



EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.

For the Period 1 January – 30 June 2021
Condensed Board of Directors' Activity Report

BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**A – GENERAL INFORMATION****1. Period of the Report**

01.01.2021 – 30.06.2021

2. Information About the Association

- **Title:** EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.
- **Trade Registry Number:** 863637
- **Address:** Barbaros Mah. Ardiç Sok. No: 6 Ataşehir/İSTANBUL
- **Website:** www.erdemir.com.tr

3. Shareholding and Capital Structure

Authorized Capital : TRY 7.000.000 thousand
Paid-in Capital : TRY 3.500.000 thousand

Shareholders	Shares (Thousand TRY)	%
ATAER Holding A.Ş.	1.724.982	49,29
Publicly Held	1.667.181	47,63
Erdemir's Own Shares	107.837	3,08
Total	3.500.000	100,00

No change has occurred in shareholding and capital structure in the period.

4. Board of Directors, Executive Management and Number of Personnel

According to the Turkish Commercial Code and related regulations, the election of the Board of Directors is executed by the General Assembly within the framework of the Articles of Association. Should there be an opening in the Board of Directors Membership within the respective period; an election for the available positions is made according to the provisions of Turkish Commercial Code and Company's Articles of Association and the results are submitted to the next general assembly to be approved. The Company's 2020 Regular General Assembly has been executed on 17 March 2021.

At the Ordinary General Assembly Meeting held on March 17, 2021, re-election was made for the independent board memberships and 3 independent board members were elected to serve for 1 year period in accordance with the 10th and 11th articles of Articles of Association within the framework of Turkish Commercial Code and Capital Market Law.

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The active members of the Board of Directors as of 30.06.2021:

Board of Directors	Title	Effective from
OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Süleyman Savaş ERDEM)	Chairman	27.05.2013 (*)
OMSAN Lojistik A.Ş. (Represented by: Aslıhan DÖĞER)	Deputy Chairman- Executive Director	11.09.2012 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: Gürtan DAMAR)	Executive Director	13.09.2012 (*)
Republic of Turkey Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Board Member	20.09.2012 (*)
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Represented by: Baran ÇELİK)	Board Member	12.09.2012 (*)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	Board Member	12.09.2012 (*)
Ali FİDAN	Independent Board Member	31.03.2017
Kurtuluş Bedri VAROĞLU	Independent Board Member	31.03.2017
Mahmut Cengiz AYDIN	Independent Board Member	05.02.2021

(*) Inauguration date of the legal entity.

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Changes in the Executive Board within the Period

- With the decision of the Board of Directors dated February 05, 2021, and numbered 9741, the election of Mahmut Cengiz AYDIN to the vacant independent board membership due to the resignation of Yunus ARINCI who was Independent Board Member has been resolved. Besides the registration of this election in the trade registry and the announcement of it in the Turkey Trade Registry Gazette have been resolved.
- Due to the expiration of Toker ÖZCAN's duty, the appointment of Gürtan DAMAR as the real person representative of OYAK Pazarlama Hizmet ve Turizm A.Ş., who is Deputy Chairman and Executive Director has been resolved with the decision of the Board of Directors dated February 23, 2021, and numbered 9754. Besides the registration of this appointment in the trade registry and the announcement of it in the Turkey Trade Registry Gazette have been resolved.
- With the decision of the Board of Directors dated February 23, 2021 and numbered 9755, the authorization of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Executive Director, the cancellation of Deputy Chairman position of the Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. (represented by Gürtan DAMAR), the assignment of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Deputy Chairman, the continuation of assignment of the Board Member OYTAŞ İç ve Dış Ticaret A.Ş. (represented by Süleyman Savaş ERDEM) as Chairman, and the registration of these in the trade registry and the announcement of these in the Turkey Trade Registry Gazette have been resolved.
- At the Ordinary General Assembly Meeting held on March 17, 2021, Mahmut Cengiz AYDIN, Ali FİDAN and Kurtuluş Bedri VAROĞLU have been reelected as independent board members for serving 1 year period.
- With the decision of the Board of Directors dated March 17, 2021, and numbered 9764, the election of the Board Member OYTAŞ İç ve Dış Ticaret A.Ş. (represented by Süleyman Savaş ERDEM) as Chairman and the election of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Deputy Chairman, the authorizations of the Deputy Chairman OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) and the Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. (represented by Gürtan DAMAR) as "Executive Director" for serving 1 year period, and the registration of these in the trade registry and the announcement of these in the Turkey Trade Registry Gazette have been resolved.

Powers and Duties of the Members of the Board of Directors'

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Trade Act's relevant clauses and in the Articles of Association.

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Executive Management

Executive Management	Title	Effective from	Education	Experience
Aslıhan DÖĞER	Deputy Chairman and Executive Director	23.02.2021	Middle East Technical University – Industrial Engineering	23 Years
Gürtan DAMAR	Executive Director	23.02.2021	Yıldız Technical University – Mechanical Engineering	26 Years
Salih Cem ORAL	General Manager	06.06.2018	İstanbul Technical University – Metallurgy Engineering	28 Years
İsmail Kürşad KORKMAZ	Procurement Group Vice President	21.02.2017	Middle East Technical University – Political Science and Public Administration	25 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Karadeniz Technical University – Economics	17 Years
Fatih ÇITAK	Marketing and Sales Group Vice President	18.01.2020	İstanbul Technical University – Industrial Engineering	22 Years
Can ÖRÜNG	Information Technologies Group Vice President	21.02.2017	İstanbul Technical University- Management Engineering	20 Years
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	21.07.2020	National Defence University – Business Administration	34 Years
Ural DURUSU	Executive Vice President (Operations)	29.11.2018	İstanbul Technical University – Metallurgy Engineering	33 Years
Vacant	Executive Vice President (Financial Affairs)			

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The duties of Ferat GÖÇ, who served as the Deputy General Manager of Financial Affairs and Purchasing Director at Erdemir, ended on 30 July 2021.

5. The Transactions of Board Members made on its behalf or on behalf of other and the activities as part of prohibition of competition

At the Ordinary General Assembly held on March 17, 2021, it is consented to give the authority for transactions for 2021 according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board.

No transaction had been realized in this context.

6. Collective Labor Agreement Applications and the Benefits

28th Period Collective Labor Agreement, which will be valid between 01.09.2020-31.08.2022, has been signed on December 23, 2020 between Turkish Employers' Association of Metal Industries (MESS) on behalf of our company and Turkish Metal Union as the collective bargaining agency.

27th Period Collective Labor Agreement, which will be valid between January 1, 2021 and December 31, 2022 has been signed on May 24, 2021 between Özçelik-İş Iron, Steel, Metal and Metallic Products Worker's Union and İskenderun Demir ve Çelik A.Ş.

In the scope of collective agreement applications, the rights and benefits of the employees are classified under bonuses, social benefits, and vacations. Bonuses and social benefits are; bonuses, heating allowance, paid annual leave allowance, marriage allowance, birth allowance, bereavement allowance (worker's death, worker's spouse's, children's, mother's, father's or sibling's death, in the case of a death as a result of a work accident it will pass onto the worker's heir at law), military service allowance, children allowance, educational allowance (play school, primary school, secondary school, high school, higher education), meal allowance and transportation. Vacations are; paid annual leaves, accompaniment leaves for medical purposes, accompaniment leaves (handicapped child) excused absences, unpaid leaves, and other paid leaves consisting marital leaves, bereavement leaves, pregnancy leaves, maternity leaves, nursing leaves, adoption leaves, part-time work leaves, transport leaves and leaves in case of a natural catastrophe.

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Bereavement allowance (in the case the worker dies), transportation and meal allowance, derived from the social benefits, are given to all employees; the rest is given only to blue-collar workers. Paid annual leaves, leaves of absence with excuse, marital leaves, bereavement leaves, maternity leaves, and pregnancy leave, accompaniment leaves (handicapped child), adoption leaves, part-time work leaves, transport leaves, unpaid leaves and nursing leaves can be taken by all employees; the rest is taken only by blue-collar workers.

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

	30 June 2021	31 December 2020
	Personnel	Personnel
Hourly Paid	8.192	7.568
Monthly Paid	4.149	3.970
	12.341	11.538

7. Compliance with The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2020 were met during the period 1 January 2021 – 30 June 2021.

8. Amendments in The Articles of Association

None.

B – Financial Rights Given to Board Members and Executive Management

1. Total amount of financial rights like attendance fee, wages, bonus, premium and dividend payments

The relevant section of the minutes of the General Assembly dated March 17, 2021 is as follows:

In the 10th article of the agenda related to the Rate Setting of the Board Members', the proposal was read by the representative of ATAER Holding A.Ş. Çiğdem KÖKER ALPAYDIN, and with no other comment, it was submitted to the General Assembly's approval and in accordance with the proposal;

It was decided by the majority of votes that; no wages will be paid to the Board members representing Group B shares, the monthly net wage that will be paid to the members representing Group A shares will be TRY 5.250 (monthly, in cash), the wages of independent Board members will be TRY 11.500 (monthly, in cash) and the new wages valid from the date of April 1, 2021.

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Personal accident and life insurances were arranged for Board of Directors and no other benefits were given.

No payment of performance was made to Board Members.

No payables were given, no loans were issued directly or through a third party and no indemnity was given (like sureties) to Board Members or Executive Management during the period.

Wages of the Executive Management is determined by the Board. Performance based additional payment is given to paid monthly personnel including Executive Management.

2. Allowances given, travel, housing and representation expenses and real and cash advances, insurance and other pledges

A total of TRY 22.550 thousand is recorded as expense related to Company Board Members and Executive Management for the period 1 January – 30 June 2021.

C – Research and Development Studies

OYAK Mining Metallurgy carries out its research and development activities at "Erdemir R&D Center" that was certified by Republic of Turkey Ministry of Industry and Technology in 2014. Erdemir R&D Center performs activities in four main areas: as raw materials and iron making, steel making and casting technologies, hot rolled products and process, cold rolled products and process.

Erdemir R&D Center serving to OYAK Mining Metallurgy has well-equipped laboratory facilities, such as material characterization, thermomechanical simulation, metal forming, welding, corrosion, enameling, spectral analysis and X-ray diffraction etc., and also simulators for pilot scale trials on raw material and product development, such as agglomeration systems, coking, melting, rolling and coating processes.

The number of flat products has reached to 528 by addition of 3 new flat steel grades that were developed in first six months of 2021.

In this period, 17 R&D project were completed and 55 R&D projects are currently being carried out.

Totally 9 projects that were supported by TÜBİTAK/TEYDEB 1501 Project Support Program have been completed successfully so far.

Erdemir R&D team has contributed to the intellectual capital of our company by presenting 72 papers and posters at various national/international iron and steel conferences to date.

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D – Activities and Important Developments Regarding the Activities

1. Investment Activities

Operating within the modern plants and by modern production technology, OYAK Mining Metallurgy produces competitive products globally and continues its investments aligned for continuous development strategy. In this scope;

In Erdemir Plants:

Engineering, equipment manufacturing and site installation works are ongoing in the 2. Blast Furnace Renovation Project. Site installation works continue in the No.6 Steam Boiler Project. Main equipment installation works continue in the New Wide Inspection and Recoiling Line Project. Equipment manufacturing and supply works continue for the Steel Shop BOF Convertors Modernization Project and Surface Inspection Systems Project. Equipment supply and site activities continue for the Various Fire Detection and Extinguishing Systems Project. In the R&D Simulation Center Project, the hot rolling simulator has been commissioned.

Transformer procurement works continue in the Energy Distribution System Additional Investments Project. Site works are ongoing in the Environmental Investments Projects. Main engineering studies continue in the 4. Coke Oven Battery Project and 60 MW Turbo Generator Project. Detail engineering studies continue in Steel Shop Secondary Dust Collection System Capacity Improvement Project and 1. Slab Furnace Modernization Project. Construction works continue in the Project of Slitting Line Transfer to ERSEM. The contract was signed for the No.6 Turbo Blower Project.

Procurement activities continue for the New Sinter Plant Project and Structural Improvement of Erdemir Port Docks Project. 1. Galvanizing Line Level-1 Automation System Modernization and Plate Mill Housing System Renewal Investment Projects have been initiated by the decision of the Board of Directors.

In Isdemir Plants:

Field activities continue within the scope of the New Coke Gas Gasometer and North Side Land Reclamation Projects. Procurement, manufacturing and field activities are ongoing within the scope of the Vacuum Degassing Plant, 3. Coke Oven Battery Modernization and Steel Mill A-B Hall Extension and Overhead Crane Projects. Engineering, purchasing processes, equipment supply, manufacturing and site works continue in the 1. New Blast Furnace Project.

Engineering studies continue within the scope of the Boiler No.3 Retubing and Burner Modification Project. Engineering studies have started in the 1. Blast Furnace Top Recovery Turbine (TRT) Project. Procurement activities continue in the New Sinter Plant Project and the Port-1 New Grab Ship Unloader Cranes Project.

As of 30 June 2021, Group's total investment expense amount is USD 177 million (30 June 2020: USD 107 million).

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2. Internal Control System and Internal Auditing Activities

Internal Audit Department is in charge of evaluating and improving the effectiveness of risk management, control and governance processes of Group companies and it reports directly to the Deputy Chairman and the Executive Director of the Board. Regarding the CMB's related announcement, efficiency of internal control system is evaluating regularly by the Board of Directors. The Audit Committee, which comprises of independent board members, is informed regularly about the internal audit activities and effectiveness of the internal control system.

Direct and Indirect Subsidiaries

The Information about Affiliates Subject to Consolidation

The main scope of business and the participation in their shareholding of the affiliates subject to consolidation are as follows:

Name of the Company	Country of Operation	Operation	2021 Effective Share %	2020 Effective Share %
İskenderun Demir ve Çelik A.Ş.	Turkey	Iron and Steel Manufacturing	94,87	94,87
Erdemir Madencilik San.ve Tic. A.Ş.	Turkey	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Turkey	Steel Service Center	100	100
Erdemir Müh. Yönetim ve Danışmanlık Hiz. A.Ş.	Turkey	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Silica Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Turkey	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Turkey	Magnesite Ore, Refractor	100	-
Odak Refrakter ve Madencilik San. Tic. A.Ş.	Turkey	Recycling	100	-
Yenilikçi Yapı Malz ve Üretim San. Tic. A.Ş.	Turkey	Special Purpose Entity	100	-

Kümaş Manyezit Sanayi A.Ş. (and its subsidiaries) all shares were purchased on February 3, 2021. Share price dated February 3, 2021; according to the financial statements prepared as of the transfer date, the final share price was USD 295.943 thousand (TRY 2.112.206 thousand).

At the Extraordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. dated July 9, 2021, it was decided to reduce the Company's fully paid-in capital of TRY 175.000 thousand to TRY 140.000 thousand by reducing the amount of TRY 35.000 thousand.

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E - Financial Position**1. Consolidated Summary of Financial Statements**

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have been audited as of 30 June 2021.

Summary of Consolidated Financial Position

	(Reviewed)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	30 June 2021	31 December 2020
Current Assets	33.396.936	28.507.242
Non-current Assets	38.723.329	29.486.670
Total Assets	72.120.265	57.993.912
Current Liabilities	13.943.605	9.434.112
Non-current Liabilities	10.811.350	7.438.224
Shareholders' Equity	47.365.310	41.121.576
Total Liabilities	72.120.265	57.993.912

Summary of Consolidated Profit or Loss

	(Reviewed)	(Reviewed)
	Current Period	Previous Period
(Thousand TRY)	1 January - 30 June 2021	1 January - 30 June 2020
Sales Revenue	24.797.566	13.783.158
Gross Profit	9.037.030	2.066.198
Operating Profit Before Finance Income (Expenses)	8.607.712	1.933.479
Profit Before Tax	9.324.178	1.948.962
Profit for the Period	6.050.468	926.858
Shareholder's share in the Profit for the Period	5.801.155	868.001
EBITDA	9.492.744	2.465.735
Earnings Per Share	1,6575	0,2480

The Entity prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In the regular meetings of the Board of Directors is reviewing the current position of the Entity and activities are compared with the previous period and budget targets.

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2. Key Ratios

(%)	1 January - 30 June 2021	1 January - 30 June 2020
Gross Profit Margin	36,4%	15,0%
Operating Profit Before Finance Income (Expenses) Margin	34,7%	14,0%
EBITDA Margin	38,3%	17,9%
Profit Margin	24,4%	6,7%
Shareholder's Share in the Profit Margin	23,4%	6,3%

3. The Availability of Financial Sources and The Policies The Group Applies in This Framework

Group has full access to all national and international financial sources with its market making power based on high trading volume in money markets. New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of Group is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of systematic models. Within the risk tolerances, forward, futures, swap and options reflecting market conditions are implemented, if necessary.

4. Dividend Distribution Policy

Group's Dividend Distribution Policy is as follows:

“As a principle, Company implements the policy of distributing all of its distributable profit in cash within the provision of forecasted free cash flow generation by considering financial leverage ratios, investment/ financing needs and anticipation of the market under the scope of effective regulations and clauses of Company's Articles of Association. The dividend distribution policy is reviewed annually by the Board of Directors every year considering to national and global economic conditions, the projects on the company's agenda and the state of its funds.

Dividend is paid by fixed or variable installments in accordance with the legislation by giving authority to the Board of Directors at the General Assembly Meeting, where dividend distribution is decided, until 15 December of the relevant calendar year.

General Assembly is authorized for the “distribution of dividend advance” in accordance with relevant legislations.

At the Ordinary General Assembly Meeting held on 17 March 2021, the decision regarding the distribution of a cash dividend amounting to TRY 6.475.000 thousand (profit share per gross share: TRY 1,85) from the profit of 2020 and retained earnings was approved. Dividend distribution started on 24 March 2021.

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5. Information about the sector

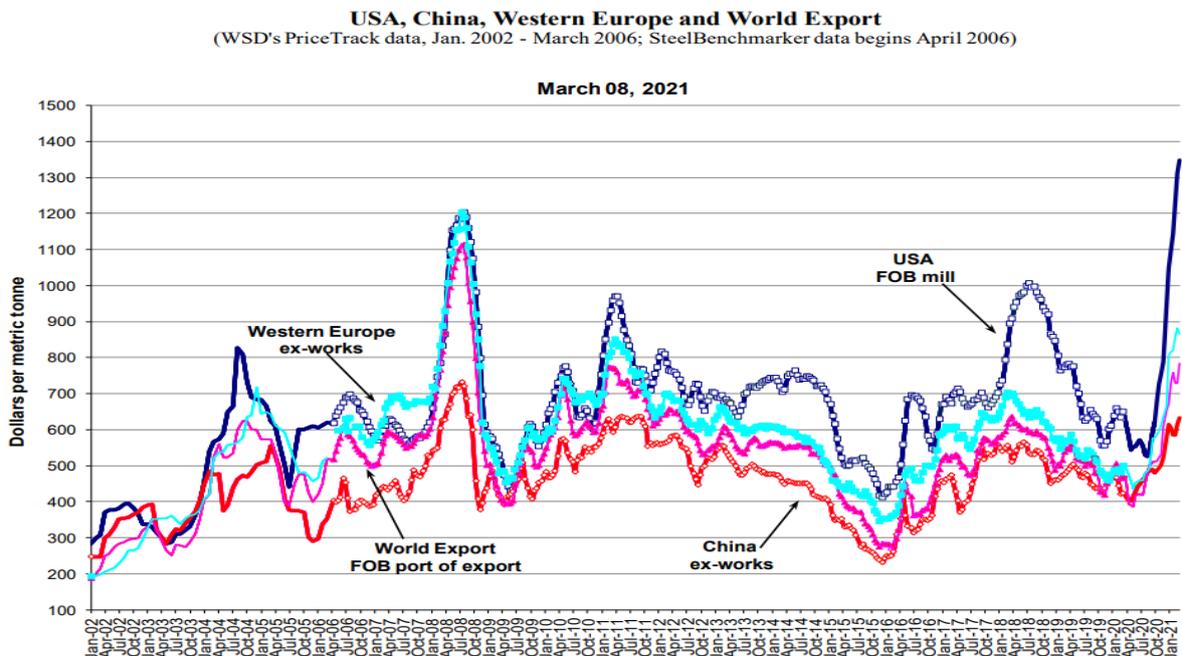
Global crude steel production in June this year increased by 11.6 percent year on year to 167.9 million tonne. In January-June period this year, global crude steel production totaled one billion tonne, up by 14.4 percent year on year.

In June, crude steel output in Asia amounted to 122.5 million tonne, rising by 6.4 percent, with 93.6 million tonne produced by China, up 1.5 percent, 8.1 million tonne produced by Japan, increasing by 44.4 percent, 9.4 million tonne produced by India, increasing by 21.4 percent, and 6.0 million tonne produced by South Korea, rising by 17.3 percent - with all comparisons on year-on-year basis.

EU-27 countries produced 13.2 million tonne of crude steel in June, up by 34.7 percent year on year. In the given period, Germany's output was 3.4 million ton, rising by 38.2 percent year on year.

The CIS registered a crude steel output of 8.9 million tonne, increasing by 9.1 percent on year-on-year basis, with Russia producing 6.4 million tonne, up by 11.4 percent year on year. In North America in June, crude steel output totaled 10 million tonne, rising by 45.2 percent, with the US producing 7.1 million tonne, rising by 44.4 percent, both year on year. Crude steel output in South America in June amounted to 3.9 million tonne, increasing by 51.3 percent from June last year, with Brazil's output totaling 3.1 million tonne, rising by 45.2 percent year on year.

In the given month, Africa produced 1.5 million tonne of crude steel, up to 46.9 percent year on year. In the Middle East in June, crude steel output totaled 3.6 million tonne, rising by 9.1 percent, with Iran producing 2.5 million tonne, increasing by 1.9 percent, both year on year. Price changes of hot rolled products follows:



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Crude steel production in Turkey increased by 17.9 percent year on year in June this year to 3.4 million tonne. Turkey's crude steel output by electric arc furnaces increased by 27.1 % with 2.4 million tonne and the production by integrated plants decreased by 0.03% with 966 thousand tonne both year on year. In the January-June period this year, Turkey produced 19.7 million tonne of crude steel, up by 20.6 percent year on year. Turkey's crude steel output by electric arc furnaces increased by 27.6 % with 14 million tonne and the production by integrated plants up by 6.4% with 5.8 million tonne both year on year.

6. The Position of Group within the Sector

Group's production in 2020 has been 8,5 million tonnes. In the first six months of 2021, the crude steel production in Ereğli Plant has decreased by 8% and went down 1.692 thousand tonne while the crude steel production in Iskenderun Plant has increased by 21% and went to 2.811 thousand tonne. In the first six months of 2021, Group's production has increased by 8% percent and went to 4.503 thousand tonnes.

7. Operational Developments

Turkey's first and only integrated flat steel producer, Group, who carries out production, operation, maintenance and modernization activities within its all facilities. Manufacturing 23% of all crude steel production in Turkey, Group again continued its operations in line with the principle of optimal costs, maximum productivity and quality of production in the first six months of 2021.

Production Plants and Productivity

The information about the capacities of main product groups by Group are stated below:

Capacity used (%)	1 January - 30 June 2021	1 January - 30 June 2020
Liquid Steel	95%	88%
Crude Steel	94%	87%

8. Products

The main products of the Group are as follows:

Erdemir	Isdemir	Erdemir Maden	Kümaş Manyezit
Tinplate	Billet	Pellets	Refractor
Galvanized	Wire Rod	Iron Ore	Magnesite Ore
Cold Rolled	Slab		
Hot Rolled	Hot Rolled		
Plate			

9. Production (quantity)

Final Products (000 Tonne)	1 January - 30 June 2021	1 January - 30 June 2020
Flat Products	3.744	3.546
Long Products	404	450
Pellet, Iron and Magnesite Ore Products	1.252	948

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10. Development in Sales

The iron and steel industry is a delivering force in national economies and Turkey is one of the leading countries in terms of both production and consumption of steel, ranking as the world's eighth largest steel consumer and producer. Steel consumption of Turkey in the first five months of 2021 is nearly 14.9 million tonnes, which is upper 34% than the previous year. Due to the domestic consumption recovery crude steel production increased 21% to the level of 16,4 million tonnes in the same period.

Total flat product sales of the Group reached to the level of 3.6 million tonnes in the first half of 2021. The domestic flat product sales reached 3 million tonnes 8% upper than the same period of 2020. Long products sales have decreased 16% (Y.O.Y.) and went down to 380 thousand tonnes. Domestic long product sales have been decreased 13 percent to the level of 367 thousand tonnes.

Group also exported 606 thousand tonnes of flat products to 32 countries and 13 thousand tonnes of long products to 6 countries. Total amount of 619 thousand tonnes of the Group's export sales is 15% of total sales.

Group continues to deliver shipments in line with its objectives in industries such as metal packaging, automotive or steel pipe. Because of its customer-oriented strategy, Group has added 7 new customers to long product portfolio and 17 new customers to flat product portfolio totaling 24 new customers in the first half of 2021.

In order to provide rapid and effective response to the needs of the steel market, our industrially structured marketing and sales organization have continued to customer visits, congress and exhibition participations in Turkey and abroad, meetings with industry unions and organizations of customer activities. Our product range are managed dynamically and tailored to customer expectations. Additionally, product developments and newer steel grade works aiming the final user demand, keeps developing.

11. Sales (quantity)

Final Products (000 Tonne)	1 January - 30 June 2021	1 January - 30 June 2020
Flat Products	3.643	3.490
Long Products	380	453
Pellet, Iron and Magnesite Ore Products (*)	1.194	889

(*) 1.055 thousand tonnes of sales are to Group Companies as of 30 June 2021 (30 June 2020: 818 thousand tonnes).

F - Risks and Evaluation of the Board

1. Risk Management Policy

Risks are monitored and managed in compliance with the regulation and procedures related with management of the market and customer risks which are directed towards measuring the risks the Group is exposed to and developing hedging methods to keep these risks within risk tolerances.

Almost all of our receivables are guaranteed with the Direct Debit System, the Credited Direct Collection System and the Trade Credit Insurance.

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Risk positions of our customers are monitored regularly and when exceeding the limits, a margin call is issued.

Duration is calculated based on the credit portfolio and cash flow projections in order to manage interest rate risks the Group is exposed to and the amount of gain / loss, which may arise possible interest rate changes, is measured using a sensitivity analysis. Additionally, the ratio of total amount of loans with a floating interest rate to whole credit portfolio of the Group is monitored and actions are taken to keep this ratio within a defined limit. Derivative instruments are assessed and analyzed in detail. According to firm and market situation, convenient transactions are executed within certain limits.

Similarly, with regards to liquidity risk management, credit usage and paybacks and cash flow projections are monitored and necessary actions are taken.

The feasibility reports, including all types of technical and financial evaluations, related to all planned investments in the Group's mid/long term strategic road map are prepared by Department of the relevant Group Companies and are submitted to Investment Development Directorate. The Investment Development Department examines the feasibility reports from their consistency and accuracy perspectives, then prepares the financial evaluation reports by analyzing "Internal Rate of Return, Net Present Value, Return on Investment period and ratio, then submits these reports to the Group Financial Management and Financial Affairs Group Vice President.

2. Committee of Early Risk Detection

The Early Detection of Risk Committee (Committee) was set up in accordance with the Capital Market Board's legislation. The duties and working principles directive of the Committee are published on the company's website on the Investor Relations / Policies tab.

Within the scope of this directive and legal legislation, the purpose of the Committee is to timely detect risks that may threaten Company's assets, development and existence; and manage the identified risks through implementing the necessary measures.

The Committee meets every two months in line with the Board of Directors' meetings and the Committee fulfills its duties during these meetings. The Committee submits its activity report and summary of the minutes to the Board of Directors after the meetings. The secretariat is responsible for keeping the meeting minutes.

G - Other Information**1. Organizations Out of the Headquarters**

None.

2. Information for Shareholders

None.