Official Gazette on 28 December 2024 and numbered 11217.

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	30.09.2025	31.12.2024
Legal reserves	171.260.297	169.478.698
Gain on disposal of a subsidiary and property, plant and equipment	308.764.225	308.764.225
Total	480.024.522	478.242.923

v) Retained earnings

Account Name	30.09.2025	31.12.2024
Extraordinary reserves	1.746.124.333	1.681.611.972
Retained earnings	3.848.114.091	3.942.307.617
Total	5.594.238.424	5.623.919.589

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vi) Share premium

Account Name	30.09.2025	31.12.2024
Share premium	396.843.639	396.843.639
Total	396.843.639	396.843.639

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

As of 30 September 2025 and 31 December 2024, 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	30.09.2025	31.12.2024
Currency translation differences	138.075.873	144.562.018
Gains/(losses) on hedges	(606.932.925)	(194.713.433)
Total	(468.857.052)	(50.151.415)

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

As of 30 September 2025 and 31 December 2024, 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	30.09.2025	31.12.2024
Gains/(losses) on revaluation and remeasurement	2.012.826.742	2.012.826.742
Gains/(losses) on remeasurements of defined benefit plans	(19.425.238)	(34.814.350)
Total	1.993.401.504	1.978.012.392

ix) Equity

Account Name	30.09.2025	31.12.2024
Paid-in share capital	1.915.000.000	1.915.000.000
Adjustment to share capital	1.432.347.498	1.432.347.498
Other comprehensive income or expenses not to be reclassified to profit or loss	1.993.401.504	1.978.012.392
Share premium	396.843.639	396.843.639
Other comprehensive income or expenses to be reclassified to profit or loss	(468.857.052)	(50.151.415)
Restricted reserves	480.024.522	478.242.923
Retained earnings	5.594.238.424	5.623.919.589
Profit for the period	445.107.005	103.978.957
Equity holders of the parent	11.788.105.540	11.878.193.583
Non-controlling interests	44.897.720	32.004.048
Total equity	11.833.003.260	11.910.197.631

NOTE 28 - REVENUE AND COST OF SALES

As of 30 September 2025 and 2024, the functional breakdown of revenue and cost of sales is as follows:

Account Name	01.01.2025	01.07.2025	01.01.2024	01.07.2024
	30.09.2025	30.09.2025	30.09.2024	30.09.2024
Domestic sales	2.777.928.638	329.116.918	4.398.171.076	1.450.165.459
Foreign sales	14.332.512.990	5.541.970.525	12.857.110.199	4.448.280.378
Other revenue	149.230.847	69.151.844	185.950.419	42.680.071
Sales returns (-)	(14.192.938)	(154.302)	(16.302.485)	(2.430.182)
Sales discounts (-)	(2.030.655)	(1.252.191)	(1.937.867)	(490.888)
Net sales	17.243.448.882	5.938.832.794	17.422.991.342	5.938.204.838
Cost of sales (-)	(13.976.255.188)	(4.993.931.739)	(14.304.382.513)	(4.894.904.207)
Gross profit	3.267.193.694	944.901.055	3.118.608.829	1.043.300.631

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

As of 30 September 2025 and 2024, the functional breakdown of operating expenses is as follows:

Account Name	01.01.2025	01.07.2025	01.01.2024	01.07.2024
	30.09.2025	30.09.2025	30.09.2024	30.09.2024
Marketing, sales and distribution expenses (-)	(1.149.041.662)	(429.391.358)	(909.402.233)	(329.280.766)
General administrative expenses (-)	(287.283.961)	(52.790.070)	(335.994.480)	(116.181.887)
Research and development expenses (-)	(12.071.158)	(4.173.723)	(15.069.141)	(6.315.039)
Total operating expenses (-)	(1.448.396.781)	(486.355.151)	(1.260.465.854)	(451.777.692)

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NOTE 30 - EXPENSES BY NATURE

As of 30 September 2025 and 2024, 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	01.01.2025	01.07.2025	01.01.2024	01.07.2024
	30.09.2025	30.09.2025	30.09.2024	30.09.2024
Marketing, sales and distribution expenses (-)	(1.149.041.662)	(429.391.358)	(909.402.233)	(329.280.766)
Personnel expenses	(65.565.865)	(34.092.237)	(49.135.028)	(16.684.330)
Freight costs	(676.997.231)	(285.970.298)	(644.210.228)	(233.277.883)
Transportation costs	(100.640.602)	(31.018.342)	(79.962.290)	(30.387.890)
Customs duty and expenses	(12.165.779)	(5.438.910)	(6.063.581)	(2.233.935)
Consumable costs	(75.994.214)	(18.438.505)	(80.140.288)	(29.941.282)
Depreciation and amortisation charges	(8.499.333)	(7.960.363)	(2.567.311)	(1.189.099)
Fair and exhibition costs	(19.041.517)	(10.052.098)	(18.556.323)	(18.556.323)
Insurance expenses	(3.332.754)	(1.041.730)	(1.954.570)	(539.045)
Other	(186.804.367)	(35.378.875)	(26.812.614)	3.529.021
General administrative expenses (-)	(287.283.961)	(52.790.070)	(335.994.480)	(116.181.887)
Personnel expenses	(154.933.413)	(22.297.249)	(145.326.090)	(44.728.558)
Consumable costs	(5.219.402)	(1.283.542)	(6.184.417)	(2.007.548)
Depreciation and amortisation charges	(35.075.934)	6.543.254	(45.329.852)	(13.077.092)
Maintenance and repair expenses	(3.637.487)	(1.763.909)	(4.293.763)	(441.901)
Audit and consultancy expenses	(27.283.453)	(12.088.667)	(24.347.493)	(11.773.427)
Utility expenses	(2.089.363)	(678.544)	(1.951.620)	(647.186)
Travel and accommodation expenses	(4.652.367)	(1.457.838)	(8.488.377)	(3.512.031)
Insurance expenses	(5.737.471)	(1.944.600)	(5.922.178)	(3.003.876)
Representation and hospitality expenses	(1.291.267)	(229.076)	(2.174.664)	(609.676)
Taxes, duties and charges	(2.989.510)	(2.534.136)	(3.206.971)	3.035.379
Other	(44.374.294)	(15.055.763)	(88.769.055)	(39.415.971)
Research and development expenses (-)	(12.071.158)	(4.173.723)	(15.069.141)	(6.315.039)
Personnel expenses	(7.069.210)	(93.425)	(12.417.859)	(5.729.631)
Depreciation and amortisation charges	(41.165)	(544)	(88.487)	(37.310)
Other	(4.960.783)	(4.079.754)	(2.562.795)	(548.098)
Total operating expenses, net (-)	(1.448.396.781)	(486.355.151)	(1.260.465.854)	(451.777.692)

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

Account Name	01.01.2025	01.07.2025	01.01.2024	01.07.2024
	30.09.2025	30.09.2025	30.09.2024	30.09.2024
Cost of sales (-)	(319.893.999)	(93.829.138)	(287.595.455)	(94.049.308)
Marketing, sales and distribution expenses (-)	(8.499.333)	(7.960.363)	(2.567.311)	(1.189.099)
General administrative expenses (-)	(35.075.934)	6.543.254	(45.329.852)	(13.077.092)
Research and development expenses (-)	(41.165)	(544)	(88.487)	(37.310)
Depreciation and amortisation charges, net	(363.510.431)	(95.246.791)	(335.581.105)	(108.352.809)

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

Account Name	01.01.2025	01.07.2025	01.01.2024	01.07.2024
	30.09.2025	30.09.2025	30.09.2024	30.09.2024
Cost of sales (-)	(1.011.065.274)	(581.240.030)	(856.007.085)	(74.906.833)
Marketing, sales and distribution expenses (-)	(65.565.865)	(34.092.237)	(49.135.028)	(16.684.330)
General administrative expenses (-)	(154.933.413)	(22.297.249)	(145.326.090)	(44.728.558)
Research and development expenses (-)	(7.069.210)	(93.425)	(12.417.859)	(5.729.631)
Personnel expenses, net	(1.238.633.762)	(637.722.941)	(1.062.886.062)	(142.049.352)

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NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 30 September 2025 and 2024, the functional breakdown of other operating income and expenses is as follows:

Account Name	01.01.2025 30.09.2025	01.07.2025 30.09.2025	01.01.2024 30.09.2024	01.07.2024 30.09.2024
Other operating income	975.824.010	10.089.487	634.454.751	208.474.798
Provisions no longer required (Doubtful receivables)	3.081.324	(2.378.037)	5.105.727	(91.397)
Provisions no longer required (Lawsuits)	2.730.939	523.260	1.841.698	69.017
Foreign exchange gains	689.718.378	(131.669.034)	250.933.007	119.708.457
Interest income	94.121.745	13.687.208	234.326.152	82.298.373
Discount income	41.492.642	17.199.870	40.865.470	(16.801.734)
Income from reversal of discounts	9.271.292	(695.753)	12.099.193	(1.774.293)
Other	135.407.690	113.421.973	89.283.504	25.066.375
Other operating expenses (-)	(1.047.552.541)	(52.898.030)	(971.965.693)	(216.162.644)
Provisions for doubtful receivables	(10.781.458)	964.827	(8.208.215)	(5.788.268)
Provisions for lawsuits	(17.696.089)	(2.431.601)	(9.137.014)	(4.606.454)
Foreign exchange losses	(764.330.576)	(6.075.169)	(508.709.017)	(82.339.409)
Interest expenses	(148.063.729)	2.706.304	(298.296.983)	(99.172.248)
Discount expenses	(19.796.146)	(10.596.735)	(43.088.803)	(16.856.952)
Expenses from reversal of discounts	(46.958.842)	(872.108)	(26.114.103)	1.090.088
Other	(39.925.701)	(36.593.548)	(78.411.558)	(8.489.401)
Other operating income/(expenses), (net)	(71.728.531)	(42.808.543)	(337.510.942)	(7.687.846)

NOTE 32 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

As of 30 September 2025 and 2024, the functional breakdown of gains and losses from investment activities is as follows:

Account Name	01.01.2025 30.09.2025	01.07.2025 30.09.2025	01.01.2024 30.09.2024	01.07.2024 30.09.2024
Gains from investment activities	642.295.711	409.437.464	516.140.037	(24.282.174)
Gain on sale of non-current assets	23.337.215	23.337.215	5.907.064	(40.283)
Gain on sale of securities	618.958.496	386.100.249	510.232.973	(24.241.891)
Losses from investment activities (-)	(310.151.200)	(269.900.426)	(2.355.317)	(2.135.305)
Loss on sale of non-current assets	(580.614)	(539.555)	-	220.012
Loss on sale of securities	(309.570.586)	(269.360.871)	(2.355.317)	(2.355.317)
Gains/(losses) from investment activities, (net)	332.144.511	139.537.038	513.784.720	(26.417.479)

NOTE 33 - FINANCIAL INCOME/(EXPENSES)

As of 30 September 2025 and 2024, the functional breakdown of financial income and expenses is as follows:

Account Name	01.01.2025 30.09.2025	01.07.2025 30.09.2025	01.01.2024 30.09.2024	01.07.2024 30.09.2024
Financial income	200.968.901	111.938.996	157.908.993	104.199.985
Interest income	9.190.809	3.680.692	32.293.249	27.305.640
Foreign exchange gains	163.756.554	97.086.544	101.250.445	70.550.985
Interest income arising from Group companies and shareholders	28.021.538	11.171.760	24.365.299	6.343.360
Financial expenses (-)	(1.775.569.583)	(537.772.829)	(1.391.306.023)	(598.232.735)
Interest expenses	(598.211.992)	(249.517.455)	(585.636.187)	(225.146.709)
Foreign exchange losses	(1.050.931.029)	(221.581.682)	(672.392.980)	(336.026.529)
Bank commissions, fees and charges	(86.065.232)	(34.559.169)	(129.957.153)	(42.450.262)
Interest expenses from TFRS 16	(23.655.131)	(15.408.324)	(3.319.703)	5.390.765
Other	(16.706.199)	(16.706.199)	-	-
Financial income/(expenses), (net)	(1.574.600.682)	(425.833.833)	(1.233.397.030)	(494.032.750)

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NOTE 34 – NET MONETARY POSITION GAINS/(LOSSES)

As of 30 September 2025 and 2024, the breakdown of net monetary position gains and losses is as follows:

Non-monetary items	30.09.2025	30.09.2024
Statement of financial position	110.102.322	173.614.770
Prepaid expenses	59.344.790	83.649.161
Inventories	28.241.859	101.747.932
Property, plant and equipment	2.503.986.270	1.643.542.371
Intangible assets	(2.361.703)	291.096
Right of use assets	27.172.864	4.316.159
Equity	(2.507.502.078)	(1.677.162.361)
Deposits and guarantees given	3.295.647	2.140.824
Advances given	(2.075.327)	15.089.588
Statement of profit or loss	105.993.791	(55.357.675)
Revenue	(1.951.362.346)	(420.768.949)
Cost of sales	1.841.929.481	341.870.822
Marketing, sales and distribution expenses	89.702.867	21.978.165
General administrative expenses	23.670.797	7.846.124
Other operating income	(180.202.560)	(81.655.640)
Other operating expenses	266.525.827	32.599.855
Gains from investment activities	(40.988.745)	(10.235.931)
Financial income	(2.402.475)	(4.004.601)
Financial expenses	59.120.945	57.012.480
Net monetary position gains/(losses)	216.096.113	118.257.095

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	01.01.2025 30.09.2025	01.01.2024 31.12.2024
Current period tax expense	(39.887.432)	(28.887.045)
Deferred income tax	(230.320.509)	(223.420.196)
Total tax income/(expense)	(270.207.941)	(252.307.241)

i) Corporate tax

The Group, its subsidiaries and associates operating in Türkiye, are subject to the tax legislation and practices in force in Türkiye. 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	30.09.2025	31.12.2024
Current period tax expense	39.697.302	663.985
Less: Prepaid income tax	(995.087)	(90.641)
Current income tax liabilities, net	38.702.215	573.344

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 30 September 2025, corporate tax rate applied in Türkiye is 25% (31 December 2024: 25%). 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 accordance with the announcement published in the Official Gazette on 17 November 2020, amendments were realised regarding both tax regulations and other regulations. As per Article 35 of the law numbered 7256 on Restructuring of Some Receivables and Amending Some Laws ("Law No. 7256"), published in the Official Gazette on 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 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.

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According to corporate tax law article numbered 20, the corporate tax is imposed by the taxpayer's tax returns. In Türkiye, 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 Türkiye 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 presented under the provisions of Law No. 5746 pertaining the Support of Research and Development Activities for the R&D investment projects in its statutory 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 recognised in the accompanying consolidated financial statements.

Income tax expenses in the consolidated statements of profit or loss are summarised as follows:

	30.09.2025	30.09.2024
Operating profit	77.672.034	(238.297.997)
Tax base additions	121.773.452	94.078.327
<i>Non-deductible expenses</i>	121.773.452	94.078.327
Tax allowances/exemptions (-)	-	(5.533.701)
Operating profit, net - domestic	199.445.486	202.751.239
Operating profit, net - foreign	-	52.997.870
Current period tax expense, net	39.887.432	1.566.046

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 23 July 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 associates, 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 30 September 2025 and 31 December 2024, 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)	
	30.09.2025	31.12.2024	30.09.2025	31.12.2024
Adjustments for PP&E	(5.410.162.111)	(4.740.230.181)	(1.033.027.652)	(837.714.147)
Investment properties	(617.977.408)	614.046.829	(106.601.103)	(105.923.079)
Right of use assets	(105.103.489)	(10.761.529)	(24.173.802)	(2.475.152)
Prepaid expenses	147.910.183	48.666.597	34.019.342	11.193.318
Adjustments for gain on sale of securities	(161.590.083)	(42.440.188)	(37.165.719)	(9.761.243)
Adjustments for discount on notes receivables	19.241.147	13.095.044	4.425.464	3.011.860
Doubtful receivables	29.479.650	16.151.827	6.780.319	3.716.496
Constructions in progress	49.562.851	(3.070.687)	11.399.456	(706.258)
Other	47.758.698	190.537.123	22.535.865	29.775.908
Retained earnings to be offset	131.798.512	112.471.951	30.313.658	25.868.548
Borrowings	(110.050.509)	122.365.319	25.311.617	28.144.023
Adjustments for discount on notes payable	37.979.968	(31.758.511)	(8.735.393)	(7.304.457)
Provisions for lawsuits	54.688.032	52.420.648	12.578.247	12.067.769
Provisions for employment termination benefits	58.484.280	82.105.159	13.451.384	19.020.690
Provisions for unused vacation	24.034.084	21.244.781	5.527.839	4.905.435
Gains/(losses) on hedges	(774.893.197)	252.874.591	178.225.435	58.161.157
Deferred tax assets/(liabilities), net	(6.578.839.393)	(3.302.281.229)	(865.135.043)	(768.019.132)

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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 30 September 2025 and 2024, which is as follows:

Account Name	01.01.2025 30.09.2025	01.01.2024 30.09.2024
Profit for the period	445.107.005	3.247.942
Weighted average number of shares	1.915.000.000	657.570.000
Earnings per share	0.2324	0.0049

NOTE 37 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

30.09.2025	Trade receivables	Other receivables	Trade payables	Other payables
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	32.040.916	-	-
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	75.851.783	-	-
Other (Shareholders)	-	-	-	21.083
TOTAL	-	107.892.699	-	21.083

31.12.2024	Trade receivables	Other receivables	Trade payables	Other payables
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	-	26.985.511	-	-
Chakra Mağazacılık Ticaret ve A.Ş.	-	67.045.297	-	-
Other (Shareholders)	-	-	-	40.699
TOTAL	-	94.030.808	-	40.699

b) Related party transactions are as follows:

30.09.2025

Purchases	Rent	Interest	Other services/Foreign exchange gains and other	Total
KCR Dış Ticaret A.Ş.	-	-	126.206.124	126.206.124
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	-	30.581	30.581
Total	-	-	126.236.705	126.236.705

Sales	Rent	Interest	Other services/Foreign exchange losses and other	Total
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	1.837.272	7.423.384	-	9.260.656
Hakan Kocaer	368.698	-	-	368.698
Chakra Mağazacılık Ticaret ve Anonim Şirketi	337.241	19.343.706	31.680	19.712.627
Total	2.543.211	26.767.090	31.680	29.341.981

30.09.2024

Purchases	Rent	Interest	Other services/Foreign exchange gains and other	Total
Hakan Kocaer	-	-	38.967.191	38.967.191
Chakra Mağazacılık Ticaret ve A.Ş.	-	-	1.271.280	1.271.280
Total	-	-	40.238.471	40.238.471

Sales	Rent	Interest	Other services/Foreign exchange losses and other	Total
Kocaer Tekstil Sanayi ve Ticaret A. Ş.	2.523.640	5.599.039	241.389	8.364.068
Hakan Kocaer	202.060	-	-	202.060
İbrahim Kocaer	134.424	-	-	134.424
Chakra Mağazacılık Ticaret ve A. Ş.	463.229	18.592.351	473.270	19.528.850
Total	3.323.353	24.191.390	714.659	28.229.402

c) Key management compensation

Account Name	01.01.2025 30.09.2025	01.01.2024 31.12.2024
Key management compensation	62.554.217	91.580.005
Total	62.554.217	91.580.005

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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.

Consolidated net financial debt/invested capital ratio as of 30 September 2025 and 31 December 2024 is as follows:

	30.09.2025	31.12.2024
Total borrowings	5.959.693.266	5.865.254.244
Less: Cash and cash equivalents	(1.962.778.144)	(3.230.424.052)
Net financial debt	3.996.915.122	2.634.830.192
Equity	11.833.003.260	11.910.197.631
Invested capital	15.829.918.382	14.545.027.823
Net financial debt/invested capital ratio	0.2525	0.1811

Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has liabilities denominated in USD, EUR, GBP, CNY and other currencies.

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 30 September 2025. The Group management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. The Group monitors foreign exchange rate risk through foreign exchange position analysis. Derivative financial instruments are also used as instruments for foreign exchange risk management for hedging purposes, if deemed necessary.

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As of 30 September 2025 and 31 December 2024, foreign exchange position of the Group is as follows:

	Foreign exchange position									
	30.09.2025					31.12.2024				
	TL equivalent	USD	EUR	GBP	TL equivalent	USD	EUR	GBP	CNY	
1. Trade Receivables	3.093.481.572	69.001.121	4.728.785	-	3.258.980.903	66.628.891	6.739.075	-	-	
2a. Monetary Financial Assets	334.174.698	7.017.054	883.403	44	897.406.659	14.256.674	3.279.681	2.081.188	-	
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	
3. Other	-	-	-	-	-	-	-	-	-	
4. Total Current Assets (1+2+3)	3.427.656.270	76.018.175	5.612.188	44	4.156.387.562	80.885.565	10.018.756	2.081.188	-	
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)	3.427.656.270	76.018.175	5.612.188	44	4.156.387.562	80.885.565	10.018.756	2.081.188	-	
10. Trade Payables	3.133.535.596	74.562.161	582.043	-	4.202.066.208	81.675.387	320.031	2.871	93.036.358	
11. Financial Liabilities	1.492.219.359	9.148.250	22.719.273	-	2.407.350.219	39.388.426	14.245.527	-	-	
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	
13. Total Current Liabilities (10+11+12)	4.625.754.955	83.710.411	23.301.316	-	6.609.416.427	121.063.813	14.565.558	2.871	93.036.358	
14. Trade Payables	-	-	-	-	-	-	-	-	-	
15. Financial Liabilities	1.883.683.443	25.680.820	16.646.796	-	1.689.954.734	9.538.197	27.394.914	-	-	
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	
17. Total Non-Current Liabilities (14+15+16)	1.883.683.443	25.680.820	16.646.796	-	1.689.954.734	9.538.197	27.394.914	-	-	
18. Total Liabilities (13+17)	6.509.438.398	109.391.231	39.948.112	-	8.299.371.161	130.602.010	41.960.472	2.871	93.036.358	
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)	(3.081.782.128)	(33.373.056)	(34.335.924)	44	(4.142.983.599)	(49.716.445)	(31.941.716)	2.078.317	(93.036.358)	
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(3.081.782.128)	(33.373.056)	(34.335.924)	44	(4.142.983.599)	(49.716.445)	(31.941.716)	2.078.317	(93.036.358)	
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-	-	-	-	
23. Export	16.407.745.153	268.537.651	29.345.122	551.025	11.624.915.529	351.840.914	-	-	-	
24. Import	6.492.361.839	156.448.486	-	-	4.593.850.455	139.245.635	-	-	-	

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The following table details the Group’s foreign currency sensitivity as at 30 September 2025 and 31 December 2024 for the changes at the rate of 10%:

Exchange rate sensitivity analysis		
01.01.2025		
(the CBRT - 30.09.2025)		
	Profit/(Loss)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset/Liability	(140.085.579)	140.085.579
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(140.085.579)	140.085.579
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	(168.092.881)	168.092.881
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	(168.092.881)	168.092.881
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	247	(247)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	247	(247)
Change in Other currencies against TL by 10%		
10- CNY Net Asset/Liability	-	-
11- Hedged portion of CNY Risk (-)	-	-
12- Other currencies Net Effect (10+11)	-	-
TOTAL	(308.178.213)	308.178.213

Exchange rate sensitivity analysis		
01.01.2024		
(the CBRT - 31.12.2024)		
	Profit/(Loss)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset/Liability	(175.401.109)	175.401.109
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(175.401.109)	175.401.109
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	(117.341.727)	117.341.727
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	(117.341.727)	117.341.727
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	9.187.678	(9.187.678)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	9.187.678	(9.187.678)
Change in Other currencies against TL by 10%		
10- CNY Net Asset/Liability	(44.716.065)	44.716.065
11- Hedged portion of CNY Risk (-)	-	-
12- Other currencies Net Effect (10+11)	(44.716.065)	44.716.065
TOTAL	(328.271.223)	328.271.223

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).

	30.09.2025	31.12.2024
Fixed-interest rate financial instruments		
Financial assets	1.377.453.689	2.322.647.488
Financial liabilities	5.959.693.266	5.865.254.244
Floating-interest rate financial instruments		
Financial assets	871.518.429	625.367.087

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

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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**).

As of 30 September 2025 and 31 December 2024, the exposure of consolidated financial asset to credit risk is as follows:

CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INSTRUMENT TYPES

<u>30.09.2025</u>	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)	-	3.859.486.093	107.892.699	436.401.727	10-11	1.962.733.213	6
- Maximum risk secured with guarantees and collaterals	-	705.626.440	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	-	3.859.486.093	107.892.699	436.401.727	10-11	1.962.733.213	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)	-	24.795.928	-	-	10-11	-	6
- Impairment (-)	-	(24.795.928)	-	-	10-11	-	6
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6

<u>31.12.2024</u>	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)	-	3.984.732.899	94.030.808	612.983.088	10-11	3.230.410.967	6
- Maximum risk secured with guarantees and collaterals	-	680.979.961	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	-	3.984.732.899	94.030.808	612.983.088	10-11	3.230.410.967	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)	-	22.257.834	-	-	10-11	-	6
- Impairment (-)	-	(22.257.834)	-	-	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 30 September 2025 and 31 December 2024 are as follows:

<u>30.09.2025</u>	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
Contractual maturities					
Non-derivative financial liabilities	9.920.627.173	9.949.841.171	5.415.711.666	2.379.040.912	2.155.088.593
Bank borrowings	5.710.928.384	5.708.434.170	1.441.360.171	2.348.676.785	1.918.397.214
Finance lease liabilities	12.997.299	13.121.499	5.669.284	7.452.215	-
Lease liabilities	235.767.583	267.351.595	7.748.304	22.911.912	236.691.379
Trade payables	3.739.384.164	3.739.384.164	3.739.384.164	-	-
Other payables	221.549.743	221.549.743	221.549.743	-	-

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31.12.2024

Contractual maturities	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
Non-derivative financial liabilities	11.346.444.589	10.978.426.864	6.672.428.255	2.305.561.602	2.000.437.007
<i>Bank borrowings</i>	5.599.527.251	5.234.449.801	1.182.926.286	2.283.840.938	1.767.682.577
<i>Finance lease liabilities</i>	32.292.790	32.873.579	6.599.460	18.340.269	7.933.850
<i>Lease liabilities</i>	233.434.203	229.913.139	1.712.164	3.380.395	224.820.580
<i>Trade payables</i>	5.418.608.912	5.418.608.912	5.418.608.912	-	-
<i>Other payables</i>	62.581.433	62.581.433	62.581.433	-	-

Fair value

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 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.

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 30 September 2025, hedge ratio and hedge effectiveness have been calculated as 108% and 101%, respectively.

TL	30.09.2025
The amount of the hedged item's risk component recognised in the assets under statement of financial position (firm commitment)	-
USD	30.09.2025
The present value of the hedged item (current)	117.703.963
The present value of the hedged item (non-current)	26.899.742
The present value of the hedging instrument (current)	111.997.355
The present value of the hedging instrument (non-current)	24.594.928
EUR	30.09.2025
The present value of the hedged item (current)	19.859.323
The present value of the hedged item (non-current)	14.402.437
The present value of the hedging instrument (current)	18.708.479
The present value of the hedging instrument (non-current)	14.086.709
TL	30.09.2025
The cumulative exchange difference on hedged item (current)	495.418.315
The cumulative exchange difference on hedged item (non-current)	306.153.831
The cumulative exchange difference on hedging instrument (current)	(478.619.433)
The cumulative exchange difference on hedging instrument (non-current)	(330.833.690)

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2025

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL on 30 September 2025, unless otherwise indicated.)

Hedge effectiveness ratio	101%
Exchange rate difference amount in inactive markets maintained within a band in the statement of profit or loss	(34.559.926)
Hedge ratio	
The total amount of future expected cash flows of the hedged item (Cash flow hedge)	8.954.093.824
The total amount of future expected cash flows of the instrument used for hedging purposes (Cash flow hedge)	8.293.382.749
Hedge ratio, net	108%

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.