Corporate Governance Compliance Rating Report

İskenderun Demir ve Çelik A.Ş.

21 August 2026

Validity Period 21.08.2026-21.08.2027

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for İskenderun Demir ve Çelik Anonim Şirketi;

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the “Corporate Governance Communiqué No. II-17.1” of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

The criteria established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to the general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD, including generally accepted ethical customs, which are shared with the public through its Internet website (www.kobirate.com.tr).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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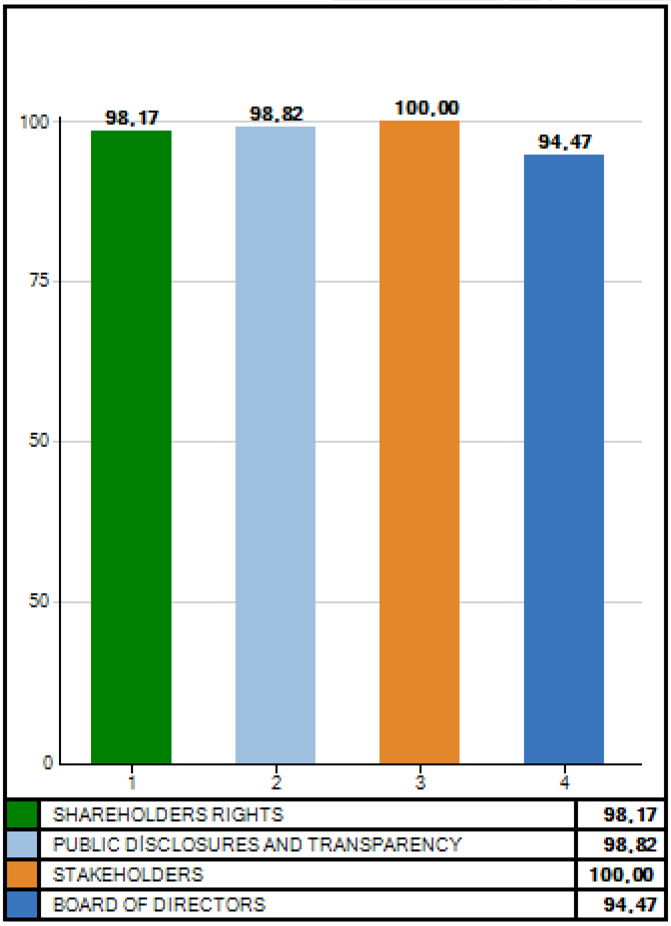
İSKENDERUN DEMİR VE ÇELİK A.Ş. (İSDEMİR)

1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

9.73



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2. REVISED RATING SUMMARY

This report of the rating of compliance of İskenderun Demir ve Çelik A.Ş. (İSDEMİR) with the Corporate Governance Principles is concluded through on-site examinations of the documents and information open to the public, interviews held with executives and persons involved, and other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17.1) (II-17.1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the decision of the Capital Markets Board dated 23.01.2026 and numbered 4/109, İSDEMİR is in the BIST 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies".

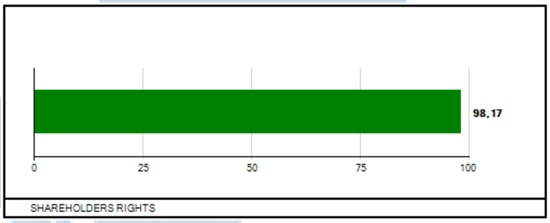
At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, Corporate Governance Compliance Rating Grade of İsdemir has been revised as **9,73**.

This result shows that the Company has achieved very high compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed to are identified and can be managed. The level of public disclosure and transparency is high. Rights of the shareholders and stakeholders are treated fairly. The composition and operational conditions of the Board highly comply with the Corporate Governance Principles.

When the activities of İsdemir for the last one year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

- In the Shareholders section, the rating of İsdemir has been confirmed as **98.17**.



The company has been observed to continue its activities with the same diligence and effectiveness in informing shareholders and enabling the exercise of basic shareholder rights during the review period. It is understood that the harmonious cooperation of the Investor Relations Directorate with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

Activities related to shareholder relations are carried out by the ERDEMİR Investor Relations Directorate, which operates under the Vice Presidency of Financial Management and Fiscal Affairs. The Department consists of Ms. İdil ÖNAY ERGİN (Director), Mr. Ali Seydi BÖLER (Corporate Governance Manager) and Ms. Lara AKALIN (Investor Relations Specialist). Ms. ERGİN and Mr. BÖLER have Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses.

In accordance with the CMB Corporate Governance Communiqué numbered II.17-1, Investor Relations Director Ms. İdil ÖNAY ERGİN was appointed as a Member of the Corporate Governance Committee, and it was disclosed to the public with a Material Disclosure dated 03.04.2019.

It has been determined that the Investor Relations Directorate reports and makes presentations to the Board of Directors at least once a year regarding its activities. A presentation regarding the 2025 activities was made to the Board of Directors on 17.02.2026.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the corporate website of the company.

The Ordinary General Assembly meeting to discuss operations of 2025 took place on 26.03.2026. The invitation to the General Assembly meeting was published on 03.03.2026 on the Public Disclosure Platform (KAP), the Central Securities Depository e-General Assembly System (EGKS), and in the Turkish Trade Registry Gazette (TTSG) dated 03.03.2026 and numbered 11534. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

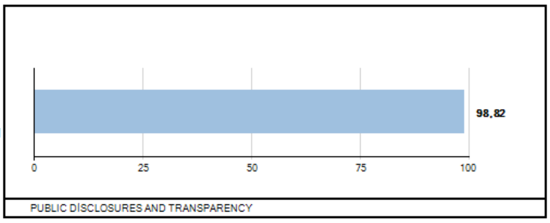
The general assembly information document provides detailed information on the distribution of company shares, the voting rights granted by the shares and the privileges regarding voting. In addition, whether the shareholders have a request to add an item to the agenda and the information that is required to be announced to the shareholders and the public in the corporate governance principles are also included.

Executives and auditors who are authorized to brief participants on special subjects and answer their questions have attended the meeting. The executives in attendance were Mr. Mustafa Serdar BAŞOĞLU (Board Member and Managing Director), Mr. İsmail DOĞAN (Board Member and Managing Director), Mr. Ahmet TAŞKIN (Board Member), Mr. Ayhan AKIN (General Manager of İsdemir), Mr. Kemal Haluk ERUYGUR (Legal Counsel of OYAK), Mr. Ulaş YİRMİBEŞ (Financial Control and Reporting Director), Mr. Buğrahan ELDELEKLİ (Legal Director), Ms. İdil ÖNAY ERGİN (Investor Relations Director) and the representative of the Independent Audit Firm.

Net distributable profit for the period was TRY 11,961,169,777 according to the legal records prepared in accordance with the TPL, and TRY 6,111,893,944 according to the financial statements prepared within the framework of the CMB legislation from its year 2025 activities. The way the profit is used is explained in the "*ii. Dividend Distribution*" section of our report.

The profit distribution proposal of the board of directors and the profit distribution table were published on the Public Disclosure Platform on the same day as the invitation to the general assembly.

- In the Public Disclosure and Transparency section, the company's rating was confirmed as **98.82**.



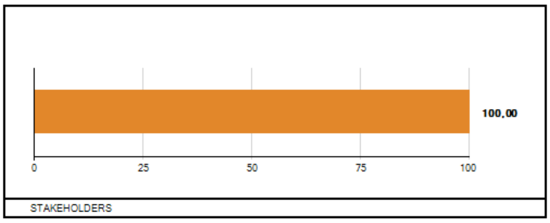
It has been determined that İsdemir's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities. On the other hand, the integrated annual report prepared for OYAK Mining Metallurgy Companies (Group) contains very detailed information about İsdemir's activities.

The corporate website (www.isdemir.com.tr) is updated regularly, and the website is being used as an active and effective platform for disclosure to the public. All information and documents that the public, investors and other interested parties want to access are published on the corporate website of the company for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

The persons responsible for the Company's public disclosures and vested with signing authority are Mr. İsmail DOĞAN (Board Member and Managing Director), Mr. Semih ÖRMEN (Finance Director), Mr. Ulaş YİRMİBEŞ (Financial Control and Reporting Director) and Ms. İdil ÖNAY ERGİN (Investor Relations Director). The named persons have been assigned to maintain and monitor all kinds of issues related to public disclosure.

Independent external audit for 2025 was conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited). There are no cases where the independent audit avoided expressing an opinion, expressed an opinion with conditions or avoided signing the reports. It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence, and there was no legal conflict with it. Within the framework of the Capital Markets legislation, the Turkish Commercial Code, and other relevant regulations, the same audit firm has been reappointed for the independent external audit of the Company's accounts and transactions for the 2026 fiscal year, based on the recommendation of the Audit Committee and the approval of the Board of Directors and the General Assembly.

- The Company's score for the Stakeholders section was also revised to a full score of **100**.



The reason for the increase in the grade of the company in this section:

- The establishment of the Sustainability Working Group with the aim of embedding the sustainability approach as a corporate culture across all OYAK Mining Metallurgy Companies and ensuring that İSDEMİR operates effectively as a function of the Working Group,
- The Salaried Employees Regulation was updated,

It is concluded that İsdemir protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and the company's reputation. It has been observed that many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation and retirement procedures have been determined, and it is thought that these procedures are adhered to in practice. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been determined that the Company runs training programs to increase the knowledge, talents and experience of its employees and that it has prepared training policies.

Ethical Rules and Working Principles have been determined and are updated when necessary. On the other hand, the policies concerning the shareholders and all stakeholders are disclosed to the public on the corporate website of the company.

As of 31.12.2022, a total of 4929 people were employed at İsdemir, with 1369 paid monthly wages and 3560 paid hourly wages. Hourly paid workers are organized under the umbrella of Özçelik-İş Union. The 29th Term Collective Bargaining Agreement has been concluded for 2 years, covering the period 01.01.2025-31.12.2026.

Similar to Erdemir and its subsidiaries, İsdemir carries out social responsibility activities in different areas in order to create sustainable and lasting value for society. It supports social development with education and culture-art-oriented projects developed through various collaborations. As OYAK Mining and Metallurgy Companies, the support provided for social projects in 2025 reached TRY 69 million 47 thousand. Information about the company's contribution to the social development and welfare of the society can be found in the integrated reports and on the corporate website.

Sustainability;

Oyak Mining and Metallurgy Companies have structured their activities around the goals of developing in a way that benefits society and the environment, managing risks correctly, reducing their carbon footprint, and integrating risks and opportunities arising from climate change into all business processes. In this context, the company has shaped its "Value Creation Approach" around three fundamental concepts:

- Sustainable Growth
- Responsible Production
- Human-Centered Approach

<u>Sustainable Growth</u>

Priorities

- Sustainable Financial Performance
- Product Quality
- Responsible Purchasing and Supply Chain Management

Focus Areas:

- Contributing to industry and economic growth in Turkey as a sector leader
- Competitive cost management
- Maintaining and increasing market share
- Enhancing the quality of high-value-added product groups
- Being a reliable solution partner to customers and ensuring zero defects
- Increasing company value
- Enhancing resource and investment efficiency

<u>Responsible Production</u>

Priorities

- Climate Change
- Occupational Health and Safety
- Energy Management
- Waste Management
- Low Emission Production Technologies
- Water Management
- R&D and Innovation
- Cyclical Economy
- Air Emissions
- Operational Efficiency
- Biodiversity

Focus Areas:

- Transparent and accountable management
- R&D focus in production processes
- Reducing environmental impacts
- Developing pioneering OHS practices
- Developing products and services in line with current trends and technologies
- Enhancing operational efficiency
- End-to-end integrated solutions

Human-Centered Approach

Priorities

- Employee and Human Rights
- Employee Satisfaction and Talent Management
- Corporate Governance
- Ethics and Transparency
- Digitalization
- Equality of Opportunity and Diversity
- Contribution to Local Development
- Social Investment Programs

Focus Areas

- Providing social contributions to operational regions
- Increasing employee satisfaction
- Employees who embrace the institution's priorities and values and act in unison.

Erdemir and İsdemir, part of Oyak Mining and Metallurgy Companies, have announced their "Net Zero Roadmap" to contribute to Turkey's 2053 net zero emission target. Shaping their green transformation steps, Erdemir and İsdemir aim to reduce carbon emissions per ton by 25% by 2030 and by 40% by 2040, compared to the baseline year of 2022, and to achieve net zero emissions by 2050.

To achieve the short-term goal of reducing carbon emissions per ton of crude steel by at least 25%, Erdemir and İsdemir plan to invest 3.2 billion USD in transformation by the end of 2030.

The practices and documented management systems of İsdemir that contribute to its priorities of energy efficiency, occupational health and safety, sustainability, and digitalization are listed below:

ISO 9001:2015 Quality Management System
ISO 14001:2015 Environmental Management System
ISO 45001:2018 Occupational Health and Safety Management System
IATF 16949: 2016 Quality Management System for the Automotive Industry
ISO 50001:2018 Energy Management System
ISO 17025: 2017 Laboratory Accreditation Certificate
ISO 27001:2017 Information Security Management System

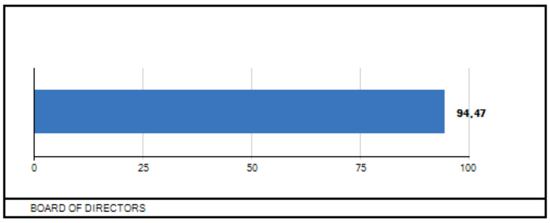
İsdemir published its first TSRS-compliant Sustainability Report as part of the integrated annual report covering the 2024 activities of OYAK Mining Metallurgy Companies.

The exemption set out in paragraph E4 of TSRS 1 under the Board Decision on exemptions published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on 30 December 2025 was not utilized, and the TSRS report for the 2025 reporting period was published together with the financial statements for the financial year from 1 January to 31 December 2025.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member firm of Ernst & Young Global Limited) was appointed for a one-year term to conduct the assurance audits of the Company's TSRS-compliant Sustainability Reports for the 2024 and 2025 financial years. The appointment was discussed and approved under agenda item 11 at the Ordinary General Assembly Meeting held on 26 March 2026. It was also resolved that the assurance audit for 2026 would be conducted by the same firm, and this matter was discussed and approved under agenda item 14.

İsdemir has been included in the BIST Sustainability Index since November 2019-October 2020.

- In the Board of Directors section, İsdemir's rating was confirmed as **94.47**.



In the meetings with the company officials and the examinations made on the Board of Directors' Decision Book, it has been determined that the Board continues its activities actively, effectively and regularly. It has been observed that the Board of Directors internalizes the corporate governance principles, adopts an open approach to improvement and development, and displays a proactive attitude in compliance with the principles.

Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources. The duties of the chairman of the board of directors and general manager are carried out by different persons, and the authorities of each are defined. The board of directors, consisting of 9 (nine) members, consists of 2 (two) executive and 7 (seven) non-executive members. 3 (three) of the non-executive members have the status of independent members.

Only 2 (two) female members were appointed to the Board of Directors. This structure does not comply with the "not less than 25%" criterion determined by the CMB as the rate of female members in the Board of Directors. For the target of "Women Board Member Ratio should not be less than 25%", determining a target rate and time and a policy to achieve these targets and annually evaluating the progress achieved in achieving these targets by the board of directors will be appropriate to strengthen compliance with the principles.

The Audit, the Corporate Governance and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company.

All members of all three committees are independent board members. In addition, only in the Corporate Governance Committee, as per Communiqué No. II.17.1, the Investor Relations Director acts as a committee member. The company's general manager has not been appointed within the committee structures.

Independent members of the board of directors are elected to serve for 1 (one) year. When the method followed before the general assembly regarding the independent members of the board of directors is examined, it is understood that:

- The Nomination Committee prepares an evaluation report on the independence of the candidate for the election of independent members and submits it to the board of directors,
- The board of directors elects independent members within the framework of the nomination committee's report,
- The report prepared regarding the determined candidate is sent to the Capital Markets Board together with the candidate's resume, declarations of independence and the resolutions of the board of directors. In addition, it would be appropriate for the company to pay attention to the time constraints specified in the principles during these processes.

The Board of Directors held 7 (seven) meetings in 2025 and 3 (three) meetings as of the end of June 2026. The secretarial function of the Board is carried out by the Board of Directors assistant, Ms. Suzan MERT.

The Audit Committee held 4 (four) meetings in 2025. As of the end of June 2026, it held 2 (two) meetings. In the same period, in parallel with the number of meetings, the Committee submitted reports on its activities to the Board of Directors 4 (four) times in 2025 and 2 (two) times as of June 2026. The secretarial function of the Committee is carried out by the Financial Control and Reporting Director, Mr. Ulaş YİRMİBEŞ.

The Corporate Governance Committee convened 4 (four) times in 2025 and 2 (two) times as of the end of June 2026. The Committee has submitted 2 (two) reports in 2025 and 1 (one) report as of the end of June 2026 to the Board of Directors on its activities. The secretariat of the Committee is carried out by Investor Relations Director Ms. İdil ÖNAY ERGİN.

The Early Detection of Risk Committee held 6 (six) meetings in 2025 and 3 (three) meetings as of the end of June 2026. They submitted reports to the board of directors about their work 6 (six) and 3 (three) times in the aforementioned periods. The secretariat of the Committee is carried out by the Corporate Risk Management Director, Mr. Erdem PREKA.

In the examinations made on the documents, it was observed that the meeting records of both the Board and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website.

Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

The damages that may be caused to the company by the faults of the members of the board of directors during their duties were insured, but no PDP statement was made on the subject.

The Board of Directors does not yet have the practice of making performance evaluations on both board and member basis, and rewarding or dismissing the Members based on these evaluations.

3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:

Company Name	**: İSKENDERUN DEMİR VE ÇELİK A.Ş**
Company Address	: Karşı Mahalle Şehit Yüzbaşı Ali Oğuz Bulvarı No: 1 Payas / HATAY
Company Phone	: (0326) 758 4040
Company Fax Number	: (0326) 758 3838
Company's Web Address	: www.isdemir.com.tr
E-Mail Address	: info@isdemir.com.tr investorrelations@erdemir.com.tr
Date of Incorporation	: 12/11/1968
Registered Number	: 1599
Paid-in Capital	: TRY 2,900,000,000 -
Line of Business	: Iron and steel roll products of all types, sizes and qualities, alloyed or pure iron, steel and iron casts, cast and pressed products and businesses stated in the Articles of Association.
Company's Sector	: Manufacturing Industry / Base Metal Industry

Company's Representative in Charge of Rating:

İdil ÖNAY ERGİN

Investor Relations Director

ionay@erdemir.com.tr

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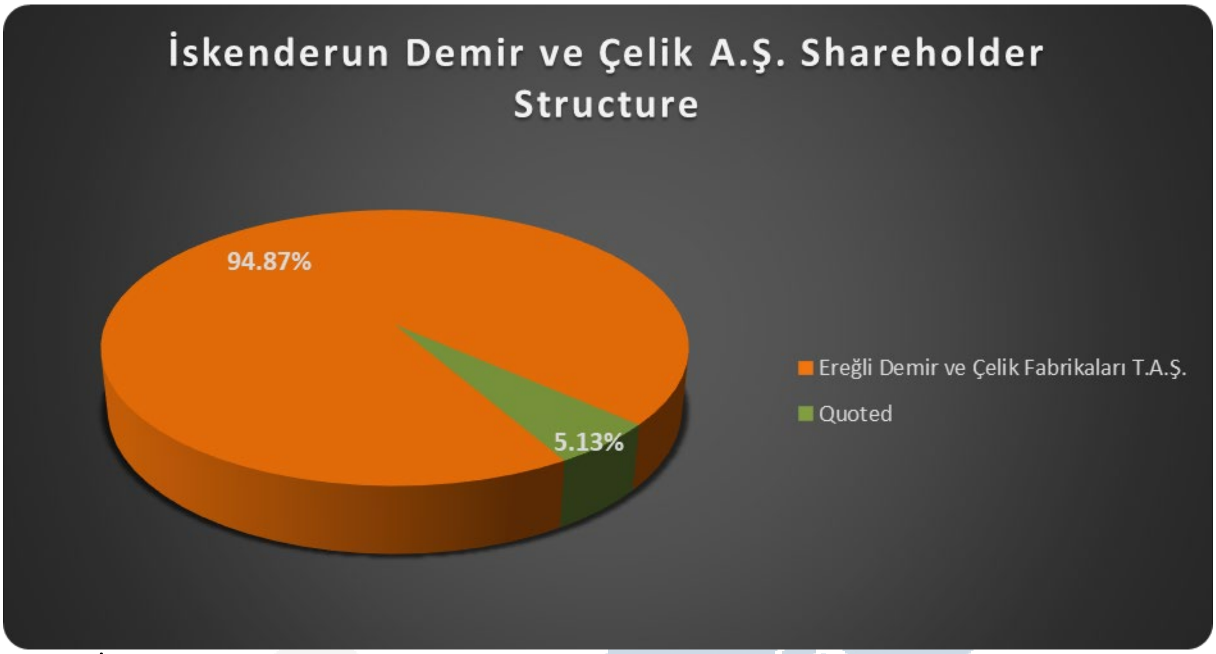
Shareholder Structure (as of the date of this report)



Source: İskenderun Demir ve Çelik A.Ş.

Shareholder Name	Share (TRY Thousand)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2,751,326	94.87
Quoted in Stock Exchange	148,674	5.13
Total	**2,900,000**	**100.00**

Source: www.kap.org.tr

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
ATAER Holding A.Ş. **(**Representative: **Murat YALÇINTAŞ**)	Chairman	Non - Executive
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative**: İsmail DOĞAN**)	Member of the Board of Directors and Executive Director	Executive
ERDEMİR Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. **(**Representative: **Tolga SAYGUN**)	Member of the Board of Directors and Executive Director	Executive
ERDEMİR Madencilik Sanayi ve Ticaret A.Ş. **(**Representative: **Melikşah UTKU)**	Member of Board of Directors	Non-Executive
ERDEMİR Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. (Representative**: Ahmet Raci YALÇIN**)	Member of Board of Directors	Non-Executive
T.C Hazine ve Maliye Bakanlığı ÖİB **(**Representative: **Hilal YÜCEL)**	Member of Board of Directors	Non - Executive
Uğur SÜEL	Independent Member of Board of Directors	Non - Executive
Alper KANCA	Independent Member of Board of Directors	Non - Executive
Steven YOUNG	Independent Member of Board of Directors	Non - Executive

Source: www.kap.org.tr

Committees Formed Within Board of Directors

Audit Committee

Name Surname	Title	Duty
Uğur SÜEL	Independent Member of Board of Directors	Chairman Of The Committee
Alper KANCA	Independent Member of Board of Directors	Committee Member

Corporate Governance Committee

Name Surname	Title	Duty
Alper KANCA	Independent Member of Board of Directors	Chairman Of The Committee
Steven YOUNG	Independent Member of Board of Directors	Committee Member
İdil ÖNAY ERGİN	Erdemir Investor Relations Director	Committee Member

Early Detection of Risk Committee

Name Surname	Title	Duty
Steven YOUNG	Independent Member of Board of Directors	Chairman Of The Committee
Uğur SÜEL	Independent Member of Board of Directors	Committee Member

Senior Management of the Company

Name/ Surname	Title
Ayhan AKIN	İsdemir General Manager

Source www.kap.org.tr

Investor Relations

Name / Surname	Title	Contact
İdil ÖNAY ERGİN	Investor Relations Director	ionay@erdemir.com.tr 0 (216) 578 8061
Ali Seydi BÖLER	Corporate Governance Manager	aboler@erdemir.com.tr 0 (216) 578 8061
Lara AKALIN	Investor Relations Specialist	lakalin@erdemir.com.tr 0 (216) 578 8194

Source: www.kap.org.tr

Balance-Sheet Comparison of Company's Certain Selected Items for yearends of last two years

	2024/12 (Thousand USD)	2025/12 (Thousand USD)	Change% (USD)	2024/12 (TRY Thousand)	2025/12 (TRY Thousand)	Change % (TRY)
Current Assets	1,959,667	2,383,179	21.6	69,137,658	102,108,960	47.7
Trade Receivables	209,932	182,129	- 13.2	7,406,470	7,803,468	5.4
Inventories	989,092	912,959	- 7.7	34,895,478	39,116,364	12.1
Fixed Assets	3,063,739	3,153,992	2.9	108,089,603	135,134,996	25
Total Assets	5,023,406	5,537,171	10.2	177,227,261	237,243,956	33.9
Short-Term Liabilities	847,874	1,058,751	24.9	29,967,974	45,445,629	51.6
Long-Term Liabilities	867,556	1,030,255	18.8	30,662,714	44,221,501	44.2
Paid Capital	1,474,105	1,474,105	-	2,900,000	2,900,000	-
Equity	3,307,976	3,448,165	4.2	116,596,573	147,576,826	26.6

Source: İsdemir Financial Statements and Independent Auditor's Report for the Period 01.01.2025-31.12.2025

(*) Pursuant to the announcement of the Public Oversight, Accounting and Auditing Standards Authority ("POA") dated November 23, 2023, titled "Adjustment of Financial Statements of Companies Subject to Independent Audit for Inflation"; it has been decided that the financial statements of entities applying Turkish Financial Reporting Standards for the annual reporting periods ending on or after December 31, 2023, shall be presented in accordance with the relevant accounting principles set forth in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29), duly adjusted for the effects of inflation. However, since the Company's functional currency is the US Dollar as of the reporting date, there is no need to make any adjustments in the financial statements to be prepared in accordance with TFRS within the scope of TAS 29.

Income Statement Comparison of Company's Certain Selected Items for yearends of last two years

	2024/12 (Thousand USD)	2025/12 (Thousand USD)	Change %(USD)	2024/12 (TRY Thousand)	2025/12 (TRY Thousand)	Change % (TRY)
Revenue	3,369,001	3,067,886	- 8.9	110,436,515	120,955,399	9.5
Cost of Sales	(3,078,687)	(2,793,947)	- 9.2	(100,919,980)	(110,155,012)	9.2
Operational Profit / Loss	475,276	192,401	- 59.5	15,579,657	7,585,671	- 51.3
Profit/Loss Before Tax	461,244	187,686	- 59.3	15,119,660	7,399,778	- 51.1
Profit/Loss for the Period	434,836	155,021	- 64.3	14,254,008	6,111,894	- 57.1
Earnings Per Share	-	-	-	4.9152	2.1075	-

Source: İsdemir Financial Statements and Independent Auditor's Report for the Period 01.01.2025-31.12.2025
See: Explanatory Notes (*)

Subsidiaries, Financial Fixed Assets and Financial Investments

Trade name	Line of Business	Paid-in/ Issued Capital	Share in the Capital	Currency	Share(%)	The Nature of the Relation
İsdemir Linde Gaz Ortaklığı A.Ş.	Industrial Gas Production and Sale	140,000,000	70,000,000	TRY	50	JOINT VENTURE PARTNERSHIP
Teknopark Hatay A.Ş.	R&D Center	1,213,000	60,650	TRY	5	FINANCIAL ASSET AT FAIR VALUE

Source: www.kap.org.tr

The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included

BIST Code : ISDMR
Market where the Capital Market Instrument is Traded : BIST STAR

Indices in which it is included : BIST SUSTAINABILITY PARTICIPATION / BIST 500 / BIST PARTICIPATION ALL SHARES / BIST INDUSTRIALS / BIST BASIC METAL / BIST SUSTAINABILITY / BIST CORPORATE GOVERNANCE / BIST DIVIDEND / BIST PARTICIPATION DIVIDEND / BIST PARTICIPATION 100 / BIST STARS / BIST ALL SHARES-100 / BIST ALL SHARES
Source: www.kap.org.tr

The Peak and Bottom Closing Values of the Company Stock in the BIST in the Last One Year Period (14.08.2025-14.08.2026)

Bottom (TRY)	*Peak (TRY)*
34.94 (29.12.2025)	66.25 (02.06.2026)

Source: İskenderun Demir ve Çelik A.Ş.

B. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

There were no changes in the company's capital and articles of association during the review period.

ii. Profit Distribution:

Net distributable profit for the period was TRY 11,961,169,777 according to the legal records prepared in accordance with the TPL, and TRY 6,111,893,944 according to the financial statements prepared within the framework of the CMB legislation from its year 2025 activities.

The decision of the Board of Directors of the Company, dated 03.03.2026, regarding the distribution of the net period profit obtained as a result of 2025 activities is as follows:

- In accordance with Article 519 of the TCC and the CMB provisions, since the limit for setting aside the general legal reserve has been reached, no 5% general legal reserve will be set aside from the net period profit in the 2025 financial statements prepared in accordance with TPL provisions.
- The distribution of a total cash dividend of TRY 7,480,550,960 to shareholders, comprising TRY 5,569,449,040 from the net distributable profit for the period as reported in the 2025 financial statements prepared in accordance with CMB regulations and TRY 13,050,000,000 from extraordinary reserves;
- The allocation of TRY 1,290,500,000 as a general legal reserve under both CMB and Tax Procedure Law records, corresponding to 10% of the excess amount, pursuant to subparagraph (c) of the second paragraph of Article 519 of the Turkish Commercial Code, since the allocated cash dividend exceeds 5% of the Company's paid-in capital,
- The determination of the dividend distribution date by the Board of Directors following the Ordinary General Assembly Meeting, taking into account the Company's cash flow projections, with the payment to be made in a single installment no later than 15 December 2026;

it was resolved that these matters be submitted for the approval of the General Assembly at the Company's Ordinary General Assembly Meeting for the year 2025.

The Board of Directors' proposal regarding the dividend distribution was discussed and approved as item 7 of the agenda at the ordinary general assembly meeting held on 26.03.2026.

The dividend distribution commenced on 03.06.2026, and the dividend was reflected in the accounts of public shareholders with a T+2 value date.

iii. Policies:

No changes were made in company policies (Disclosure Policy, Dividend Distribution Policy, Remuneration Policy, Compensation Policy, Human Resources Policy, Donations and Aid Policy, Erdemir Group Ethical Rules and Working Principles, Erdemir Group Anti-Corruption Policy) during the reviewing period. The aforementioned policies were disclosed to the public on the corporate website of the company.

iv. ***Management and Organization:***

Changes in the Company's senior management during the reviewing period;

- The resolution of the Board of Directors dated 25.02.2026, and numbered 917, is as follows:

Pursuant to the resolution of our Board of Directors and Resolution No. 865 of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., a legal entity member of our Company's Board of Directors, it was resolved to register and announce in the Trade Registry the appointment of Gizem MUTLU, replacing Güliz KAYA, as the natural person representative acting on behalf of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş.

- The Company's Material Disclosure dated 02.03.2026 is as follows:

"Following the application submitted to the Capital Markets Board pursuant to the resolution adopted by our Board of Directors, it was resolved to nominate Mr. Alper KANCA, Mr. Uğur SÜEL and Mr. Steven YOUNG as Independent Members of the Board of Directors at the Company's first forthcoming Ordinary General Assembly Meeting."

The appointment of the Independent Members of the Board of Directors in question was discussed under Item 9 of the agenda at the Ordinary General Assembly Meeting held on 26.03.2026 and approved by the shareholders.

- The resolution of the Board of Directors dated 16.03.2026, and numbered 920, is as follows:

It was understood that pursuant to Resolution No. 457 dated 12 March 2026 of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş., a legal entity member of the Company's Board of Directors, the term of office of Ahmet TAŞKIN, the natural person representative acting on behalf of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş., had ended and Tolga SAYGUN had been appointed in his place;

- It was also understood that pursuant to Resolution No. 878 dated 12 March 2026 of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., a legal entity member of the Company's Board of Directors, the term of office of Gizem MUTLU, the natural person representative acting on behalf of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., had ended and Ahmet TAŞKIN had been appointed in her place;

It was resolved that the foregoing be registered with the trade registry and announced in the Turkish Trade Registry Gazette.

- The Company's Material Disclosure dated 28.04.2026 is as follows:

Pursuant to the resolution of the Company's Board of Directors:

- In accordance with Resolution No. 11 of Erdemir Madencilik Sanayi ve Ticaret A.Ş., a legal entity member of the Company's Board of Directors, it was resolved that Melikşah UTKU be registered with the trade registry and announced as the natural person representative acting on behalf of Erdemir Madencilik Sanayi ve Ticaret A.Ş., replacing Mustafa Serdar BAŞOĞLU;

- In accordance with Resolution No. 890 of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., a legal entity member of the Company's Board of Directors, it was resolved that Ahmet Raci YALÇIN be registered with the trade registry and announced as the natural person representative acting on behalf of Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., replacing Ahmet TAŞKIN.

- The Company's Material Disclosure dated 23.08.2025 is as follows:

"Pursuant to the resolution of our Board of Directors dated 23 August 2025, it was resolved to appoint Mr. Ayhan AKIN to the vacant position of General Manager.
No other changes were made in the Board of Directors and senior management during the review period.

v. Changes in Group Companies, Subsidiaries and Affiliates:

No changes were made in Group Companies, Subsidiaries and Affiliates.

4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system that audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non–binding principles.

The fact that principles are open to change over time was also accepted in this work. Although at first these principles were focused on the companies whose shares were quoted on the stock exchange, it was emphasized by the OECD that it would also be useful to implement these principles in public enterprises and companies whose shares were not quoted on the stock exchange.

In 1999, the OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for decision–makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles have kept the concept of corporate governance on the agenda and become guidelines for the laws and regulations in OECD members, as well as other countries.

In the OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group established within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The best implementation code". Then, CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non–quoted companies.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated 03 January 2014 and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of workflow and analysis technique with KOBİRATE A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance

Compliance Rating, determined by CMB’s memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle, and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements, are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by the CMB Communiqué of Corporate Governance published on 03.01.2014, is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles, while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

NOTE	*DEFINITIONS*
9–10	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
7–8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place and operational, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6–6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated; however, improvement is required. Potential risks that the Company may be exposed to are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. Benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

NOTE	***DEFINITIONS***
4–5,9	The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.
< 4	The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interests of the shareholders and the stakeholders, public disclosure, transparency, the structure and working conditions of the Board, and they are at a level that might cause the investor to incur material losses.