

**(CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH- SEE NOTE 39)**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025 AND  
INDEPENDENT AUDITOR'S REPORT**



**Shape the future  
with confidence**

Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Daire: 57 34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

**(Convenience translation into English of a report originally issued in Turkish)**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi;**

### **A) Report on the Audit of the Consolidated Financial Statements**

#### **1) Opinion**

We have audited the consolidated financial statements of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

#### **2) Basis for Opinion**

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors (including International Independence Standards)* (Code of Ethics) issued by the POA, as applicable to audits of consolidated financial statements of public interest entities, and other ethical requirements included in CMB legislation, together with the ethical requirements that are relevant to the audits of the consolidated financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **3) Key Audit Matters**

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



Shape the future  
with confidence

(Convenience translation into English of a report originally issued in Turkish)

Key Audit Matters	How Key Audit Matters are Addressed in the Audit
<p data-bbox="204 483 475 517"><b>Revenue Recognition</b></p> <p data-bbox="204 551 783 913">The Group management, when performing its assessment related to revenue recognition, considers the detailed requirements set out in TFRS 15 regarding the satisfaction of performance obligations and the recognition of the transaction prices allocated to those obligations as revenue. In this context, particular attention is given to whether control of the goods or services has been transferred to the customer. A significant portion of the Group's revenue arises from performance obligations that are satisfied at a point in time.</p> <p data-bbox="204 947 783 1126">The Group recognized revenue amounting to TRY 208.909.904 thousand in its consolidated statement of profit or loss for the year ended 31 December 2025, which was generated primarily from the production and sale of iron and steel products.</p> <p data-bbox="204 1160 783 1317">Revenue recognition is determined based on an analysis of the transfer of significant risks and rewards to the buyer, taking into account the nature of shipment arrangements for both domestic and export sales.</p> <p data-bbox="204 1350 783 1597">Revenue is a key financial indicator in assessing the Group's performance, as it reflects the outcomes of implemented strategies and serves as a critical metric for performance monitoring. Furthermore, as it represents the most significant line item in the consolidated statement of profit or loss for the year ended 31 December 2025, it has been identified as a key audit matter for our audit.</p> <p data-bbox="204 1630 783 1709">The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.8.1 and Note 25.</p>	<p data-bbox="810 517 1374 607">During our audit, the following audit procedures were performed regarding the recognition of revenue:</p> <ul data-bbox="810 629 1374 1686" style="list-style-type: none"><li data-bbox="810 629 1374 719">- The Group's sales, collection, and credit risk management processes were understood and evaluated.</li><li data-bbox="810 741 1374 864">- The design and implementation of key controls related to the revenue process were evaluated. The Group's sales and delivery procedures were analyzed.</li><li data-bbox="810 887 1374 976">- The compliance of the accounting policies applied by the Company's management for revenue recognition with TFRS was assessed.</li><li data-bbox="810 999 1374 1200">- Analytical procedures were performed to assess whether the revenue recorded in the consolidated financial statements was at expected levels. In addition, by performing substantive tests and use of data analytics tools, the procedures related to analysis and correlation of the accounts were performed.</li><li data-bbox="810 1223 1374 1525">- Sample-based tests were conducted to verify the accuracy of sales invoices, and in particular, within the scope of cut-off testing, it was evaluated whether control over the goods selected through sampling had been transferred to the customer. The shipment documents selected on a sample basis were reconciled with accounting records and the related invoices to assess whether revenue was recognized in the correct period.</li><li data-bbox="810 1559 1374 1686">- Confirmation letters were obtained from customers for a sample of trade receivable balances, and the responses were reconciled with accounting records.</li></ul> <p data-bbox="810 1709 1374 1798">In addition to the above procedures, the adequacy of the disclosures in Note 25 was evaluated in accordance with TFRS.</p>



Shape the future  
with confidence

(Convenience translation into English of a report originally issued in Turkish)

Key Audit Matters	How Key Audit Matters are Addressed in the Audit
<p><b><i>Accounting for Property, Plant, Equipment, and Construction in Progress</i></b></p> <p>As disclosed in Notes 14 and 11, as of 31 December 2025, the carrying amount of the Group's property, plant, and equipment (PP&amp;E) and advances given for investments classified under prepaid expenses amounts to TRY 289.676.099 thousand, representing 52% of total assets. Additionally, as of the same date, the Group has capital expenditures under construction amounting of TRY 59.765.872 thousand recorded under PP&amp;E.</p> <p>The Group has construction in progress investments mainly consist of expenditures related to production lines within mining and metallurgy operations. Determining the depreciation methods to be applied to the property, plant and equipment, and calculating and accounting for depreciation charge based on the selected methods, require significant judgment.</p> <p>Considering the substantial additions made during the period, advances given, capitalizations during the year, and the determination of useful lives related to these capitalized investments, "Accounting for property, plant, equipment, and construction in progress" has been identified as a key audit matter for our audit.</p> <p>Disclosures related to PP&amp;E, construction in progress, and prepaid expenses are provided in Notes 2.8.3, 14, and 11.</p>	<p>During our audit, the following procedures were applied concerning the recognition of PPE and construction in progress:</p> <ul style="list-style-type: none"> <li>- The expenditures incurred during the current period for investments in progress, together with the capitalized borrowing costs, were tested for compliance with TFRS, as well as for completeness and periodicity, and their recognition in the consolidated financial statements was assessed.</li> <li>- The date of capitalization for the investments which are ready for use during the current period were verified. Furthermore, the significant investments, including those that were capitalized during the year, were physically inspected during our sample-based site visits.</li> <li>- The accuracy of the depreciation charge recorded for the current period was verified by recalculating them based on the useful lives determined in accordance with the accounting policies under the straight-line method, as well as the total capacity and the production volumes for the period for items subject to the units of production depreciation method.</li> <li>- Confirmation letters were obtained from suppliers selected through sampling for the balances of advances given for fixed asset investments and the verification of the confirmation balances of the responses with the accounting records was performed.</li> </ul> <p>In addition to the above procedures, the adequacy of the disclosures in the notes to the financial statements was evaluated in accordance with TFRS.</p>



**Shape the future  
with confidence**

**(Convenience translation into English of a report originally issued in Turkish)**

#### **4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

#### **5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



**Shape the future  
with confidence**

**(Convenience translation into English of a report originally issued in Turkish)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**B) Report on Other Legal and Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 17 February 2026.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2025 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Mehmet Başol Çengel, SMMM  
Partner

17 February 2026  
İstanbul, Türkiye

<b>TABLE OF CONTENTS</b>		<b>Page</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>		<b>1-2</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS .....</b>		<b>3</b>
<b>CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....</b>		<b>4</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>		<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOW .....</b>		<b>6</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....</b>		<b>7-100</b>
NOTE 1	GROUP'S ORGANIZATION AND NATURE OF OPERATIONS .....	7-8
NOTE 2	BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	8-37
NOTE 3	SEGMENT REPORTING .....	37
NOTE 4	CASH AND CASH EQUIVALENTS .....	38
NOTE 5	FINANCIAL INVESTMENTS.....	39
NOTE 6	DERIVATIVE FINANCIAL INSTRUMENTS .....	40-41
NOTE 7	BORROWINGS.....	42-44
NOTE 8	TRADE RECEIVABLES AND PAYABLES .....	44-45
NOTE 9	OTHER RECEIVABLES AND PAYABLES .....	46
NOTE 10	INVENTORIES.....	46-47
NOTE 11	PREPAID EXPENSES .....	47
NOTE 12	INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD.....	48-49
NOTE 13	INVESTMENT PROPERTIES.....	49-50
NOTE 14	PROPERTY, PLANT AND EQUIPMENT .....	51-53
NOTE 15	INTANGIBLE ASSETS .....	53-54
NOTE 16	RIGHT OF USE ASSETS .....	55-56
NOTE 17	GOODWILL .....	57
NOTE 18	GOVERNMENT GRANTS AND INCENTIVES .....	57-58
NOTE 19	EMPLOYEE BENEFITS .....	58-60
NOTE 20	PROVISIONS .....	60-65
NOTE 21	COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....	66
NOTE 22	OTHER ASSETS AND LIABILITIES.....	67
NOTE 23	DEFERRED INCOME .....	67
NOTE 24	EQUITY.....	68-70
NOTE 25	SALES AND COST OF SALES .....	71
NOTE 26	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES .....	72
NOTE 27	OPERATING INCOME / (EXPENSES) ACCORDING TO THEIR NATURE .....	72-73
NOTE 28	OTHER INCOME(EXPENSES) FROM OPERATING ACTIVITIES.....	73-74
NOTE 29	INCOME (EXPENSES) FROM INVESTMENT ACTIVITIES.....	74
NOTE 30	FINANCE INCOME.....	75
NOTE 31	FINANCE EXPENSES.....	75
NOTE 32	TAX ASSETS AND LIABILITIES.....	75-80
NOTE 33	EARNINGS PER SHARE .....	80
NOTE 34	RELATED PARTY DISCLOSURES.....	81-84
NOTE 35	EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)....	85
NOTE 36	NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS ...	86-97
NOTE 37	FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES).....	98-100
NOTE 38	SUBSEQUENT EVENTS .....	100
NOTE 39	OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR UNDERSTANDABLE AND INTERPRETABLE PRESENTATION .....	100

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

	Note	(Audited)	(Audited)	(Audited)	(Audited)
		Current Period 31 December 2025 USD'000	Current Period 31 December 2025 TRY'000	Previous Period 31 December 2024 USD'000	Previous Period 31 December 2024 TRY'000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>		<b>5.849.533</b>	<b>250.627.343</b>	<b>5.182.957</b>	<b>182.856.284</b>
Cash and Cash Equivalents	4	2.695.176	115.476.723	1.566.313	55.259.993
Financial Investments	5	-	-	44.960	1.586.209
Trade Receivables		640.617	27.447.677	750.105	26.463.914
<i>Due From Related Parties</i>	34	17.503	749.930	17.116	603.847
<i>Other Trade Receivables from Third Parties</i>	8	623.114	26.697.747	732.989	25.860.067
Other Receivables		6.446	276.186	5.546	195.675
<i>Due From Related Parties</i>	34	632	27.062	532	18.767
<i>Other Receivables from Third Parties</i>	9	5.814	249.124	5.014	176.908
Financial Derivative Instruments	6	646	27.657	7.061	249.118
Inventories	10	2.086.220	89.385.563	2.232.475	78.762.398
Prepaid Expenses		47.873	2.051.174	88.128	3.109.169
<i>Prepaid Expenses to Related Parties</i>	34	6.667	285.659	706	24.900
<i>Other Prepaid Expenses to Third Parties</i>	11	41.206	1.765.515	87.422	3.084.269
Other Current Assets	22	372.555	15.962.363	488.369	17.229.808
<b>NON CURRENT ASSETS</b>		<b>7.186.342</b>	<b>307.903.852</b>	<b>6.867.932</b>	<b>242.302.690</b>
Financial Investments	5	4.347	186.245	5.048	178.085
Other Receivables		4.309	184.625	3.748	132.211
<i>Due From Related Parties</i>	34	4.046	173.372	3.430	121.006
<i>Other Receivables from Third Parties</i>	9	263	11.253	318	11.205
Financial Derivative Instruments	6	1	59	-	-
Investments Accounted for Using Equity Method	12	34.337	1.471.206	36.283	1.280.062
Investment Properties	13	32.549	1.394.573	166.318	5.867.749
Property, Plant and Equipment	14	6.472.056	277.299.787	5.864.827	206.912.853
Right of Use Assets	16	33.649	1.441.694	27.302	963.217
Intangible Assets		258.497	11.075.488	264.823	9.343.042
<i>Goodwill</i>	17	18.781	804.696	18.781	662.608
<i>Other Intangible Assets</i>	15	239.716	10.270.792	246.042	8.680.434
Prepaid Expenses		300.817	12.888.711	456.080	16.090.669
<i>Prepaid Expenses to Related Parties</i>	34	1.306	55.958	5.015	176.923
<i>Other Prepaid Expenses to Third Parties</i>	11	299.511	12.832.753	451.065	15.913.746
Deferred Tax Assets	32	9.089	389.430	7.248	255.704
Other Non Current Assets	22	36.691	1.572.034	36.255	1.279.098
<b>TOTAL ASSETS</b>		<b>13.035.875</b>	<b>558.531.195</b>	<b>12.050.889</b>	<b>425.158.974</b>

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

	Note	(Audited)	(Audited)	(Audited)	(Audited)
		Current Period 31 December 2025 USD'000	Current Period 31 December 2025 TRY'000	Previous Period 31 December 2024 USD'000	Previous Period 31 December 2024 TRY'000
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>		<b>2.723.795</b>	<b>116.913.185</b>	<b>2.158.479</b>	<b>76.288.847</b>
Short Term Borrowings	7	558.032	23.952.367	743.215	26.268.031
Short Term Portion of Long Term Borrowings	7	374.269	16.064.704	295.470	10.443.033
Trade Payables		1.601.989	68.762.035	849.469	30.023.470
<i>Due to Related Parties</i>	34	<i>168.435</i>	<i>7.229.719</i>	<i>51.989</i>	<i>1.837.483</i>
<i>Other Trade Payables to Third Parties</i>	8	<i>1.433.554</i>	<i>61.532.316</i>	<i>797.480</i>	<i>28.185.987</i>
Payables for Employee Benefits	19	56.129	2.409.225	139.388	4.926.492
Other Payables	9	11.399	489.281	27.964	988.348
Financial Derivative Instruments	6	4.978	213.680	-	-
Deferred Revenue	23	43.001	1.845.732	32.855	1.161.228
Current Tax Liabilities	32	11.766	505.046	8.987	317.625
Short Term Provisions	20	33.060	1.419.013	30.770	1.087.544
Other Current Liabilities	22	29.172	1.252.102	30.361	1.073.076
<b>NON CURRENT LIABILITIES</b>		<b>3.362.732</b>	<b>144.338.226</b>	<b>2.955.135</b>	<b>104.445.716</b>
Long Term Borrowings	7	2.756.660	118.323.824	2.392.984	84.577.132
Long Term Provisions		157.099	6.743.142	174.610	6.171.382
<i>Long term provisions for employee benefits</i>	19	<i>157.099</i>	<i>6.743.142</i>	<i>174.610</i>	<i>6.171.382</i>
Deferred Tax Liabilities	32	448.332	19.243.720	386.901	13.674.548
Other Non Current Liabilities	22	641	27.540	640	22.654
<b>EQUITY</b>		<b>6.949.348</b>	<b>297.279.784</b>	<b>6.937.275</b>	<b>244.424.411</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>6.723.092</b>	<b>287.771.905</b>	<b>6.721.145</b>	<b>236.947.401</b>
Share Capital	24	1.918.505	7.000.000	1.918.505	7.000.000
Treasury Shares (-)	24	(108.569)	(1.315.022)	(108.569)	(1.315.022)
Share Issue Premium (Discounts)		55.303	106.447	55.303	106.447
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)		(191.570)	118.701.456	(199.521)	95.552.077
<i>Actuarial (Loss) Gain funds</i>		<i>(175.885)</i>	<i>(2.593.253)</i>	<i>(183.836)</i>	<i>(2.961.205)</i>
<i>Foreign Currency Translation Reserves</i>		<i>(15.685)</i>	<i>121.294.709</i>	<i>(15.685)</i>	<i>98.513.282</i>
Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)		(300.714)	(12.907.506)	(275.142)	(9.724.549)
<i>Foreign Currency Translation Reserves</i>		<i>(299.805)</i>	<i>(12.868.507)</i>	<i>(276.487)</i>	<i>(9.772.072)</i>
<i>Cash Flow Hedging Gain (Loss)</i>		<i>(909)</i>	<i>(38.999)</i>	<i>1.345</i>	<i>47.523</i>
Restricted Reserves Assorted from Profit	24	1.520.777	11.864.692	1.499.365	10.973.470
Retained Earnings	24	3.816.379	163.810.037	3.419.939	120.873.630
Net Profit (Loss) for the Period		12.981	511.801	411.265	13.481.348
<b>Non-Controlling Interests</b>		<b>226.256</b>	<b>9.507.879</b>	<b>216.130</b>	<b>7.477.010</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13.035.875</b>	<b>558.531.195</b>	<b>12.050.889</b>	<b>425.158.974</b>

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2025

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

		(Audited) Current Period 1 January - 31 December 2025	(Audited) Current Period 1 January - 31 December 2025	(Audited) Previous Period 1 January - 31 December 2024	(Audited) Previous Period 1 January - 31 December 2024
	Note	USD'000	TRY'000	USD'000	TRY'000
Revenue	25	5.298.745	208.909.904	6.225.097	204.059.940
Cost of Sales	25	(4.827.875)	(190.345.229)	(5.614.833)	(184.055.336)
<b>GROSS PROFIT</b>		<b>470.870</b>	<b>18.564.675</b>	<b>610.264</b>	<b>20.004.604</b>
Marketing Expenses	27	(65.487)	(2.581.904)	(62.763)	(2.057.384)
General Administrative Expenses	27	(163.909)	(6.462.327)	(163.408)	(5.356.542)
Research and Development Expenses	27	(9.253)	(364.793)	(10.238)	(335.591)
Other Operating Income	28	64.086	2.526.618	298.504	9.785.016
Other Operating Expenses	28	(43.890)	(1.730.404)	(30.015)	(983.883)
<b>OPERATING PROFIT</b>		<b>252.417</b>	<b>9.951.865</b>	<b>642.344</b>	<b>21.056.220</b>
Income from Investing Activities	29	32.061	1.264.047	15.924	521.994
Expenses from Investing Activities	29	(8.895)	(350.702)	(8.437)	(276.571)
Share of Investments' Profit (Loss) Accounted by Using The Equity Method	12	2.714	107.017	6.244	204.668
<b>OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)</b>		<b>278.297</b>	<b>10.972.227</b>	<b>656.075</b>	<b>21.506.311</b>
Finance Income	30	153.216	6.040.734	153.110	5.018.986
Finance Expense	31	(360.393)	(14.208.946)	(380.504)	(12.473.048)
Net Monetary Gain/(Loss)	35	22.230	876.440	(16.166)	(529.928)
<b>PROFIT BEFORE TAX</b>		<b>93.350</b>	<b>3.680.455</b>	<b>412.515</b>	<b>13.522.321</b>
Tax (Expense) Income	32	(75.739)	(2.986.110)	20.461	670.725
Current Corporate Tax (Expense) Income		(18.551)	(731.393)	(16.908)	(554.233)
Deferred Tax (Expense) Income		(57.188)	(2.254.717)	37.369	1.224.958
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>17.611</b>	<b>694.345</b>	<b>432.976</b>	<b>14.193.046</b>
Non-Controlling Interests		4.630	182.544	21.711	711.698
Equity Holders of the Parent		12.981	511.801	411.265	13.481.348
<b>EARNINGS PER SHARE (LOSS)</b>	33		0,0761		2,0056
(TRY 1 Nominal value per share)					

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

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

		(Audited) Current Period 1 January - 31 December 2025	(Audited) Current Period 1 January - 31 December 2025	(Audited) Previous Period 1 January - 31 December 2024	(Audited) Previous Period 1 January - 31 December 2024
	Note	USD'000	TRY'000	USD'000	TRY'000
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>17.611</b>	<b>694.345</b>	<b>432.976</b>	<b>14.193.046</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Not to be reclassified subsequently to profit or loss</b>					
Actuarial Gain (Loss) of Defined Benefit Plans	19	10.878	503.231	(20.940)	(693.104)
Tax Effect of Actuarial Gain (Loss) of Defined Benefit Plans	32	(2.719)	(125.808)	5.235	173.276
Foreign Currency Translation Gain (Loss)		-	54.293.265	-	40.367.505
<b>To be reclassified subsequently to profit or loss</b>					
Gain (Loss) in Cash Flow Hedging Reserves		(3.012)	(115.649)	4.892	154.817
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	32	753	28.912	(1.223)	(38.704)
Foreign Currency Translation Gain (Loss)		(22.648)	(3.096.435)	6.596	(1.355.845)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(16.748)</b>	<b>51.487.516</b>	<b>(5.440)</b>	<b>38.607.945</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>863</b>	<b>52.181.861</b>	<b>427.536</b>	<b>52.800.991</b>
<b>Distribution of Total Comprehensive Income</b>					
Non-controlling Interests		5.503	1.827.484	26.087	1.969.317
Equity Holders of the Parent		(4.640)	50.354.377	401.449	50.831.674

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

(Audited)	Note					Other comprehensive income (expense) not to be reclassified subsequently to profit or loss		Other comprehensive income (expense) to be reclassified subsequently to profit or loss		Retained Earnings			Equity Attributable to the Parent	Non-controlling Interests	Total Shareholders' Equity
		Share Capital	Inflation Adjustment to Capital	Treasury Shares (-)	Share Issue Premium (Discounts)	Foreign Currency Translation Reserves	Actuarial Gain (Loss) Funds	Cash Flow Hedging Gain (Loss)	Foreign Currency Translation Reserves	Restricted Reserves Assorted from Profit	Retained Earnings	Net Profit For The Period			
<b>1 January 2025</b>		<b>7.000.000</b>	-	<b>(1.315.022)</b>	<b>106.447</b>	<b>98.513.282</b>	<b>(2.961.205)</b>	<b>47.523</b>	<b>(9.772.072)</b>	<b>10.973.470</b>	<b>120.873.630</b>	<b>13.481.348</b>	<b>236.947.401</b>	<b>7.477.010</b>	<b>244.424.411</b>
Inflation effect (**)	2.1	-	-	-	-	-	-	-	-	651.954	1.498.642	-	<b>2.150.596</b>	240.554	<b>2.391.150</b>
Net profit for the period		-	-	-	-	-	-	-	-	-	511.801	-	<b>511.801</b>	182.544	<b>694.345</b>
Other comprehensive income (loss)		-	-	-	-	52.657.581	367.952	(86.522)	(3.096.435)	-	-	-	<b>49.842.576</b>	1.644.940	<b>51.487.516</b>
<b>Total comprehensive income (loss)</b>		-	-	-	-	52.657.581	367.952	(86.522)	(3.096.435)	-	511.801	-	<b>50.354.377</b>	1.827.484	<b>52.181.861</b>
Dividends (*)		-	-	-	-	-	-	-	-	-	(1.680.469)	-	<b>(1.680.469)</b>	(37.169)	<b>(1.717.638)</b>
Transfers		-	-	-	-	-	-	-	-	239.268	13.242.080	(13.481.348)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	(29.876.154)	-	-	-	-	29.876.154	-	-	-	-
<b>31 December 2025</b>		<b>7.000.000</b>	-	<b>(1.315.022)</b>	<b>106.447</b>	<b>121.294.709</b>	<b>(2.593.253)</b>	<b>(38.999)</b>	<b>(12.868.507)</b>	<b>11.864.692</b>	<b>163.810.037</b>	<b>511.801</b>	<b>287.771.905</b>	<b>9.507.879</b>	<b>297.279.784</b>
(Audited)															
<b>1 January 2024</b>		<b>3.500.000</b>	<b>156.613</b>	<b>(640.504)</b>	<b>106.447</b>	<b>82.963.998</b>	<b>(2.455.521)</b>	<b>(67.036)</b>	<b>(8.416.227)</b>	<b>9.302.588</b>	<b>97.708.043</b>	<b>4.033.089</b>	<b>186.191.490</b>	<b>5.337.392</b>	<b>191.528.882</b>
Inflation effect (**)	2.1	-	-	-	-	-	-	-	-	646.823	1.632.401	-	<b>2.279.224</b>	244.638	<b>2.523.862</b>
Net profit for the period		-	-	-	-	-	-	-	-	-	13.481.348	-	<b>13.481.348</b>	711.698	<b>14.193.046</b>
Other comprehensive income (loss)		-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	-	-	<b>37.350.326</b>	1.257.619	<b>38.607.945</b>
<b>Total comprehensive income (loss)</b>		-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	13.481.348	-	<b>50.831.674</b>	1.969.317	<b>52.800.991</b>
Dividends (*)		-	-	-	-	-	-	-	-	-	(1.680.469)	-	<b>(1.680.469)</b>	(74.337)	<b>(1.754.806)</b>
Increase (Decrease) through Treasury Share Transactions (***)		-	-	(674.518)	-	-	-	-	-	674.518	(674.518)	-	<b>(674.518)</b>	-	<b>(674.518)</b>
Transfers		-	-	-	-	-	-	-	-	349.541	3.683.548	(4.033.089)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	(23.548.012)	-	-	-	-	23.548.012	-	-	-	-
Capital increase		3.500.000	(156.613)	-	-	-	-	-	-	-	(3.343.387)	-	-	-	-
<b>31 December 2024</b>		<b>7.000.000</b>	-	<b>(1.315.022)</b>	<b>106.447</b>	<b>98.513.282</b>	<b>(2.961.205)</b>	<b>47.523</b>	<b>(9.772.072)</b>	<b>10.973.470</b>	<b>120.873.630</b>	<b>13.481.348</b>	<b>236.947.401</b>	<b>7.477.010</b>	<b>244.424.411</b>

(\*) At Annual General Assembly dated 26 March 2025, dividend distribution (gross dividend per share: TRY 0,25 (2024: TRY 0,50)) amounting to TRY 1.750.000 thousand (28 March 2024: TRY 1.750.000 thousand) from 2024 net profit was approved by majority of votes. As of 26 March 2025, which is the dividend distribution decision date of the Company, dividend pertaining to the shares owned by the Company due to the ownership of 3,97% of its own shares with a nominal value of 1 TRY, is shown by netting off the amount of dividends to be distributed. Dividend payments began on 2 July 2025. Group approved TRY 37.169 thousand (2024: TRY 74.337 thousand) dividend to non-controlling shares on Isdemir, which is subsidiary of the Group.

(\*\*) Inflation adjustments were made in accordance with TAS 29 in the financial statements of subsidiaries that were subject to consolidation and whose functional currency was Turkish Lira.

(\*\*\*) Within the scope of the "Share Buy-back Program", which was approved at the Company's Ordinary General Assembly Meeting on 31 March 2023, 14.820.000 shares were repurchased in exchange for TRY 674.518 thousand. As of the previous period, the repurchased shares have been classified under equity as restricted reserves, with a reserve set aside equal to the repurchase price, in accordance with the Repurchased Shares Communiqué (II-22.1).

(\*\*\*\*) Retained earnings; in the consolidated financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the consolidated statement of financial position dated 31 December 2025 by converting to US Dollars at historical rates, are explained in Note 2.1.

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

	Note	(Audited)	(Audited)	(Audited)	(Audited)
		Current Period	Current Period	Previous Period	Previous Period
		1 January - 31 December 2025	1 January - 31 December 2025	1 January - 31 December 2024	1 January - 31 December 2024
		USD'000	TRY'000	USD'000	TRY'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (Loss) for The Period		1,567,953	65,055,563	947,604	31,257,701
Adjustments to Reconcile Profit (Loss)		17,611	694,345	432,976	14,193,046
Adjustments for Depreciation and Amortisation Expenses	25/27/28	286,501	11,295,623	269,590	8,837,234
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(40,915)	(1,613,122)	2,010	65,897
Adjustments for Provision (Reversal of Provision) for Receivables	8	739	29,137	(72)	(2,355)
Adjustments for Provision (Reversal of Provision) for Inventories	10	(25,622)	(1,010,173)	6,171	202,278
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	14	(16,032)	(632,086)	(4,089)	(134,026)
Adjustments for Provisions		69,531	2,741,364	69,202	2,268,436
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	19	48,947	1,929,850	50,106	1,642,457
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	20	20,584	811,514	19,096	625,979
Adjustments for Interest (Income) and Expenses		90,888	3,583,359	151,146	4,954,594
Adjustments for Interest Income	30	(152,571)	(6,015,329)	(151,279)	(4,958,958)
Adjustments for Interest Expense	31	255,067	10,056,358	321,178	10,528,286
Unearned Financial Income from Credit Sales		(11,608)	(457,670)	(18,753)	(614,734)
Adjustments for Unrealised Foreign Exchange Differences		(9,621)	(372,326)	(29,210)	(959,501)
Adjustments for Fair Value (Gains) Losses		12,797	504,542	(1,312)	(42,994)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	30/31	12,797	504,542	(1,312)	(42,994)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	12	(2,714)	(107,017)	(6,244)	(204,668)
Adjustments for Tax (Income) Expenses	32	75,739	2,986,110	(20,461)	(670,725)
Other Adjustments from Non-Cash Items	28			(260,000)	(852,852)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(4,749)	(187,235)	5,586	183,097
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment	29	7,504	295,874	5,586	183,097
Adjustments for Losses (Gains) on Disposal of Investment Properties		(12,253)	(483,109)	-	-
Other Adjustments for Reconciliation of Profit (Loss)		(18,038)	(931,917)	(820)	(45,047)
<b>Changes in Working Capital</b>		<b>1,072,373</b>	<b>45,996,650</b>	<b>183,703</b>	<b>6,488,487</b>
Adjustments for Decrease (Increase) in Trade Receivables		125,556	5,379,535	(42,439)	(1,497,260)
Decrease (Increase) in Trade Receivables from Related Parties		(387)	(16,581)	6,274	221,349
Decrease (Increase) in Trade Receivables from Third Parties		125,943	5,396,116	(48,713)	(1,718,609)
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(744)	(31,878)	(994)	(35,069)
Decrease (Increase) in Other Receivables from Operations from Third Parties		(744)	(31,878)	(994)	(35,069)
Decrease (Increase) in Derivative Financial Instruments		6,414	274,812	(6,674)	(235,461)
Adjustments for Decrease (Increase) in Inventories		186,577	7,994,022	53,319	1,881,110
Decrease (Increase) in Prepaid Expenses		57,630	2,469,198	(30,090)	(1,061,584)
Adjustments for Increase (Decrease) in Trade Payables		752,520	32,300,341	55,097	1,947,338
Increase (Decrease) in Trade Payable to Related Parties		116,446	4,998,200	13,661	482,832
Increase (Decrease) in Trade Payable to Third Parties		636,074	27,302,141	41,436	1,464,506
Adjustments for Increase (Decrease) in Other Payables Related from Operations		(101,948)	(4,375,904)	67,026	2,368,954
Increase (Decrease) in Derivative Liabilities		(10,832)	(464,941)	2,045	72,278
Adjustments for Other Increase (Decrease) in Working Capital		57,200	2,451,465	86,413	3,048,181
Decrease (Increase) in Other Assets Related from Operations		48,242	2,066,962	94,070	3,318,809
Increase (Decrease) in Other Payables Related from Operations		8,958	384,503	(7,657)	(270,628)
<b>Cash Flows Provided by Operating Activities</b>		<b>1,549,403</b>	<b>64,590,376</b>	<b>796,166</b>	<b>26,545,004</b>
Payments Related to Provisions for Employee Termination Benefits	19	(20,929)	(825,164)	(50,283)	(1,648,262)
Payments Related to Other Provisions	20	(9,213)	(363,239)	(8,419)	(275,989)
Income Taxes Refund (Paid)	32	(15,508)	(611,405)	(14,160)	(459,898)
Other Cash Inflows (Outflows)		64,200	2,264,995	224,300	7,096,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(434,051)</b>	<b>(17,286,937)</b>	<b>(1,070,361)</b>	<b>(35,007,825)</b>
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		87,572	3,396,143	94,712	3,104,668
Cash Outflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(42,320)	(1,565,147)	(104,054)	(3,332,076)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		(208)	(8,255)	(911)	(29,854)
Cash Inflow from Sales of Property, Plant and Equipment		(208)	(8,255)	(911)	(29,854)
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets	11/14/15	(390,185)	(15,338,376)	(1,070,239)	(35,082,667)
Cash Outflow from Purchase of Property, Plant and Equipment		(384,506)	(15,114,456)	(1,069,207)	(35,048,847)
Cash Outflow from Purchase of Intangible Assets		(5,679)	(223,920)	(1,032)	(33,820)
Cash Inflow from Sales of Investment Property	13	147,913	5,600,000	-	-
Cash Outflow from Purchase of Investment Property	13	-	-	(1,041)	(34,125)
Cash Advances		(241,241)	(9,551,600)	(13,294)	(435,780)
Other Cash Advances to Related Parties		-	-	1,199	5,999
Other Cash Advances		(241,241)	(9,551,600)	(14,493)	(441,779)
Dividends Received	12	4,418	180,298	-	-
Other Cash Inflow (Outflows)		-	-	24,466	802,009
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>15,528</b>	<b>587,291</b>	<b>864,455</b>	<b>28,376,935</b>
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		-	-	(21,388)	(674,518)
Cash Outflows from Acquisition of Own Shares of the Entity		-	-	(21,388)	(674,518)
Cash Inflow from Borrowings		1,067,904	42,103,489	3,042,548	99,735,343
Cash Inflow from Loans		1,067,904	42,103,489	2,092,548	68,411,628
Cash Inflow from Issued Debt Instruments	7	-	-	950,000	31,323,715
Cash Outflow from Repayments of Borrowings		(817,411)	(32,161,178)	(1,986,438)	(65,115,807)
Cash Outflow from Loan Repayments	7	(817,411)	(32,161,178)	(1,986,438)	(65,115,807)
Cash Outflow from Debt Payments for Leasing Contracts	7	(12,064)	(475,639)	(6,830)	(223,884)
Dividends Paid		(43,185)	(1,717,467)	(54,159)	(1,754,519)
Interest Paid	7	(319,364)	(12,657,672)	(252,461)	(8,275,722)
Interest Received		139,648	5,495,758	143,183	4,686,042
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>1,149,430</b>	<b>48,355,917</b>	<b>741,698</b>	<b>24,626,811</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(22,071)	11,781,289	5,649	6,512,678
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,127,359</b>	<b>60,137,206</b>	<b>747,347</b>	<b>31,139,489</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,564,322	55,189,748	816,975	24,050,259
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>2,691,681</b>	<b>115,326,954</b>	<b>1,564,322</b>	<b>55,189,748</b>

- As of reporting date, the Group's total amount of time deposit interest accrual is TRY 149.769 thousand (USD 3.495 thousand) (31 December 2024: TRY 70.245 thousand (USD 1.991 thousand)).
- Due to the earthquake that occurred on 6 February 2023, the insurance income accrual of TRY 2.264.995 thousand (USD 64.200 thousand) related to the damage compensation to be collected under the insurance coverage of İsdemir, one of the Company's subsidiaries, was collected in cash as of the reporting date and reported under "Other Cash Inflows (Outflows)" in the consolidated cash flow statement. The total amount of receivables agreed upon under the earthquake-related insurance coverage was collected as of the reporting date.

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 1 – GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

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

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

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

Name of the Company	Country of		2025	2024
	Operation	Operation	Effective Share Rate %	Effective Share Rate %
İskenderun Demir ve Çelik A.Ş.	Türkiye	Integrated Steel Production	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Türkiye	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Türkiye	Steel Service Center	100	100
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	Türkiye	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Electrical Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Türkiye	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Türkiye	Magnesite Ore, Refractor	100	100
Yenilikçi Yapı Malz. ve Üretim San. Tic. A.Ş.	Türkiye	Recycling, Special Purpose Entity	100	100

The joint venture of the Group, İsdemir Linde Gaz Ortaklığı A.Ş., is accounted for using the equity method in the accompanying consolidated financial statements.

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

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

	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2025 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	4.166	1.801	5.967
İskenderun Demir ve Çelik A.Ş.	3.560	1.369	4.929
Erdemir Madencilik San. ve Tic. A.Ş.	193	175	368
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	235	80	315
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	305	305
Erdemir Romania S.R.L.	186	40	226
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	553	137	690
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	14	3	17
Erdemir Enerji Üretim A.Ş.	-	6	6
	<u>8.907</u>	<u>3.917</u>	<u>12.824</u>
	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2024 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	3.516	1.758	5.274
İskenderun Demir ve Çelik A.Ş.	3.711	1.437	5.148
Erdemir Madencilik San. ve Tic. A.Ş.	178	169	347
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	240	74	314
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	325	325
Erdemir Romania S.R.L.	194	41	235
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	553	146	699
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	15	3	18
Erdemir Enerji Üretim A.Ş.	-	5	5
	<u>8.407</u>	<u>3.959</u>	<u>12.366</u>

#### NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of Presentation

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

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.1 Basis of Presentation (cont’d)**

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

The financial statements are prepared on the basis of historical cost, with the exception of derivative financial instruments carried at fair value. In determining the historical cost, generally the fair value of the amount paid for the assets is taken as basis.

##### Functional and reporting presentation currency

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

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

The accompanying financial statements are prepared in Turkish Lira (TRY) in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013.

##### *Functional currency for the subsidiaries abroad*

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

##### *Functional currency of the joint venture*

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

##### Adjustment of financial statements during periods of high inflation

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

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.1 Basis of Presentation (cont’d)**

###### Adjustment of financial statements during periods of high inflation (cont’d)

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

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

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

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

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

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

###### Presentation currency translation

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (cont’d)

###### Translation to presentation currency (cont’d)

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

- a) The assets in the consolidated statement of financial position as of 31 December 2025, has been translated into TRY using the foreign exchange buying rates effective as of 31 December 2025 announced by the Central Bank of the Republic of Türkiye, TRY 42,8457 = US \$ 1 and TRY 50,2859 = EUR 1 and the liabilities has been translated into TRY using the foreign exchange selling rates effective as of 31 December 2025, which is also announced by the Central Bank of the Republic of Türkiye, TRY 42,9229 = US \$ 1 and TRY 50,3765 = EUR 1 (31 December 2024: for asset balances: TRY 35,2803 = US \$ 1, TRY 36,7362 = EUR 1, for liability balances: TRY 35,3438 = US \$ 1, TRY 36,8024 = EUR 1).
- b) For the year ended 31 December 2025, consolidated statements of profit or loss are translated from for twelve month period of year 2025 January to December average TRY 39,4263 = US \$ 1 and TRY 44,6269 = EUR 1 (31 December 2024: TRY 32,7802 = US \$ 1 TRY 35,4737 = 1 EUR).
- c) Retained earnings and foreign currency translation reported under other comprehensive income (loss) to be reclassified subsequently to be profit or loss are carried in US Dollar in the consolidated financial statements after being translated into US Dollar at the historical currency rates as per TAS 21, in the statement of consolidated financial position as of 31 December 2025 are presented by being translated at the TRY 42,9229 = US \$ 1 rate, which is the effective foreign currency selling rate as of 31 December 2025 as announced by the Central Bank of the Republic of Türkiye (31 December 2024: TRY 35,3438 = US \$ 1).
- d) Exchange differences arising from translation to TRY presentation currency are shown in other comprehensive income as of foreign currency translation reserve.
- e) Share capital and restricted legal reserves are presented in the accompanying financial statements at their values in the statutory records and other equity items at their historical cost values. The differences between the values arising from translation of the historical values of these items into the presentation currency and their carrying values from statutory records are recognized as foreign currency translation differences in the statement of other comprehensive income.

The Group’s foreign currency translation differences arising from the consolidation of subsidiaries whose functional currency is other than the US Dollar in the consolidated financial statements in accordance with TAS 21, converted at historical exchange rates to US Dollars and presented under “Foreign Currency Translation Reserves” within the “Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)”. The exchange rates used to convert the presentation currency of the relevant item in the consolidated statement of financial position to Turkish Lira are disclosed above as of reporting periods.

###### USD amounts presented in the financial statements

The figures in USD amounts presented in the accompanying consolidated financial statements comprising the statements of financial position as of 31 December 2025 and 31 December 2024, consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2025 represent the consolidated financial statements prepared according to USD reporting currency within the frame of functional currency change that the Company has made, which is effective as of 1 July 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.1 Basis of Presentation (cont’d)**

###### Going concern

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

###### Approval of the consolidated financial statements

The consolidated financial statements have been approved and authorized to be published on 17 February 2026 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

##### **2.2 Restatement and Errors In The Accounting Policies and Estimates**

Any change in the accounting policies resulted from the first time adoption of a new standards, if any, is made either retrospectively or prospectively. Changes without any transition requirement, material changes in accounting policies or material errors are corrected retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

##### **2.3 Consolidation Principles**

The consolidated financial statements include the accounts of the parent company, Ereğli Demir ve Çelik Fabrikaları T.A.Ş., and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

Subsidiaries are the Companies controlled by Erdemir when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group, and are excluded from the scope of consolidation on the date when control disappears.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company;

(i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee; (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The statement of financial position and statements profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Erdemir and its subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between Erdemir and its subsidiaries are eliminated on consolidation.

The carrying value of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from shareholders’ equity and income for the year, respectively.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

##### 2.3 Consolidation Principles (cont’d)

The table below sets out all subsidiaries included in the scope of consolidation and discloses their direct and indirect ownership, which are identical to their economic interests, (%) and their functional currencies as of reporting date.

	31 December 2025			31 December 2024		
	Functional Currency	Ownership Interest	Effective Shareholding	Functional Currency	Ownership Interest	Effective Shareholding
İsdemir	US Dollars	94,87	94,87	US Dollars	94,87	94,87
Ersem	US Dollars	100	100	US Dollars	100	100
Ermaden	Turkish Lira	90	90	Turkish Lira	90	90
Erdemir Mühendislik	Turkish Lira	100	100	Turkish Lira	100	100
Erdemir Romania S.R.L.	Eur	100	100	Eur	100	100
Erdemir Asia Pacific	US Dollars	100	100	US Dollars	100	100
Erdemir Enerji	Turkish Lira	100	100	Turkish Lira	100	100
İsdemir Linde Gaz	US Dollars	50	47	US Dollars	50	47
Kümaş Manyezit	US Dollars	100	100	US Dollars	100	100
Yenilikçi	Turkish Lira	100	100	Turkish Lira	100	100

##### 2.4 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods

The Group’s consolidated financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statement. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period consolidated financial statements.

##### 2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies

The Group, according to TFRS makes estimates and assumptions prospectively while preparing its consolidated financial statements. These accounting estimates are rarely identical to the actual results. The estimates and assumptions that may cause significant adjustments to the carrying values of assets and liabilities in the following reporting periods are listed below.

###### 2.5.1 Useful lives of property, plant and equipment and intangible assets

The Group calculates depreciation for the property, plant and equipment by taking into account their production amounts on the basis of cash flow unit set by independent valuation firm and useful lives that are stated in Note 2.8.3 and 2.8.4 (Note 14, Note 15).

###### 2.5.2 Deferred tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements.

The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. During the evaluation, the expiry dates of future profit projections, financial losses in the current period, unused carried forward financial losses and other tax assets are taken into consideration (Note 32).

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont’d)**

###### **2.5.3 Fair values of derivative financial instruments**

The Group evaluates its derivative financial instruments by using the foreign exchange and interest rate estimations and based on the valuation estimates of the market values as of the reporting date (Note 6).

###### **2.5.4 Provision for expected credit losses**

Provision for expected credit losses reflect the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economic conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credibility in the current market, their performance after the reporting date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. As of reporting date the provision for expected credit losses is presented in Note 8.

###### **2.5.5 Provision for impairment of inventories**

During the assessment of the provision for impairment of inventories the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to provision for inventories accounting policy of the Company. Sales prices listed and related data by sales prices of realized sales after reporting date, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of these studies, provision is made for inventories whose net realizable value is below the cost value and for slow moving inventories are presented in Note 10.

###### **2.5.6 Provisions for employee benefits**

The Group makes various actuarial assumptions such as the discount rate, inflation rate, real salary increase rate, and the voluntarily leave the job in the calculation of its liabilities regarding benefits provided to employees. The details related to employee benefits plans are stated in Note 19.

###### **2.5.7 Provision for lawsuits**

The Group reliably determines the probability of losing the lawsuits and the liabilities that will arise in case of loss, based on the possible cash outflows based on the best estimation of the Management, taking into account the opinions of the Group Legal Directorate and external expert lawyers for ongoing lawsuits. As of reporting date, provision for lawsuits is stated in Note 20.

###### **2.5.8 Impairments on assets**

The Group, performs impairment tests for assets that are subject to depreciation and amortization in case of being not possible to prevent recovery of the assets at each reporting period. Assets are grouped at the lowest levels which there are separately identifiable cash flows for evaluation of impairment (cash generating units). As a result of the impairment tests performed by the Group, additional impairment is estimated in the accompanying financial statements for the non-financial assets recognized in expenses from investment activities (Note 29). The Group recognized the amount of provisions released in income from investment activities (Note 29).

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont’d)**

###### **2.5.9 Impairment on financial assets**

The impairment for financial assets are based on assumptions about risk of default and expected losses rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

###### **2.5.10 Calculation of loss allowance**

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

###### **2.6 Offsetting**

Financial assets and liabilities are offset and the net amounts are reported with their net values in the financial position statement where either there is a legally enforceable right to offset the recognized amounts or there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

###### **2.7 Adoption of New and Revised Financial Reporting Standards**

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2025 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2025 summarized below.

###### **a) Amendments that are mandatorily effective from 1 January 2025**

Amendments to TAS 21 : Lack of exchangeability

The effects of these standards and interpretations on the Group's consolidated financial statements and performance are explained in the relevant paragraphs.

###### **Amendments to TAS 21 Lack of Exchangeability**

In May 2024, POA issued amendments to TAS 21. 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. When applying the amendments, an entity cannot restate comparative information.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.7 Adoption of New and Revised Financial Reporting Standards (cont’d)**

###### **b) New and revised TFRSs in issue but not yet effective and not early adopted**

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

Amendments to TFRS 10 and TAS 28	:Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
TFRS 17	:The New Standard for Insurance Contracts
Amendments to TFRS 9 and TFRS 7	:Classification and measurement of financial instruments
Amendments to TFRS 9 and TFRS 7	:Contracts Referencing Nature-dependent Electricity
TFRS 18	:The New Standard for Presentation and Disclosure Financial Statements
TFRS 19	:Subsidiaries without Public Accountability:Disclosures
Annual Improvements to TFRS Accounting Standards – Volume 11	

###### **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2017, POA postponed the effective date of these amendments to TFRS 10 and TAS 28 indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

###### **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 2027 with the announcement made by the POA.

###### **Amendments to TFRS 9 and TFRS 7 :Classification and measurement of financial instruments**

In August 2025, 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.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.7 Adoption of New and Revised Financial Reporting Standards (cont’d)**

##### **b) New and revised TFRSs in issue but not yet effective and not early adopted (cont’d)**

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

In August 2025, POA issued Contracts Referencing Nature-dependent Electricity (Amendments to TFRS 9 and TFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

##### **TFRS 18 The new Standard for Presentation and Disclosure in Financial Statements**

In May 2025, POA issued TFRS 18 which replaces TAS 1. TFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. TFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as TAS 7, TAS 8 and TAS 34. TFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. TFRS 18 will be applied retrospectively.

##### **TFRS 19 – The new Standard for Subsidiaries without Public Accountability: Disclosures**

In August 2025, POA issued TFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other TFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply TFRS 19 will not need to apply the disclosure requirements in other TFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with TFRS accounting standards may elect to apply TFRS 19. TFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under TFRS 19.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.7 Adoption of New and Revised Financial Reporting Standards (cont’d)**

##### **b) New and revised TFRSs in issue but not yet effective and not early adopted (cont’d)**

##### **Annual Improvements to TFRSs – Volume 11**

In September 2025, POA issued Annual Improvements to TFRSs – Volume 11, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter: These amendments are intended to address potential confusion arising from an inconsistency between the wording in TFRS 1 and the requirements for hedge accounting in TFRS 9.
- TFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition: The amendments update the language on unobservable inputs in the TFRS 7 and include a cross reference to TFRS 13.
- TFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price: TFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished, the lessee is required to apply derecognition requirement of TFRS 9 and recognise any resulting gain or loss in profit or loss. TFRS 9 has been also amended to remove the reference to 'transaction price'.
- TFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between TFRS 10 paragraphs.
- TAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

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

##### **c) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

##### **Amendments to IAS 21 - Translation to a Hyperinflationary Presentation**

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity’s functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation’s comparative figures. The amendments also introduce certain additional disclosure requirements.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied**

Accounting policies implemented during preparation of financial statements as follows:

###### **2.8.1 Revenue recognition**

Group recognizes revenue when the goods or services are transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products and their by-products.

Group recognizes revenue based on the following main principles:

- a) Identification of customer contracts,
- b) Identification of performance obligations,
- c) Determination of transaction price in the contract,
- d) Allocation of price to performance obligations,
- e) Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party’s rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows to be obtained from the relevant financial asset to the book value of the asset. Interest income from the Group's time deposit investments are recognized under finance income, maturities sales interest income from trade receivables are recognized in revenue.

###### **2.8.2 Inventories**

Inventories are valued at the lower of cost or net realizable value. The costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority valued by using the monthly weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

###### 2.8.3 Property, plant and equipment

Property, plant and equipment stated through the value of determined by using the historical cost approach that reflects the cost of the assets in purchase date adjusted for impairment and accumulated depreciation. Lands are not subject to depreciation and are shown over the amount after accumulated impairment is deducted from their cost values.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Provision for impairment are recognized in the consolidated statement of profit or loss.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives or production amount, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The rates that are used to depreciate the property, plant and equipment are as follows:

	Rates
Buildings	2-16%
Land improvements	2-33% and units of production level
Machinery and equipment	3-50% and units of production level
Vehicles	5-25% and units of production level
Furniture and fixtures	5-33%
Exploration costs and other fixed assets with special useful lives	5-10% and units of production level
Other tangible fixed assets	5-25%

Expenses after the capitalization are added to the cost of related asset and reflected in financial statements as a separate asset if they shall mostly provide an economic benefit and their cost is measured in a trustable manner. Property, plant and equipment are reviewed for impairment if there are conditions showing that the securities are more than amount recoverable. Assets are grouped at the lowest level which is cash-generating unit in order to determine impairment (cash-generating unit).

Carrying amount of a tangible asset and recoverable value is the one which is higher than the net sales price following the deduction of commensurable value for the sale of the asset. Useful life of assets are reviewed as of date of balance sheet and adjusted, if required.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

**2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

**2.8.3 Property, plant and equipment (cont’d)**

Maintenance and repair expenses are recorded as expense to the consolidated statement of profit or loss of the related period. The Group omits the carrying values of the changed pieces occurred with respect to renovations from the balance sheet without considering whether they are subject to depreciation in an independent manner from other sections. Main renovations are subject to depreciation based on the shortest of residual life of the related tangible asset or useful life of the renovation itself.

Advances paid related to purchasing of tangible assets are monitored in prepaid expenses under fixed assets until the related asset is capitalized or recognized under construction in progress.

*Research and valuation costs*

Research and valuation assets should be reflected at cost. When a legal right for research is obtained, if Management concludes that it will not provide future economic benefits, exploration and evaluation expenditures are recognized in the income statement as incurred.

*Mining research and development expenses*

If the current results and circumstances indicate that the recoverable amount of the net book value of research and valuation assets may exceed their carrying amount, an impairment assessment is performed on the research and valuation assets. In this case, the Group measures and discloses the amount of the impairment loss in accordance with TMS 36.

**2.8.4 Intangible assets**

Out of the purchased intangible fixed assets, those with a finite life are presented at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized principally on a straight-line basis over their estimated useful lives and production amounts. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, and any changes in the estimate are accounted for on a prospective basis.

The customer relationships acquired as a part of the business combinations are reflected in the financial statements at fair value at the acquisition date. The customer relationships have finite useful lives and are measured at cost less accumulated amortization. The amortization of the customer relationships is calculated on a straight-line basis over their estimated useful lives.

The amortization rates of the intangible assets are stated below:

	<u>Amortization Rates</u>
Rights	2-33%
Other intangible fixed assets	20-33%
Customer relationship	6,6%

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

###### 2.8.5 Investment properties

Investment properties, which are held to earn rental income and/or for capital appreciation are measured initially at cost less any accumulated impairment losses. 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 consolidated statement of profit or loss under income (expense) from investment activities.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

	<u>Amortization Rates</u>
Buildings	2%

###### 2.8.6 Leases

###### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.6 Leases (cont’d)**

###### *The Group as lessee (cont’d)*

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group has disclosed the changes made in the consolidated financial statements during the periods presented in Note 16 with details.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments incurred on or before the lease actually commences, and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in ‘Other expenses’ in profit or loss.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. (Note 16).

###### *The Group as lessor*

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.6 Leases (cont’d)**

###### *The Group as lessor(cont’d)*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. If the Group is in the position of sub-lease, the main lease and sub-lease are recognized as two separate contracts. Sub-lease is classified as financial lease or operating lease regarding the right to use arising from the main lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases.

###### **2.8.7 Impairment on assets**

Assets subject to depreciation and amortization are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. Recoverable amounts are estimated at the lowest level for individual assets (for the cash-generating unit). Non-financial assets that are impaired are evaluated for reversal of impairment amount at each reporting date.

###### **2.8.8 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Investment revenues arising from the temporary utilization of the unused portion of facility loans are netted off from the costs eligible for capitalization.

All other borrowing costs are recognized directly in the consolidated statement of profit or loss of the period in which they are incurred.

###### **2.8.9 Financial instruments**

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a part of the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

##### 2.8.9 Financial instruments(cont’d)

###### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

###### Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

###### (i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

##### 2.8.9 Financial instruments (cont’d)

###### *Financial assets (cont’d)*

###### Classification of financial assets (cont’d)

###### (i) Amortised cost and effective interest method (cont’d)

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item (Note 30).

###### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

###### Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

##### 2.8.9 Financial instruments (cont’d)

###### *Financial assets (cont’d)*

###### Equity instruments designated as at FVTOCI (cont’d)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

###### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

###### Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

##### **2.8.9 Financial instruments (cont’d)**

###### ***Financial assets (cont’d)***

###### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

###### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

###### ***Financial liabilities***

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

- a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### 2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)

##### 2.8.9 Financial instruments (cont’d)

###### *Financial liabilities (cont’d)*

- b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Entity does not reclassify any financial liability.

###### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

###### **Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 6.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

###### **Hedge accounting**

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.9 Financial instruments (cont’d)**

###### ***Financial liabilities (cont’d)***

###### ***Hedge accounting (cont’d)***

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 6.

###### **2.8.10 The effects of foreign exchange rate changes**

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Each subsidiary’s financial conditions and performance results stated as Turkish Lira in presentation currency in consolidated financial statements.

The Group records foreign currency (currencies other than the functional currency of the related company) transactions using exchange rates of the date the transaction is completed. Foreign currency monetary items are evaluated with exchange rates as of reporting date and arising foreign exchange income/expenses are recorded in consolidated statement of profit or loss. All monetary assets and liabilities are evaluated with exchange rates of the reporting date and related foreign currency translation differences are transferred to consolidated statement of profit or loss.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.10 The effects of foreign exchange rate changes (cont’d)**

Non-monetary foreign currency items that are recognized at cost are evaluated with historic exchange rates. Non-monetary foreign currency items that are recognized at fair value are evaluated with exchange rates of the dates their fair values are determined.

###### **2.8.11 Earnings per share**

Earnings/loss per share, disclosed in the consolidated statement of profit or loss, are determined by dividing the 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 by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares.

###### **2.8.12 Subsequent events**

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Group adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date. Post period end events that are not adjusting events are disclosed in the notes when material.

###### **2.8.13 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Group has a present obligation as a result of a past legal or subtle event, where it is probable that the Group will be required to settle that obligation and when a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine the probability of outflow of the economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for the cases where a reliable estimate cannot be made.

When the Group’s contingent liabilities’ availability is possible but the amount of resources containing the economic benefits cannot be measured reliably, then the Group discloses this fact in the notes.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.14 Related parties**

A related party is a person or entity that is related to (reporting entity), the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

###### **2.8.15 Taxation and deferred income taxes**

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense represents the sum of the current tax and deferred tax.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.15 Taxation and deferred income taxes (cont’d)**

###### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

###### Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where 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. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.15 Taxation and deferred income taxes (cont’d)**

###### Deferred tax (cont’d)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

###### Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the consolidated statement of profit or loss, except when they relate to the items credited or debited directly to the equity (in this case the deferred tax related to these items is also recognized directly in the equity), or where they arise from the initial accounting of a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

###### **2.8.16 Employee benefits**

According to the Turkish and Romanian law and union agreements, employee termination payments are made to employees in the case of retiring or involuntarily leaving. Such payments are considered as a part of defined retirement benefit plan in accordance with revised TAS 19 Employee Benefits.

The termination indemnities accounted in the balance sheet and seniority incentive premium in accordance with the union agreements in force represent the present value of the residual obligation. Actuarial gains and losses of termination indemnities are recognized in the consolidated statement of other comprehensive income. Actuarial gains and losses of seniority incentive premium are recognized in the profit or loss.

The Group makes certain assumptions about discount rates, inflation rates, future salary increases and employee turnover rates in calculation of provisions for employee benefits. The present value of employee benefits is calculated by an independent actuary and some changes are done in accounting assumptions used in calculations. The impact of the changes in assumptions is recognized in the statement of profit or loss. The details related with the defined benefit plans are stated in Note 19.

Liabilities due to unused vacations classified as provisions due to employee benefits are accrued and discounted if the discount effect is material.

The Group companies operating in Türkiye are required to pay social insurance premiums to the Social Security Institution. As long as it pays these insurance premiums, the Group does not have any further obligation. These premiums are reflected in the payroll expenses incurred in the period.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.17 Government grants and incentives**

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Group has met all conditions required. Government grants and incentives related to costs are recognized as revenue during the periods they are matched with the costs they will cover.

###### **2.8.18 Statement of cash flows**

Cash flows during the period are classified and reported as operating, investing and financing activities in the consolidated statement of cash flows.

Cash flows arising from operating activities represent the cash flows that are used in or provided by the Group’s steel products and metal sales activities.

Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities (direct investments and financial investments) of the Group.

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

Cash and cash equivalents comprises of the cash on hand, the demand deposits and highly liquid other short-term investments which their maturities are three months or less from the date of acquisition, are readily convertible to cash and are not subject to a significant risk of changes in value.

The translation difference that occurs due to translation from functional currency to presentation currency is shown as translation difference on cash flow statement.

###### **2.8.19 Share capital and dividends**

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

###### **2.8.20 Treasury shares (Erdemir shares)**

When share capital recognized as equity is reacquired, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity. Reacquired shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings or accumulated losses.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.21 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the consolidated profit or loss on disposal.

###### **2.8.22 Business Combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

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

##### **2.8 Valuation Principles / Significant Accounting Policies Applied (cont’d)**

###### **2.8.22 Business Combinations (cont’d)**

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed 1 year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### **NOTE 3 – SEGMENT REPORTING**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of reporting date the detail of cash and cash equivalents as follows:

	31 December 2025	31 December 2024
Cash	74	58
Banks – demand deposits	1.373.893	761.365
Banks – time deposits	114.102.756	53.386.165
Other liquid assets	-	1.112.405
	<u>115.476.723</u>	<u>55.259.993</u>
Time deposit interest accruals (-)	(149.769)	(70.245)
Cash and cash equivalents in the statement of cash flows	<u>115.326.954</u>	<u>55.189.748</u>

The details of demand deposits are presented below:

	31 December 2025	31 December 2024
US Dollars	1.137.243	416.508
Turkish Lira	150.383	274.357
EUR	48.092	56.818
Romanian Lei	27.737	4.871
Other	10.438	8.811
	<u>1.373.893</u>	<u>761.365</u>

The details of time deposits in banks as follows:

	31 December 2025	31 December 2024
US Dollars	107.805.233	41.246.829
Turkish Lira	6.087.757	11.343.125
EUR	209.766	794.731
Romanian Lei	-	1.480
	<u>114.102.756</u>	<u>53.386.165</u>

Group’s bank deposits consist of deposits with maturity from 1 day to 3 months depending on immediate cash needs. Interest is received based on current short-term rates on the market.

Liquid funds recorded in the financial statements at fair value are reported under other liquid assets as of the reporting period due to their high liquidity and insignificant risk of change in value in the short term.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 5 – FINANCIAL INVESTMENTS

As of reporting date the detail of financial investments as follows:

Current financial assets shown at amortized value and fair value fair value through profit or loss:

	31 December 2025	31 December 2024
Bonds	-	1.586.209
	-	1.586.209

Group, has made securities investment in prior period in order to obtain the return fixed income issued by the private sector in Türkiye. These fixed income securities held by the Group under the business model for collection of contractual cash flows that includes principal and interest payments related with principal amount.

As of reporting period the non-current financial investments as follows:

	31 December 2025	31 December 2024
Financial investment without an active market	1.584	1.304
Venture capital investment fund	184.661	176.781
	186.245	178.085

As of reporting date, financial investments, investment ratios and amounts as follows:

Company	Ratio %	31 December 2025	Ratio %	31 December 2024
<i>Financial investments without an active market</i>				
Teknopark Hatay A.Ş.	5	1.161	5	956
Seramik Araştırma Merkezi A.Ş.	4	423	4	348
		1.584		1.304

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS**

As of reporting date the detail of financial derivative instruments as follows:

	31 December 2025		31 December 2024	
	Asset	Liability	Asset	Liability
<i>Fair value hedging derivative financial assets</i>				
Forward contracts for fair value hedges of currency risk of sales				
	2.470	155.497	155.454	-
	<u>2.470</u>	<u>155.497</u>	<u>155.454</u>	<u>-</u>
<i>Cash flow hedging derivative financial assets</i>				
Forward contracts for cash flow hedges of currency risk of sales				
	6.158	43.042	63.613	-
Cross currency swap contracts for cash flow hedges of currency risk of borrowings				
	-	15.141	-	-
Commodity swap contracts for cash flow hedges of price fluctuations of raw material purchases				
	19.088	-	30.051	-
	<u>25.246</u>	<u>58.183</u>	<u>93.664</u>	<u>-</u>
	<u>27.716</u>	<u>213.680</u>	<u>249.118</u>	<u>-</u>

Derivative instruments for fair value hedge

As of reporting date, the details of forward transactions for fair value hedge are as follows:

		Assets		Liabilities	
		Nominal value	Fair Value	Nominal value	Fair Value
31 December 2025					
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	533.259	2.470	2.514.883	155.497
		<u>533.259</u>	<u>2.470</u>	<u>2.514.883</u>	<u>155.497</u>
31 December 2024					
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	2.151.675	155.183	-	-
Buy USD/Sell EUR	Between 3 - 6 months	6.528	271	-	-
		<u>2.158.203</u>	<u>155.454</u>	<u>-</u>	<u>-</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

**NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS (cont’d)**

Derivative instruments for cash flow hedge

*Forward contracts for cash flow hedges of currency risk of sales:*

Buy USD – Sell EUR forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in EUR. These forecast transactions are highly probable and their maturities vary between January 2026 and March 2027.

In respect of these contracts which has a nominal value of TRY 3.554.835 thousand for the purpose of hedging cash flow risk, with related deferred tax effect TRY (100.497) thousand was included in consolidated other comprehensive income (31 December 2024: TRY 154.610 thousand).

In the current period, TRY (689.010) thousand resulting from the sales related forward contracts was accounted under the revenue account of the consolidated the profit or loss statement (31 December 2024: TRY 141.116 thousand).

The terms and conditions of the forward contracts match the terms and conditions of the expected highly probable forecast sales in EUR. As a result, no hedge ineffectiveness arises requiring recognition and is tracked under other comprehensive income accounts since the aforementioned derivative transaction is a cash flow hedge derivative transaction until the sales is realized in accordance with hedge accounting. After the revenue is recognized, those derivative transactions are recognized in the profit or loss table as fair value hedges until the receivable amounts are collected.

*Cross currency and interest rate swap contracts for cash flow hedges of floating interest rate and currency risk of borrowings:*

The derivative contracts made in order to fix the principal and interest rates of the Group's bank loans with foreign currency in the future periods of TRY (15.141) thousand except from the deferred tax effect recognized in the consolidated other comprehensive income.

*Commodity swap contracts for hedges of price risk of raw material purchases:*

The Group purchases iron ore and coal on an ongoing basis as its operating activities. The Group has concluded iron ore swap contracts in order to be protected from price risk of iron ore which shall be supplied in future and shall be used in the production of related sales in line with its contracted sales. Group's iron ore forward contracts measured at fair value through other comprehensive income/expense match iron ore price risk associated with future long term sales contracts. The terms and conditions of the iron ore swap contracts made for these sales transactions match the terms and conditions of the sales transactions. Therefore, it is not possible to record any income or expense arising from the ineffectiveness of the protection process.

As of 31 December 2025, reflected TRY (15.152) thousand from consolidated other comprehensive income to inventory cost thousand (31 December 2024: TRY 22.209 thousand).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 7 – BORROWINGS**

As of reporting date details of borrowings disclosed at amortized are as follows:

	31 December 2025	31 December 2024
Short term bank borrowings	23.952.367	26.268.031
Short term portion of long term bank borrowings	12.263.172	7.333.542
Long term bank borrowings	78.525.865	51.957.630
Total bank borrowings	<u>114.741.404</u>	<u>85.559.203</u>
Short term portion of short term corporate bonds issued	3.329.658	2.779.280
Long term corporate bonds issued	38.932.382	32.036.796
Total corporate bonds issued	<u>42.262.040</u>	<u>34.816.076</u>
Short term portion of long term lease payables	516.190	360.781
Cost of short term portion of long term lease payables (-)	(44.316)	(30.570)
Long term lease payables	3.781.321	1.945.026
Cost of long term lease payables (-)	(2.915.744)	(1.362.320)
Total lease payables	<u>1.337.451</u>	<u>912.917</u>
Total borrowings	<u><u>158.340.895</u></u>	<u><u>121.288.196</u></u>

The bond issued abroad, with a nominal value of USD 750 million, a maturity of 5 years, a redemption date of 23 July 2029, priced over a resale yield of 8,625%, and a coupon rate of 8,375%, was completed as of 23 July 2024. In addition to aforementioned bond, another bond issued abroad, with a nominal value of USD 200 million, a maturity of 5 years, a redemption date of 23 July 2029, an annual yield rate of 8,125%, and an annual coupon rate of 8,375% with payment per 6 month, was completed as of 30 July 2024. As of the reporting date, the Group has fulfilled its financial ratio obligations related to the bond.

As of 31 December 2025, the breakdown of the Group’s loans and issued corporate bonds with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	31 December 2025
Fixed	TRY	44,94	9.129.599	-	9.129.599
Fixed	US Dollars	7,81	21.491.416	87.075.966	108.567.382
Fixed	EUR	5,10	1.955.182	-	1.955.182
Floating	US Dollars	TERM SOFR+3	6.320.491	27.797.432	34.117.923
Floating	EUR	Euribor+0,47	648.509	2.584.849	3.233.358
			<u>39.545.197</u>	<u>117.458.247</u>	<u>157.003.444</u>

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 7 – BORROWINGS (cont’d)

As of 31 December 2024, the breakdown of the Group’s loans and issued bonds with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	31 December 2024
Fixed	TRY	49,13	7.977.158	-	7.977.158
Fixed	US Dollars	7,92	22.856.911	62.580.718	85.437.629
Floating	US Dollars	TERM SOFR+2,79	5.060.543	19.076.389	24.136.932
Floating	EUR	Euribor+0,47	486.241	2.337.319	2.823.560
			<u>36.380.853</u>	<u>83.994.426</u>	<u>120.375.279</u>

Maturity distribution of financial borrowings is as follows:

	31 December 2025			
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	36.215.539	3.329.658	471.874	40.017.071
Between 1-2 years	47.013.522	3.067.203	150.613	50.231.338
Between 2-3 years	19.055.458	2.825.124	71.956	21.952.538
Between 3-4 years	6.819.680	33.040.055	27.907	39.887.642
Between 4-5 years	1.599.783	-	24.253	1.624.036
Five years or more	4.037.422	-	590.848	4.628.270
	<u>114.741.404</u>	<u>42.262.040</u>	<u>1.337.451</u>	<u>158.340.895</u>

  

	31 December 2024			
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	33.601.573	2.779.280	330.211	36.711.064
Between 1-2 years	6.808.039	2.557.212	158.593	9.523.844
Between 2-3 years	34.525.580	2.352.887	90.503	36.968.970
Between 3-4 years	5.115.597	2.170.455	31.971	7.318.023
Between 4-5 years	2.133.901	24.956.242	18.115	27.108.258
Five years or more	3.374.513	-	283.524	3.658.037
	<u>85.559.203</u>	<u>34.816.076</u>	<u>912.917</u>	<u>121.288.196</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 7 – BORROWINGS (cont’d)**

Movement of net financial borrowings of bank loans and issued bonds as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	120.375.279	67.400.757
Interest expenses	9.804.229	10.410.853
Interest paid	(12.657.672)	(8.275.722)
Unrealised foreign exchange differences	(226.497)	(958.112)
Capitalized borrowing costs	3.082.594	930.159
Cash inflow from loans	42.103.489	68.411.628
Bonds issued	-	31.323.715
Cash outflow from loan repayments	(32.161.178)	(65.115.807)
Translation difference	26.683.200	16.247.808
Closing balance	<u>157.003.444</u>	<u>120.375.279</u>

Reconciliation of net financial borrowings of financial leases as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	912.917	339.945
The effect of the increase (decrease) in the lease contract liability	622.321	589.520
Cash outflow effect	(475.639)	(223.884)
Increase in interest expenses	252.129	117.433
Foreign exchange effect	25.723	89.903
Closing balance	<u>1.337.451</u>	<u>912.917</u>

**NOTE 8 – TRADE RECEIVABLES AND PAYABLES**

As of the reporting date, the details of the Group’s trade receivables are as follows:

	31 December 2025	31 December 2024
<u>Short term trade receivables</u>		
Trade receivables	26.893.350	25.998.098
Due from related parties (Note 34)	749.930	603.847
Expected credit loss provision (-)	(195.603)	(138.031)
	<u>27.447.677</u>	<u>26.463.914</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 8 – TRADE RECEIVABLES AND PAYABLES (cont’d)**

Movement of short term receivables credit loss provision as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	138.031	123.462
Provision for the period	37.635	1.673
Doubtful receivables collected (-)	-	(96)
Provision released (-)	(8.498)	(3.932)
Translation difference	28.435	16.924
Closing balance	<u>195.603</u>	<u>138.031</u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 40-45 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

According to the market conditions and product types, a certain interest charge is applied for deferred trade receivables and overdue interest is applied for overdue trade receivables.

As the Group provides services and products to a large number of customers, collection risk is widely distributed amongst these customers and there is no significant credit risk exposure. Therefore, the Group does not provide for any further provision beyond the expected credit losses provisions that the Group has already provided for in the consolidated financial statements. The detail of overdue receivables included in trade receivables as of the reporting date is disclosed in the management of credit risk management. Other disclosures as to the Group’s credit risk are given in Note 36. The Group provides provision according to the balances of all unsecured receivables under legal follow up.

Group’s past due but not impaired receivable amount is TRY 176.021 thousand and the maturities of them are between 0 and 90 days (31 December 2024: TRY 233.953 thousand) (Note 36).

As of the balance sheet date, the details of the Group’s trade payables are as follows:

	31 December 2025	31 December 2024
<u>Short term trade payables</u>		
Trade payables	61.428.265	28.145.294
Due to related parties (Note 34)	7.229.719	1.837.483
Expense accruals	104.051	40.693
	<u>68.762.035</u>	<u>30.023.470</u>

Trade payables consist of payables to sellers for products, services purchased and tangible asset investments in the ordinary course of business. The average credit period on purchases of certain goods is between 80-90 days (31 December 2024: 35-45 days).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 9 – OTHER RECEIVABLES AND PAYABLES**

As of the reporting date, the details of the Group’s short and long term other receivables are as follows:

	31 December 2025	31 December 2024
<u>Short term other receivables</u>		
Due From Related Parties (Note 34)	27.062	18.767
Receivables from water system construction	1.312	1.364
Deposits and guarantees given	32.365	25.426
Receivables from Privatization Authority	215.447	150.118
	<u>276.186</u>	<u>195.675</u>
	31 December 2025	31 December 2024
<u>Long term other receivables</u>		
Due From Related Parties (Note 34)	173.372	121.006
Receivables from water system construction	4.659	4.902
Deposits and guarantees given	6.594	6.303
	<u>184.625</u>	<u>132.211</u>

As of the reporting date, the details of the Group’s short term other payables are as follows:

	31 December 2025	31 December 2024
<u>Short term other payables</u>		
Taxes payable	423.404	922.399
Deposits and guarantees received	55.507	55.745
Dividend payables to shareholders (*)	10.370	10.204
	<u>489.281</u>	<u>988.348</u>

(\*) Dividend payable represents the uncollected balances by shareholders related to the prior years.

**NOTE 10 – INVENTORIES**

As of the reporting date, the details of the Group’s inventories are as follows:

	31 December 2025	31 December 2024
Raw materials	24.199.305	20.511.938
Work in progress	15.662.542	15.716.887
Finished goods	13.735.590	13.830.828
Spare parts	17.304.164	13.719.314
Goods in transit	12.924.967	11.025.208
Other inventories	7.978.590	6.853.416
Allowance for impairment on inventories (-)	(2.419.595)	(2.895.193)
	<u>89.385.563</u>	<u>78.762.398</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 10 – INVENTORIES (cont’d)**

The movement of the allowance for impairment on inventories:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	2.895.193	2.234.866
Allowance for the period	6.218	466.262
Allowance released (-)	(1.016.391)	(263.984)
Translation difference	534.575	458.049
Closing balance	<u>2.419.595</u>	<u>2.895.193</u>

The Group has provided the provision for the impairment on the inventories of finished goods and work in progress within the scope of aging reports in the cases when their net realizable values are lower than their costs or for slow moving inventories. The provision released has been recognized under cost of sales (Note 25). There is no stock impairment provision in the financial statements of subsidiaries whose functional currency is Turkish Lira subject to consolidation as of the reporting date.

**NOTE 11 – PREPAID EXPENSES**

As of the reporting date, the details of the Group’s short term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Insurance expenses	1.053.499	2.161.669
Advances given for inventories	280.281	622.613
Due to related parties (Note 34)	285.659	24.900
Prepaid utility allowance to employees	181.158	126.461
Mine site permit fee	165.756	116.641
Other prepaid expenses	84.821	56.885
	<u>2.051.174</u>	<u>3.109.169</u>

As of the reporting date, the details of the Group’s long term prepaid expenses are as follows:

	31 December 2025	31 December 2024
Advances given for fixed assets	12.320.354	14.885.114
Due to related parties (Note 34)	55.958	176.923
Insurance expenses	116.678	683.890
Mining preparation expenses	342.878	302.096
Other prepaid expenses	52.843	42.646
	<u>12.888.711</u>	<u>16.090.669</u>

Of the cash outflows related to the Group's purchases of tangible and intangible fixed assets in the current period, TRY 15.227.791 thousand was offset with the advances given for fixed assets.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 12 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The details of the Group’s financial investments accounted for using equity method are as follows:

	Right to		Right to		Business segment
	vote ratio	31 December	vote ratio	31 December	
	%	2025	%	2024	
<i>Joint Venture</i>					
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.471.206	50	1.280.062	Industrial Gas Production and Sale

The movement of the carrying value of the investments accounted for using equity method movement is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	1.280.062	884.293
Net profit (loss)	107.017	204.668
Dividend	(180.298)	-
Translation difference	264.425	191.101
Closing balance	1.471.206	1.280.062

The summary of the financial information and shares on assets of investments accounted for using equity method are as follows:

	31 December 2025	31 December 2024
Total assets	3.116.147	2.869.854
Total liabilities	173.736	309.731
Net assets	2.942.411	2.560.123
Group's share on net assets	1.471.206	1.280.062
	31 December 2025	31 December 2024
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş, as an affiliate of the Group under joint management, has the right of to deduct TRY 24.485 thousand (31 December 2024: TRY 221.977 thousand) from corporate tax of the investment deduction where profit will occur in the upcoming years pursuant to the Resolution No 2012/3305 on Government Aids in Investments and the Cabinet Decision issued in the Official gazette on 22 February 2017. The deferred tax asset of TRY (197.492) thousand of additional investment deduction (its effect in the profit or loss statement of Group is TRY (98.746) thousand) is included in the financial statements prepared as of reporting date.

At the Ordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. held on 15 May 2025, the resolution regarding the distribution of a cash dividend of TRY 360.596 thousand (with an impact of TRY 180.298 thousand on the Group's cash flow statement) from the net profit for the year 2024 was approved by majority of votes. The dividend payment was completed on 19 August 2025.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 12 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (cont’d)**

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

	1 January – 31 December 2025	1 January – 31 December 2024
Revenue	881.418	791.089
Operating profit	208.106	217.256
Net profit (loss) for the period	214.033	409.336
Group's share on net profit (loss)	107.017	204.668

**NOTE 13 – INVESTMENT PROPERTIES**

The details of the Group’s investments properties are as follows:

	Land	Buildings	Total
<u>Cost</u>			
Opening balance as of 1 January	1.432.502	4.763.779	6.196.281
Translation difference	268.017	575.474	843.491
Disposals	(451.581)	(5.143.111)	(5.594.692)
Closing balance as of 31 December 2025	1.248.938	196.142	1.445.080
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January	-	(328.532)	(328.532)
Translation difference	-	(42.639)	(42.639)
Charge for the period	-	(41.222)	(41.222)
Disposals	-	361.886	361.886
Closing balance as of 31 December 2025	-	(50.507)	(50.507)
Net book value as of 31 December 2024	1.432.502	4.435.247	5.867.749
Net book value as of 31 December 2025	1.248.938	145.635	1.394.573

The fair value of the Group’s investment properties is TRY 6.747.225 thousand (31 December 2024: TRY 11.137.146 thousand) according to the most recent valuation reports. The fair values of the investment properties have been determined in reference to the valuations of independent valuation firms authorized by the CMB. The valuations are undertaken predominantly by using the precedent values of similar properties as references under market approach.

The Group has carried out a fixed asset sale amounting to TRY 5.600.000 thousand from the "Investment Properties" item in the consolidated financial position statement to its ultimate parent, the Ordu Yardımlaşma Kurumu, as of the sale date. The amount related to the sale of investment property was collected in cash as of the reporting date and reported under “Cash Inflow from Sales of Investment Property” in the consolidated statement of cash flow.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 13 – INVESTMENT PROPERTIES (cont’d)

All investment properties of the Group consist of land and buildings. The fair value level of these real estates is evaluated as level 2.

The Group does not have contractual obligations regarding the purchase, construction or development of investment properties or maintenance, repair or improvement. For the year ended 31 December 2025, the Group generated rent income amounting to TRY 147.751 thousand (31 December 2024: TRY 233.862 thousand) from rented investment properties under operating leases (Note 29). The Group also has investment properties that do not generate rental income.

The Group has recognized TRY (11.527) thousand (31 December 2024: TRY (29.835) thousand) of estate tax expenses related to investment properties for the year ended 31 December 2025 under investment expenses (Note 29).

	Land	Buildings	Total
<u>Cost</u>			
Opening balance as of 1 January	858.113	3.630.778	4.488.891
Translation difference	198.931	749.768	948.699
Addition	-	34.125	34.125
Transfers (*)	375.458	349.108	724.566
Closing balance as of 31 December 2024	<u>1.432.502</u>	<u>4.763.779</u>	<u>6.196.281</u>
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January	-	(81.246)	(81.246)
Translation difference	-	(32.505)	(32.505)
Charge for the period	-	(158.492)	(158.492)
Transfers (*)	-	(56.289)	(56.289)
Closing balance as of 31 December 2024	<u>-</u>	<u>(328.532)</u>	<u>(328.532)</u>
Net book value as of 31 December 2023	<u>858.113</u>	<u>3.549.532</u>	<u>4.407.645</u>
Net book value as of 31 December 2024	<u>1.432.502</u>	<u>4.435.247</u>	<u>5.867.749</u>

(\*) At the prior period, TRY 375.458 thousand was transferred from buildings to land within investment properties, a net amount of TRY 668.277 thousand was transferred from property, plant and equipments to investment properties.

Amortization distribution of investment properties is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Associated with cost of production	4.512	3.752
General administrative expenses	36.710	154.740
	<u>41.222</u>	<u>158.492</u>

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
<b>Cost</b>									
Opening balance as of 1 January	3.464.571	35.417.877	53.205.473	239.656.586	15.198.450	7.824.237	3.286.685	81.057.649	439.111.528
Inflation Effect	109.744	358.931	198.993	897.020	966.143	618.025	502.783	2.204.006	5.855.645
Translation difference	687.757	7.852.830	13.444.966	54.251.777	2.657.003	1.311.893	393.201	12.924.711	93.524.138
Additions (*)	-	5.973	4.917	1.288.206	359.681	112.504	118.791	31.534.769	33.424.841
Transfers from CIP (**)	-	5.679.174	24.564.285	36.808.390	9.327	445.073	8.373	(67.586.357)	(71.735)
Disposals	-	(5.836)	-	(949.548)	(54.284)	(35.086)	(9.629)	(2.188)	(1.056.571)
Closing balance as of 31 December 2025	4.262.072	49.308.949	91.418.634	331.952.431	19.136.320	10.276.646	4.300.204	60.132.590	570.787.846
<b>Accumulated Depreciation / Impairment</b>									
Opening balance as of 1 January	-	(25.941.489)	(40.266.937)	(147.518.019)	(11.191.678)	(5.545.945)	(1.433.057)	(301.550)	(232.198.675)
Inflation Effect	-	(252.548)	(165.307)	(500.292)	(966.016)	(594.235)	(79.343)	-	(2.557.741)
Translation difference	-	(5.467.364)	(8.689.034)	(32.070.723)	(1.802.954)	(825.901)	(280.487)	(65.168)	(49.201.631)
Charge for the period	-	(1.031.105)	(1.629.016)	(7.193.216)	(497.896)	(398.729)	(182.458)	-	(10.932.420)
Impairment released (losses) (***)	-	238.432	37.381	341.355	13.593	1.325	-	-	632.086
Disposals	-	4.496	-	670.363	54.020	31.838	9.605	-	770.322
Closing balance as of 31 December 2025	-	(32.449.578)	(50.712.913)	(186.270.532)	(14.390.931)	(7.331.647)	(1.965.740)	(366.718)	(293.488.059)
Net book value as of 31 December 2024	3.464.571	9.476.388	12.938.536	92.138.567	4.006.772	2.278.292	1.853.628	80.756.099	206.912.853
Net book value as of 31 December 2025	4.262.072	16.859.371	40.705.721	145.681.899	4.745.389	2.944.999	2.334.464	59.765.872	277.299.787

(\*) The amount of capitalized borrowing cost is TRY 3.082.594 thousand for the current period, average borrowing rate is %7,2.

(\*\*) TRY 71.735 thousand is transferred to intangible assets (Note 15).

(\*\*\*) Group has reviewed the recoverable amounts of tangible fixed assets that will be decommissioned and will not generate independent cash flows during the period. Following the review, the impairment released of TRY 632.086 thousand has been accounted for in the profit or loss statement under other income from investment activities (Note 29).

As of 31 December 2025, the Group has no collaterals or pledges upon its property, plant and equipment.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (cont’d)

Cost	Land		Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
	Land	Improvements							
Opening balance as of 1 January	2.844.441	28.147.071	43.431.128	194.400.023	11.929.140	6.289.454	2.395.164	44.476.013	333.912.434
Inflation Effect	118.672	387.840	207.374	890.520	1.045.407	660.783	533.919	1.367.916	5.212.431
Translation difference	503.890	5.517.101	8.591.067	38.633.841	1.919.718	946.572	245.859	9.879.620	66.237.668
Additions (*)	-	4.018	50.103	1.399.791	295.732	186.710	116.019	33.926.633	35.979.006
Transfers from CIP (**)	-	1.382.831	1.600.386	5.437.592	15.616	74.697	4.031	(8.592.533)	(77.380)
Transfers to investment properties (***)	-	(7.898)	-	(609.086)	-	(107.348)	(234)	-	(724.566)
Disposals	(2.432)	(13.086)	(674.585)	(496.095)	(7.163)	(226.631)	(8.073)	-	(1.428.065)
Closing balance as of 31 December 2024	3.464.571	35.417.877	53.205.473	239.656.586	15.198.450	7.824.237	3.286.685	81.057.649	439.111.528
<b>Accumulated Depreciation</b>									
Opening balance as of 1 January	-	(20.976.313)	(33.262.550)	(118.073.583)	(8.526.351)	(4.245.542)	(1.040.748)	(372.210)	(186.497.297)
Inflation Effect	-	(247.179)	(167.161)	(500.623)	(1.045.130)	(639.685)	(63.448)	-	(2.663.226)
Translation difference	-	(4.096.931)	(6.543.002)	(23.637.485)	(1.251.714)	(564.827)	(187.079)	(8.022)	(36.289.060)
Charge for the period	-	(657.429)	(978.166)	(5.736.319)	(376.912)	(322.781)	(149.170)	-	(8.220.777)
Impairment (***)	-	23.548	86.613	(56.898)	1.761	320	-	78.682	134.026
Disposals	-	12.549	597.329	444.353	6.668	213.317	7.154	-	1.281.370
Transfers to investment properties (***)	-	266	-	42.536	-	13.253	234	-	56.289
Closing balance as of 31 December 2024	-	(25.941.489)	(40.266.937)	(147.518.019)	(11.191.678)	(5.545.945)	(1.433.057)	(301.550)	(232.198.675)
Net book value as of 31 December 2023	2.844.441	7.170.758	10.168.578	76.326.440	3.402.789	2.043.912	1.354.416	44.103.803	147.415.137
Net book value as of 31 December 2024	3.464.571	9.476.388	12.938.536	92.138.567	4.006.772	2.278.292	1.853.628	80.756.099	206.912.853

(\*) The amount of capitalized borrowing cost is TRY 930.159 thousand for the prior period, average borrowing rate is 7,6%.

(\*\*) TRY 77.380 thousand is transferred to intangible assets (Note 15).

(\*\*\*) Group has reviewed the recoverable amounts of tangible fixed assets that will be decommissioned and will not generate independent cash flows during the period. Following the review, the impairment released of TRY 134.026 thousand has been accounted for in the profit or loss statement under other income from investment activities (Note 29).

(\*\*\*\*) A net book value of TRY 668.277 thousand was transferred to investment properties (Note 13).

As of 31 December 2024, the Group has no collaterals or pledges upon its tangible assets.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (cont’d)**

The breakdown of depreciation expenses related to property, plant and equipment is as follows:

	31 December 2025	31 December 2024
Associated with cost of production	10.196.119	7.633.708
General administrative expenses	294.249	245.256
Marketing, sales and distribution expenses	364.715	281.084
Research and development expenses	77.337	60.729
	<u>10.932.420</u>	<u>8.220.777</u>

**NOTE 15 – INTANGIBLE ASSETS**

The details of the Group's intangible assets as of the reporting period are as follows:

	Rights	Customer Relationships	Other Intangible Assets	Total
<u>Cost</u>				
Opening balance as of 1 January	10.002.012	3.769.440	362.351	14.133.803
Inflation Effect	15.829	-	7.229	23.058
Translation difference	2.170.794	808.307	78.639	3.057.740
Additions	221.859	-	2.061	223.920
Transfers from CIP	71.730	-	5	71.735
Disposals	(3.296)	-	(2.539)	(5.835)
Closing balance as of 31 December 2025	<u>12.478.928</u>	<u>4.577.747</u>	<u>447.746</u>	<u>17.504.421</u>
<u>Accumulated amortization</u>				
Opening balance as of 1 January	(4.111.338)	(984.242)	(357.789)	(5.453.369)
Inflation Effect	(11.592)	-	(7.149)	(18.741)
Translation difference	(902.750)	(235.414)	(77.945)	(1.216.109)
Charge for the period	(266.659)	(280.827)	(2.389)	(549.875)
Disposals	1.926	-	2.539	4.465
Closing balance as of 31 December 2025	<u>(5.290.413)</u>	<u>(1.500.483)</u>	<u>(442.733)</u>	<u>(7.233.629)</u>
Net book value as of 31 December 2024	<u>5.890.674</u>	<u>2.785.198</u>	<u>4.562</u>	<u>8.680.434</u>
Net book value as of 31 December 2025	<u>7.188.515</u>	<u>3.077.264</u>	<u>5.013</u>	<u>10.270.792</u>

As of 31 December 2025, the Group has no collaterals or pledges upon its intangible assets.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 15 – INTANGIBLE ASSETS (cont’d)**

	Rights	Customer Relationships	Other Intangible Assets	Total
<u>Cost</u>				
Opening balance as of 1 January	8.241.406	3.145.255	297.589	11.684.250
Inflation Effect	18.863	-	7.825	26.688
Translation difference	1.639.379	624.185	55.564	2.319.128
Additions	32.502	-	1.318	33.820
Transfers from CIP	77.297	-	83	77.380
Disposals	(7.435)	-	(28)	(7.463)
Closing balance as of 31 December 2024	<u>10.002.012</u>	<u>3.769.440</u>	<u>362.351</u>	<u>14.133.803</u>
<u>Accumulated amortization</u>				
Opening balance as of 1 January	(3.228.491)	(611.577)	(290.896)	(4.130.964)
Inflation Effect	(12.106)	-	(7.654)	(19.760)
Translation difference	(655.685)	(139.177)	(54.858)	(849.720)
Charge for the period	(215.943)	(233.488)	(4.409)	(453.840)
Disposals	887	-	28	915
Closing balance as of 31 December 2024	<u>(4.111.338)</u>	<u>(984.242)</u>	<u>(357.789)</u>	<u>(5.453.369)</u>
Net book value as of 31 December 2023	<u>5.012.915</u>	<u>2.533.678</u>	<u>6.693</u>	<u>7.553.286</u>
Net book value as of 31 December 2024	<u>5.890.674</u>	<u>2.785.198</u>	<u>4.562</u>	<u>8.680.434</u>

As of 31 December 2024, the Group has no collaterals or pledges upon its intangible assets.

Customer relationships acquired as a part of business combinations are reflected in the consolidated financial statements over their fair values as of the acquisition date. Amortization of customer relationships is accounted for using the straight-line method over their estimated useful lives.

The breakdown of amortization expenses related to intangible assets is as follows:

	31 December 2025	31 December 2024
Associated with cost of production	524.074	426.901
General administrative expenses	24.734	24.394
Research and development expenses	1.067	2.545
	<u>549.875</u>	<u>453.840</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 16 – RIGHT OF USE ASSETS**

As of the reporting date the movement of right of use assets are as follows:

	Right to Use Land	Vehicle Leases	Total
<u>Cost</u>			
Opening balance as of 1 January	469.061	801.150	1.270.211
Inflation Effect	-	32.934	32.934
Additions to assets of operating lease	376.773	268.977	645.750
Disposals	-	(246.621)	(246.621)
Translation difference	133.261	151.746	285.007
Closing balance as of 31 December 2025	979.095	1.008.186	1.987.281
<u>Accumulated Amortization</u>			
Opening balance as of 1 January	(57.719)	(249.275)	(306.994)
Inflation Effect	-	(12.088)	(12.088)
Charge for the period	(30.059)	(322.884)	(352.943)
Disposals	-	197.665	197.665
Translation difference	(14.984)	(56.243)	(71.227)
Closing balance as of 31 December 2025	(102.762)	(442.825)	(545.587)
Net book value as of 31 December 2024	411.342	551.875	963.217
Net book value as of 31 December 2025	876.333	565.361	1.441.694
	Right to Use Land	Vehicle Leases	Total
<u>Cost</u>			
Opening balance as of 1 January	313.101	390.147	703.248
Inflation Effect	-	21.382	21.382
Additions to assets of operating lease	137.319	533.690	671.009
Disposals	(50.144)	(235.572)	(285.716)
Translation difference	68.785	91.503	160.288
Closing balance as of 31 December 2024	469.061	801.150	1.270.211
<u>Accumulated Amortization</u>			
Opening balance as of 1 January	(40.137)	(217.584)	(257.721)
Inflation Effect	-	(8.606)	(8.606)
Charge for the period	(22.805)	(197.207)	(220.012)
Disposals (-)	13.870	212.640	226.510
Translation difference	(8.647)	(38.518)	(47.165)
Closing balance as of 31 December 2024	(57.719)	(249.275)	(306.994)
Net book value as of 31 December 2023	272.964	172.563	445.527
Net book value as of 31 December 2024	411.342	551.875	963.217

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 16 – RIGHT OF USE ASSETS (cont'd)

The items right of use assets recognized in profit or loss is as follows:

	31 December 2025	31 December 2024
Amortization of assets to operating lease	352.943	220.012
Interest expense from lease transactions (Note 31)	252.129	117.433

The Group has usage permit agreements regarding the port areas of the General Directorate of National Real Estate. The values of tangibles with usage permit periods expiring in 2048 and 2071 are measured at their present value by reducing the borrowing rate by 11% - 31% at the initial calculation.

The area where Erdemir's location and port facilities are located has been declared as the “Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Zonguldak Özel Endüstri Bölgesi” pursuant to the Presidential Decree No. 8861 dated 28 August 2024, within the scope of Law No. 4737. According to Article 34 of the Industrial Zones Regulation and Article 12 of the Regulation on the Management of Treasury Immovables, the port usage permits within the boundaries of Erdemir Zonguldak ÖEB, which are under the jurisdiction and control of the state, have been revised for a period of 49 years in terms of duration and cost. The usage permits for the remaining reclaimed areas and registered Treasury lands under the jurisdiction and control of the state have been established for 49 years as of 26 December 2024.

The area where İsdemir's location and port facilities are located; Within the scope of Law No. 4737, İskenderun Demir ve Çelik A.Ş. Hatay Özel Endüstri Bölgesi has been declared as "İsdemir ÖEB". In 2022, according to the 34th article of the Industrial Zones Regulation and the 12th article of the Regulation on the Administration of Treasury Immovables, the usage permits of the ports and filling areas within the borders of İsdemir ÖEB, which are under the jurisdiction and disposal of the state, have been revised in terms of time and cost for 49 years from contract revision date.

The Group has a usage permit agreement of regarding the forest land and energy transmission line of the General Directorate of Forestry. Forest land use permit will expire in 2039 - 2074, and the energy transmission line use permit will expire in 2064. The values of the immovable assets were measured at present value by reducing the borrowing rate in the first calculation with 10%-31% .

In addition, car lease contracts with useful lives between 2025 - 2028 and with borrowing rate reduced by 1% - 51% are measured at their present value.

Lease agreements are accounted for in the consolidated statement of financial position in the notes of right of use assets and borrowing in accordance with the above explanations (Note 7).

The distribution of amortization expenses related to right of use assets is as follows:

	31 December 2025	31 December 2024
Associated with cost of production	154.127	61.521
General administration expenses	180.479	145.809
Marketing, sales and distribution expenses	18.337	4.620
Other operating expenses	-	8.062
	<u>352.943</u>	<u>220.012</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 17 – GOODWILL

The purchase of the all shares of Kümaş Manyezit Sanayi A.Ş and its subsidiaries was completed on 3 February 2021. The share price dated 3 February 2021 has been subject to ultimate adjustment in accordance with the financial statements prepared as of the transfer date, and as a result of the adjustment, the ultimate share price has amounted to USD 295.943 thousand (TRY 2.112.206 thousand). As a result of the purchase; the part of the fair value of the acquired assets and liabilities amounting to USD 277.162 thousand (TRY 1.978.161 thousand) below the purchase price is recognized as goodwill amounting to USD 18.781 thousand (TRY 134.045 thousand).

As of the reporting date the movement of goodwill is as follows:

	31 December 2025	31 December 2024
Goodwill	804.696	662.608
	<u>804.696</u>	<u>662.608</u>
	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	662.608	552.886
Translation difference	142.088	109.722
Closing balance	<u>804.696</u>	<u>662.608</u>

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis. Value in use is determined by discounting the expected future cash flows to be generated by the cashgenerating unit.

The below key assumptions are used in the calculation of the value in use as of 31 December 2025:

The projection period for the purposes of goodwill impairment testing is approved by the management as 10 years between 1 January 2026 and 31 December 2035. Cash flows for further periods (perpetuity) were extrapolated using long term bond rate of 4,1% in US dollars. Weighted average cost of capital rate of 11,50% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. As of the reporting period, no impairment has been determined in the amount of goodwill associated with the Group's activities.

#### NOTE 18 – GOVERNMENT GRANTS AND INCENTIVES

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences:

- ✓ Incentives under the jurisdiction of the research and development law (100% corporate tax exemption etc.)
- ✓ Support in cash from Tubitak – Teydeb, in return for research and development expenditures,
- ✓ Inward processing permission certificates,
- ✓ Social Security Institution incentives
- ✓ Insurance premium employer share incentive.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 18 – GOVERNMENT GRANTS AND INCENTIVES (cont’d)**

Research and development incentive premiums received amounts to TRY 150.966 thousand (31 December 2024: TRY 92.716 thousand) which are considered as a deduction subject in the calculation of corporate tax calculation.

**NOTE 19 – EMPLOYEE BENEFITS**

The Group’s short term payables for employee benefits are as follows:

	31 December 2025	31 December 2024
Due to personnel	1.668.168	2.256.354
Social security premiums payable	741.057	2.670.138
	<u>2.409.225</u>	<u>4.926.492</u>

As of the reporting date long term provisions of the employee benefits of the Group are as follows:

	31 December 2025	31 December 2024
Provisions for employee termination benefits	5.326.510	5.121.104
Provisions for seniority incentive premium	707.462	361.262
Provision for unpaid vacations	709.170	689.016
	<u>6.743.142</u>	<u>6.171.382</u>

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

As of 31 December 2025, the amount payable consists of one month’s salary limited to a maximum of TRY 53.919,68 (31 December 2024: TRY 41.828,42) for each year of service. As of the reporting date, the employment termination benefit, which has been taken into account in the calculation of provision and will be applicable as of 1 January 2026, has been updated to TRY 64.948,77 per month.

The employment termination benefit legally is not subject to any funding requirement.

The employment termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees TMS 19 ("Employee Benefits") requires the Group's obligations to be developed using actuarial valuation methods within the scope of defined benefit plans.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 19 – EMPLOYEE BENEFITS (cont’d)**

The obligation as of 31 December 2025 has been calculated by an independent actuary and projected unit credit method is used in the calculation. The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

	31 December 2025	31 December 2024
Interest rate	27,12%	25,88%
Inflation rate	22,06%	21,81%

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 December 2025, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

The anticipated rate of resignation which do not result in the payment of employee benefits is also considered in the calculation. The anticipated rate of resignation is assumed to be related with the past experience, therefore past experiences of employees are analyzed and considered in the calculation. In the actuarial calculation as of 31 December 2025, the anticipated rate of resignation is considered to be inversely proportional to the past experience. The anticipated rate of resignation is between 0%-2% for the employees with past experience between 0-15 years or over.

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	5.121.104	4.761.820
Service cost	399.824	378.705
Interest cost	973.018	788.176
Actuarial loss/(gain)	(503.231)	693.104
Termination benefits paid	(635.721)	(1.420.056)
Translation difference	(28.484)	(80.645)
Closing balance	5.326.510	5.121.104

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. All other variables were held constant, the sensitivity analysis of the assumptions which was used for the calculation of provision for employment termination benefits as follows:

	Interest rate	
	1% increase	1% decrease
Change in rate		
Change in employee benefits liability	(222.332)	260.997
	Inflation rate	
	1% increase	1% decrease
Change in rate		
Change in employee benefits liability	270.337	(232.553)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 19 – EMPLOYEE BENEFITS (cont’d)**

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

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	361.262	296.149
Service cost	93.020	51.464
Interest cost	117.059	66.959
Actuarial loss/(gain)	232.552	32.603
Termination benefits paid	(93.430)	(83.331)
Translation difference	(3.001)	(2.582)
Closing balance	707.462	361.262

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

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance	689.016	524.506
Provision for the period	957.026	754.103
Vacation paid during the period (-)	(96.013)	(144.875)
Provisions released (-)	(842.649)	(429.553)
Translation difference	1.790	(15.165)
Closing balance	709.170	689.016

**NOTE 20 – PROVISIONS**

The Group’s short term provisions are as follows:

	31 December 2025	31 December 2024
Provision for lawsuits	1.197.012	880.160
Penalty provision for employment shortage of disabled personnel	24.030	9.505
Provision for state right on mining activities	190.407	149.949
Provision for land occupation	7.564	47.930
	1.419.013	1.087.544

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 20 – PROVISIONS (cont’d)**

The movement of the short term provisions is as follows:

	1 January 2025	Change for the period	Payments	Provision released	Translation difference	31 December 2025
Provision for lawsuits	880.160	895.303	(153.915)	(297.478)	(127.058)	1.197.012
Penalty provision for employment shortage of disabled personnel	9.505	26.288	(7.480)	(4.176)	(107)	24.030
Provision for state right on mining activities	149.949	196.012	(159.529)	(3.324)	7.299	190.407
Provision for land occupation	47.930	5.464	(42.315)	(6.575)	3.060	7.564
	<u>1.087.544</u>	<u>1.123.067</u>	<u>(363.239)</u>	<u>(311.553)</u>	<u>(116.806)</u>	<u>1.419.013</u>

	1 January 2024	Change for the period	Payments	Provision released	Translation difference	31 December 2024
Provision for lawsuits	534.502	417.392	(63.273)	(45.094)	36.633	880.160
Penalty provision for employment shortage of disabled personnel	6.637	4.157	-	(1.499)	210	9.505
Provision for state right on mining activities	129.992	157.825	(76.197)	(66.958)	5.287	149.949
Provision for land occupation	27.474	160.433	(136.519)	(277)	(3.181)	47.930
	<u>698.605</u>	<u>739.807</u>	<u>(275.989)</u>	<u>(113.828)</u>	<u>38.949</u>	<u>1.087.544</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 20 – PROVISIONS (cont’d)

##### Provision for lawsuits

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

	31 December 2025	31 December 2024
Lawsuits filed by the Group	1.981.681	1.469.097
	31 December 2025	31 December 2024
Lawsuits filed against the Group	701.000	587.296
Provision for lawsuits filed against the Group	1.197.012	880.160

As reported in detail in the Company’s footnotes to the consolidated financial statements as of December 31, 2024; at the Ordinary General Assembly Meeting held on March 30, 2006, for the fiscal year 2005, the decision regarding the profit distribution and the approval of the 2005 balance sheet and profit-loss accounts based on the consolidated financial statements dated December 31, 2005 and prepared in accordance with IFRS, were requested to be annulled by Privatization Administration. As a result of the lawsuit filed by the Privatization Administration, the court annulled the profit distribution decision and the approval of the 2005 balance sheet and profit-loss statement.

Accordingly at the Ordinary General Assembly Meeting held on March 26, 2025, the fourteenth item on the agenda regarding “The Discussion, Submission to Voting and Resolving the Proposal of Board of Directors regarding the General Assembly Resolution dated March 30, 2006, which was annulled by the Court Decision” was voted on by the General Assembly, and the following decisions were taken:

- Approval of the Company’s 2005 balance sheet and profit-loss statement, which was prepared and publicly disclosed by the Capital Markets Board on August 15, 2006.
- Since it was understood that, in accordance with the Board of Directors' decision dated March 14, 2006, numbered 8810, TRY 91.854.806 had been distributed as the first dividend from the net profit of TRY 345.722.321 as stated in the Company’s 2005 financial statements, which were prepared and publicly disclosed by the Capital Markets Board on August 15, 2006, and considering the Company's regulations and financial status, it was decided that no additional profit distribution would be made, and no further action would be taken regarding the profits distributed in previous periods.

If the Company had started preparing the consolidated financial statements subject to the lawsuit according to IFRS after December 31, 2005, it would have also prepared comparative consolidated financial statements in accordance with IFRS, as required by IFRS 1 'First-time Adoption of International Financial Reporting Standards,' and according to IFRS 3 'Business Combinations,' negative goodwill would have been directly transferred to retained earnings of previous years and would not have been associated with the consolidated profit or loss statement. Therefore, the net profit for the years ending on December 31, 2025, and December 31, 2024, as presented in the consolidated financial statements, has not been affected by the matters explained in the above paragraphs.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 20 – PROVISIONS (cont’d)**

##### **Provision for lawsuits (cont’d)**

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

It is learnt through a notification made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company before Ankara 14. Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ereğli Commercial Court of First Instance in Duty when the judgement becomes definite and in case of request. The case continued on file no. 2013/63 in Karadeniz Ereğli 2nd Civil Court of First Instance. At the hearing of the ongoing case dated 28 November 2017, Kdz. Ereğli 2. Civil Court of First Instance has decided to partially accept the case against Company. Company has applied for the appeal against the decision. With the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice, the decision of the Karadeniz. Ereğli 2nd Civil Court of First Instance has been annulled. The file was sent to the Karadeniz. Ereğli 2nd Civil Court of First Instance to be send back to the Regional Court of Justice after the reasoned decision was written. At the hearing dated February 22, 2022, it was decided that the case was partially accepted and partially rejected, subject to appeal. Our company has appealed against this decision on April 13, 2022. 22nd Civil Chamber of the Ankara Regional Court of Justice has decided to revoke the court's decision without consideration of merits and to send the file back to the court in order to be written appropriate grounds in the judgment part. On 27 March 2023 Kdz. Ereğli 2nd Civil Court of First Instance has partially accepted the case subject to appeal. Our company has applied for the appeal against the decision on 27 April 2023. 22. Civil Chamber of the Ankara Regional Court of Justice has sent the file back to the Kdz Ereğli 2. Civil Court of First Instance and requested from the court to send the file back to itself for re-examination after the court's evaluation of the Company's petition of correction. Therefore, Kdz. Ereğli 2. Civil Court of First Instance decided to make the hearing on 11 July 2023. At the hearing dated 11 July 2023, Kdz. Ereğli 2. Civil Court of First Instance has decided to correct the decision. The file was sent to Regional Court of Justice fort he appeal. On 14 June 2024 22. Civil Chamber of the Ankara Regional Court of Justice has partially accepted the case subject to appeal. The Company appealed against the decision on 5 September 2024. The 11th Civil Chamber of the Court of Cassation, by its decision dated July 9, 2025, has definitively approved the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice dated June 14, 2024, numbered 2023/1365 E. and 2024/847 K. In accordance with the final decision, TRY 74.835 thousand was paid on November 21, 2025, to the enforcement file initiated under number 2022/2583 E at the Kdz. Ereğli 2nd Enforcement Office.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 20 – PROVISIONS (cont’d)**

##### **Resolution of Constitutional Court on Electricity and Coal Gas Consumption Tax**

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Consumption Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the Company. Thereafter, the Company used its right to individual application at the Constitutional Court on 16 March 2015. In the General Assembly Resolution of Constitutional Court notified to the Company on 27 December 2018, it is decided that the property rights of the Company were violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 15 cases which were brought together within the scope of Company’s individual application.

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

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

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

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

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

6 lawsuits were filed against the notifications for penalty in the Zonguldak Tax Court by the Company on 20 January 2020. Zonguldak Tax Court has accepted the lawsuits and decided to cancel such notifications. Karadeniz Ereğli Municipality appealed against the decisions. Ankara Regional Administrative Court rejected the appeal of Kdz. Ereğli Municipality subject to appeal. Kdz. Ereğli Municipality appealed to the Council of State. The Council of State rejected the appeal of Kdz. Ereğli Municipality. The cases have been finalized in favor of the Company on 6 December 2022.

##### **Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli**

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

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 20 – PROVISIONS (cont’d)**

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

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

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

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

##### **Provision for state right on mining activities**

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

##### **Land occupation**

The Group owns and operates properties within and outside its factory grounds that are parking lots, parks, and roads, all under the ownership and control of the Municipality. In accordance with Article 75 of the State Tender Law No. 2886 and Article 85 of the Regulation on the Administration of Treasury Immovable Properties published in the Official Gazette dated 19/06/2007, No. 26557, compensation for unauthorized use of these properties is accrued as determined by the valuation committee.

In the current period, land occupation provision is recognized in the consolidated financial statements, considering property fair values presented land occupation notifications, their probable annual increases, and the discount rates applicable in the case of early payment and non-objection.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 21 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

The guarantees received by the Group are as follows:

	31 December 2025	31 December 2024
Letters of guarantees received	22.567.810	23.234.769
	<u>22.567.810</u>	<u>23.234.769</u>

The Collaterals, pledges and mortgages (CPM) given by the Group are as follows:

	31 December 2025	31 December 2024
A. Total CPM given for the Company's own legal entity	32.511.931	29.342.141
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	8.127.414	3.999.371
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>40.639.345</u>	<u>33.341.512</u>

Total CPM given by the Group in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 8.127.414 thousand has been given as collateral for financial liabilities explained in Note 7, tax receivables and for raw material procurements. As of 31 December 2025, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2024: 0%).

The foreign currency distribution of the collaterals given by the Group is as follows:

	31 December 2025	31 December 2024
US Dollars	10.524.647	11.575.520
Turkish Lira	28.034.062	19.990.720
EUR	2.080.636	1.775.272
	<u>40.639.345</u>	<u>33.341.512</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 22 – OTHER ASSETS AND LIABILITIES**

As of the reporting date, the details of the Group’s other assets and liabilities are as follows:

Other current assets

	31 December 2025	31 December 2024
Insurance income accruals	-	2.264.995
Other VAT receivable	11.573.880	8.989.807
Deferred VAT	3.103.740	4.804.529
Prepaid taxes and funds	890.844	944.183
Other current assets	393.899	226.294
	<u>15.962.363</u>	<u>17.229.808</u>

Prior period insurance income accruals; it consists of the amount of receivables for which an agreement was made within the scope of insurance of İsdemir, one of the subsidiaries of the Company, due to the earthquake that occurred on 6 February 2023.

Other non-current assets

	31 December 2025	31 December 2024
Other VAT receivable	1.572.034	1.279.098
	<u>1.572.034</u>	<u>1.279.098</u>

Other current liabilities

	31 December 2025	31 December 2024
VAT payable	1.229.397	1.050.821
Other current liabilities	22.705	22.255
	<u>1.252.102</u>	<u>1.073.076</u>

Other non-current liabilities

	31 December 2025	31 December 2024
Other non-current liabilities	27.540	22.654
	<u>27.540</u>	<u>22.654</u>

**NOTE 23 – DEFERRED INCOME**

As of the reporting date, the details of the Group’s short term deferred income are as follows:

	31 December 2025	31 December 2024
Advances received	1.745.533	1.057.726
Deferred income	100.199	103.502
	<u>1.845.732</u>	<u>1.161.228</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 24 – EQUITY

As of the Group’s reporting date the capital structure is as follows:

<u>Shareholders</u>	31 December		31 December	
	(%)	2025	(%)	2024
ATAER Holding A.Ş.	49,54	3.467.965	49,29	3.449.965
Quoted in Stock Exchange	46,49	3.253.911	46,74	3.271.911
Erdemir’s own shares	3,97	278.124	3,97	278.124
Historical capital	100,00	7.000.000	100,00	7.000.000
Restated capital		7.000.000		7.000.000
Treasury shares (-)		(1.315.022)		(1.315.022)
		<u>5.684.978</u>		<u>5.684.978</u>

On 17 June 2025, the Company’s main parent, ATAER Holding A.Ş., purchased a total nominal amount of TRY 18.000.000 of the Company’s publicly traded shares. Following this transaction, ATAER Holding A.Ş.’s shareholding increased from 49,29% to 49,54%.

The capital of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. is subject to the registered capital limit. The board of directors may, at any time it may think necessary, increase the capital by means of issuing bearer shares each with a nominal value of 1 Kr (one Kuruş) up to the amount of the registered capital, which is TRY 7.000.000.000.

The issued capital of the Company consists of 700.000.000.000 lots of shares (2024: 700.000.000.000 lots). The nominal value of each share is 1 Kr (Kuruş) (2024: 1 Kr). This capital is split between A and B group shares. Group A shares consist of 1 share with a share value of 1 Kr and Group B shares consist of 6.999.999.999,99 shares representing TRY 699.999.999.999 of the issued capital.

The Board of Directors consists of 9 members 3 of which are independent. The number and qualifications of independent members are ascertained in compliance with the CMB’s Communique numbered II-17,1 on Corporate Governance Principles.

The General Assembly has to choose one member to the Board of Directors from the nominees of the Privatization Administration as the beneficiary owner representing A Group shares. In case, the Board member representing the A Group shares leaves the board within the chosen period, a new board member is obliged to be chosen from the nominees of the Privatization Administration as the beneficiary owner. For decisions to be taken about the rights assigned to A Group shares, the board member representing A Group shares is also obliged to use an affirmative vote.

The decisions to change the Articles of Association of the Company that will have an effect on the board of directors’ meeting and decision quorum, rights assigned to A Group shares, rights assigned to A Group shares in relation to investments and employment decisions and any other changes in the Articles of Association of the Company which will directly or indirectly affect the rights of A Group shares, have to receive an affirmative vote of the beneficiary owner representing the A Group shares. Otherwise, the decisions are accepted as invalid.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 24 – EQUITY (cont’d)

Article IV-K of Articles of Association “According to Turkish Commercial Code Article 329, transactions of an entity’s own shares” Erdemir, as of 31 December 2025, holds its own shares with a nominal value of TRY 278.124 thousand (31 December 2024: TRY 278.124 thousand).

	31 December 2025	31 December 2024
Other Equity Items		
Share Premium	106.447	106.447
Cash Flow Hedging Reserves	(38.999)	47.523
Foreign Currency Translation Reserves Not to be Reclassified to Profit or Loss	121.294.709	98.513.282
Foreign Currency Translation Reserves to be Reclassified to Profit or Loss	(12.868.507)	(9.772.072)
Actuarial (Loss)/ Gain Fund	(2.593.253)	(2.961.205)
Restricted Reserves Assorted from Profit	11.864.692	10.973.470
Retained Earnings	163.810.037	120.873.630
	<u>281.575.126</u>	<u>217.781.075</u>

However, in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) on 13 June 2013 which is published on Official Gazette numbered 28676, “Paid-in capital”, “Restricted profit reserves” and “Share premium” should be presented by using their registered amounts in the statutory records. The restatement differences (e.g. inflation restatement differences) arising from the application of this Communiqué should be associated with the:

- “Capital restatement differences” item following the “paid-in capital” line item in the financial statements, if the differences are caused by “paid-in capital” and have not been added to capital yet;
- “Retained earnings”, if the differences are arising from “restricted profit reserves” and “share premium” and have not been associated with either profit distribution or capital increase yet.

Other equity items are carried at the amounts that are valued based on the TFRS. Capital restatement differences may only be considered as part of the paid-up capital.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate for the publicly-held subsidiaries. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 24 – EQUITY (cont’d)**

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used as an internal source of capital increase, dividend distribution in cash or the net off from prior period losses. In case of usage of the inflation adjustment differences in dividend distribution in cash, it is subject to corporate tax.

The legal reserves and the share premium, which is regarded as legal reserve in accordance with TCC Article 466, are presented using their amounts in statutory records. In this context, the difference of inflation restatements in accordance with TFRS framework, that are not subject to profit distribution or capital increase as of the date of financial statements, is associated with the prior periods’ profit or loss.

According to the first paragraph of Article 519 numbered 6102 of the Turkish Commercial Code (“TCC”), 5% of the profit shall be allocated as the first legal reserves, up to 20% of the paid/ issued capital. First dividend is appropriated for shareholders after deducting from the profit. Following the deduction of the amounts from the “profit”, General Assembly of Shareholders is authorized to decide whether shall be the remaining balance shall be fully or totally placed in extraordinary legal reserves or whether it is distributed, also taking into consideration the Company’s profit distribution policy. According to the sub-clause 3 of the clause 2 of Article 519 of the Turkish Commercial Code, after deducting dividends amounting to 5% of the paid/issued capital from the part decided to be allocated; ten percent of the remaining balance shall be appropriated to second legal reserves. If it is decided to distribute the profit as bonus share, through the method of adding the profit to the capital, second legal reserves is not appropriated.

According to the CMB Communiqué, until the Company’s Article of Association was revised on 31 March 2008, an amount equal to the first dividend distributed to shareholders is allocated as status reserves in order to be used in the plant expansion. Also, according to the 13th Article of Association before the revision on 31 March 2008, 5% of the net profit for the period after taxation is estimated to be allocated as legal reserves up until reaching 50% of the paid/issued capital. The reserve amount that exceeds the 20% of the legal reserves, defined by the Article 519 of TCC, is recorded as status reserve. Status reserves could be used for free capital increases and profit distribution.

As of the reporting period, the amount of resources available for profit distribution in the Company's statutory records is TRY 10.923.321 thousand.

The amendment in TAS-19 “Employee Benefits” does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of profit or loss. The gains and losses arising from the changes in the actuarial assumption have been accounted for by “Actuarial (Loss)/Gain Funds” under the equity. The funds for actuarial gains/ (losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

As it stated in Note 2.1, foreign currency translation reserve arises from expressing the assets and liabilities of the Group's foreign operations in reporting currency TRY by using exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are recognized under translation reserve in equity.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 25 – SALES AND COST OF SALES

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines. The amount of performance obligations in the ongoing contracts of the Group will be eligible for recognition in the future is TRY 1.745.533 thousand (Note 23). The Company plans to recognize related revenue amount as a revenue in a year.

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

	1 January - 31 December 2025	1 January - 31 December 2024
Domestic sales	146.728.333	156.718.987
Export sales	39.828.844	36.070.501
Other revenues	20.737.748	9.638.614
Interest income from sales with maturities	1.911.003	1.924.500
Sales returns (-)	(148.386)	(100.619)
Sales discounts (-)	(147.638)	(192.043)
	<u>208.909.904</u>	<u>204.059.940</u>
<u>Cost of sales (-)</u>	<u>(190.345.229)</u>	<u>(184.055.336)</u>
Gross profit	<u>18.564.675</u>	<u>20.004.604</u>

The total amount of product exports in other revenues is TRY 4.706.603 thousand (31 December 2024: TRY 4.416.958 thousand). Total interest income from export sales with maturities is TRY 8.273 thousand (31 December 2024: TRY 29.745 thousand).

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

	1 January - 31 December 2025	1 January - 31 December 2024
Raw material usage	(127.468.572)	(132.891.342)
Personnel costs	(18.752.175)	(14.714.827)
Energy costs	(14.456.588)	(11.974.512)
Depreciation and amortization expenses	(10.143.868)	(7.848.474)
Manufacturing overheads	(10.345.184)	(7.657.065)
Other cost of goods sold	(4.744.577)	(4.131.596)
Non-operating costs (*)	(1.701.481)	(760.667)
Freight costs for sales delivered to customers	(2.527.943)	(2.035.567)
Allowance expenses for impairment on inventories (Note 10)	(6.218)	(466.262)
Inventory provision released (Note 10)	1.016.391	263.984
Amortization of right of use assets	(154.127)	(61.521)
Other	(1.060.887)	(1.777.487)
	<u>(190.345.229)</u>	<u>(184.055.336)</u>

(\*) Non-operating part costs amounting to TRY (1.701.481) thousand incurred due to planned and/or unplanned halt production in the Group's production facilities is not associated with the product cost and is directly recognized in the cost of sales.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 26 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

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

	1 January - 31 December 2025	1 January - 31 December 2024
Marketing expenses (-)	(2.581.904)	(2.057.384)
General administrative expenses (-)	(6.462.327)	(5.356.542)
Research and development expenses (-)	(364.793)	(335.591)
	<u>(9.409.024)</u>	<u>(7.749.517)</u>

**NOTE 27 – OPERATING EXPENSES ACCORDING TO THEIR NATURE**

As of Group’s reporting date, the detail of marketing expenses according to their nature is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(997.748)	(779.048)
Depreciation and amortization (-)	(364.715)	(281.084)
Benefits and services from third parties (-)	(1.201.104)	(992.632)
Amortization of right of use assets (-)	(18.337)	(4.620)
	<u>(2.581.904)</u>	<u>(2.057.384)</u>

As of Group’s reporting date, the detail of general administrative expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(2.909.616)	(2.268.969)
Depreciation and amortization (-)	(355.693)	(424.390)
Benefits and services from third parties (-)	(2.863.158)	(2.458.467)
Tax, duty and charges (-)	(118.945)	(61.262)
Provision/ Provision released for doubtful receivables (net)	(34.436)	2.355
Amortization of right of use assets (-)	(180.479)	(145.809)
	<u>(6.462.327)</u>	<u>(5.356.542)</u>

As of Group’s reporting date, the detail of research and development expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses (-)	(222.814)	(172.618)
Depreciation and amortization (-)	(78.404)	(63.274)
Benefits and services from third parties (-)	(63.575)	(99.699)
	<u>(364.793)</u>	<u>(335.591)</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 27 – OPERATING EXPENSES ACCORDING TO THEIR NATURE (cont’d)**

**Fees related to services received from the independent audit firm**

Group, Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the "POA" Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Independent audit fee for reporting period	(19.565)	(10.141)
Fee for other assurance services	(3.113)	(2.020)
	<u>(22.678)</u>	<u>(12.161)</u>

**NOTE 28 – OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES**

As of Group’s reporting date, the detail of other operating income is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Other operating income</u>		
Foreign exchange gain from trade receivables and payables (net)	815.989	233.070
Forfeit advances from customers	47.137	4.323
Discount income	610	404
Provisions released	301.654	46.593
Service income	329.347	273.436
Maintenance repair and rent income	94.780	64.917
Warehouse income	106.763	145.731
Indemnity and penalty detention income	30.180	37.466
Prior period insurance indemnity income	41.445	87.400
Lawsuit income	44.671	3.767
Overdue interest income	150.587	93.683
Insurance indemnity income due to earthquake	-	8.522.852
Other income and gains	563.455	271.374
	<u>2.526.618</u>	<u>9.785.016</u>

Due to the earthquake on 6 February 2023, an considering that agreement has been reached for the collection of advance payments amounting to TRY 8.522.852 thousand related to the insurance compensation for İsdemir, one of the Company's subsidiaries, this amount has been accounted as accrued income in prior period financial statements.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 28 – OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES (cont’d)**

As of Group’s reporting date, the detail of other operating expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Other operating expenses (-)</u>		
Provision expenses	(921.591)	(421.549)
Lawsuit compensation expenses	(82.338)	(25.661)
Right of use assets amortization	-	(8.062)
Donation expenses	(69.047)	(100.143)
Service expenses	(184.787)	(161.293)
Penalty expenses	(37.680)	(47.820)
Other expenses and losses	(434.961)	(219.355)
	<u>(1.730.404)</u>	<u>(983.883)</u>

**NOTE 29 –INCOME/(EXPENSES) FROM INVESMENT ACTIVITIES**

As of Group’s reporting date, the detail of income from investment activities is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Net gain/(loss) from financial asset at fair value through profit or loss	-	112.298
Income from sales on tangible assets	484.210	41.808
Rent income from investment properties	147.751	233.862
Property,plant and equipment provisions released (Note 14)	632.086	134.026
	<u>1.264.047</u>	<u>521.994</u>

The income of TRY 483.109 thousand from the sale of investment property to Group’s ultimate partner Ordu Yardımlaşma Kurumu has been recorded in income from sales on tangible assets as of reporting period (Note 34).

As of Group’s reporting date, the detail of expenses from investment activities is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Loss on sales of tangible assets	(1.556)	(1.358)
Loss on disposal of tangible assets	(295.419)	(223.547)
Expenses from investment properties	(11.527)	(29.835)
Net gain/(loss) from venture capital mutual fund at fair value through profit or loss	(42.200)	(21.831)
	<u>(350.702)</u>	<u>(276.571)</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 30 – FINANCE INCOME**

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

	1 January - 31 December 2025	1 January - 31 December 2024
Interest income on bank deposits	6.015.329	4.636.307
Interest income from financial investments	-	322.651
Fair value differences of derivative financial instruments (net)	-	42.994
Other financial income	25.405	17.034
	<u>6.040.734</u>	<u>5.018.986</u>

**NOTE 31 – FINANCE EXPENSES**

As of Group’s reporting date, the breakdown of finance expenses is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Interest expenses on borrowings	(9.804.229)	(10.410.853)
Foreign exchange loss (net)	(2.377.109)	(984.587)
Interest cost of employee benefits	(1.090.077)	(855.135)
Interest expenses on leasings	(252.129)	(117.433)
Fair value differences of derivative financial instruments (net)	(504.542)	-
Other financial expenses	(180.860)	(105.040)
	<u>(14.208.946)</u>	<u>(12.473.048)</u>

The interest expenses of TRY 3.082.594 thousand have been capitalized as part of property, plant and equipment (31 December 2024: TRY 930.159 thousand).

**NOTE 32 – TAX ASSETS AND LIABILITIES**

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

	31 December 2025	31 December 2024
<u>Corporate tax payable:</u>		
Corporation tax for the prior period	-	1.031
Current corporate tax provision	798.826	596.140
Prepaid taxes and funds (-)	(293.780)	(279.546)
	<u>505.046</u>	<u>317.625</u>
<u>Taxation:</u>	1 January - 31 December 2025	1 January - 31 December 2024
Current corporate tax expense	731.393	554.233
Deferred tax (income) / expense	2.254.717	(1.224.958)
Tax (income) expense reported in the profit or loss	<u>2.986.110</u>	<u>(670.725)</u>

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 32 – TAX ASSETS AND LIABILITIES (cont’d)**

##### Corporate tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, non-taxable income.

Institutions with the Law No. 7456 published in the Official Gazette dated 15 July 2023 by making changes in the first paragraph of Article 32 of the Tax Law, the year 2023 and the following the corporate tax rate for corporate earnings of taxation periods has been increased to 25%. As of reporting date, the current corporate tax rate for the corporate earnings has been determined as 25% (31 December 2024: 25%).

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

The current corporate tax rate in Türkiye is 25%, 16% in Romania and 17% in Singapore as of 31 December 2025 (31 December 2024: in Türkiye 25%, in Romania 16%, in Singapore 17%).

The amount of the corporate tax paid by the Group in 2025 is TRY 611.405 thousand (31 December 2024: TRY 459.898 thousand).

Pursuant to the provisional article added to the Tax Procedure Law No. 213, which entered into force following its publication in the Official Gazette dated 25 December 2025 and numbered 33118, a legislative amendment has been enacted stipulating that, regardless of whether the conditions for inflation adjustment set forth under repeated Article 298 of the Tax Procedure Law are met, statutory financial statements will not be subject to inflation adjustment for the 2025 fiscal year including provisional tax periods as well as for the 2026 and 2027 fiscal years. Within this framework, the financial statements dated 31 December 2025, prepared in accordance with the Tax Procedure Law, have not been subject to inflation adjustment.

Losses can be carried forward to offset the future taxable income for up to maximum 5 years. However, losses cannot be carried back to offset the profits of the previous periods, retrospectively.

In Türkiye, a definite and distinct reconciliation procedure for tax assessment does not exist. Companies file their tax returns between 1 April - 25 April following the closing period of the related year’s accounts. Tax returns and related accounting records may be examined and revised within five years.

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

#### **NOTE 32 – TAX ASSETS AND LIABILITIES (cont’d)**

##### Investment discount application

In 2025, the reduced corporate tax incentive associated with the strategic investment incentive certificate obtained under Article 8/7 of the "Decision on State Aids in Investments" No. 2012/3305 was utilized. The investment contribution rate of the said investment incentive certificate is 50%.

##### Deferred tax

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

Although the General Communiqué No. 582 of the Tax Procedure Law stipulates that inflation adjustment will not be made in the first, second, third, and fourth provisional tax periods of the 2025 fiscal year; since inflation adjustment is required in the financial statements to be prepared in accordance with the Tax Procedure Law at the end of the 2025 fiscal year according to the tax legislation valid in the relevant interim periods, current and deferred tax calculations in the interim financial statements dated 31 March 2025, 30 June 2025 and 30 September 2025, have been made reflecting the effects of inflation in accordance with the Tax Procedure Law.

However, according to the temporary article added to the Tax Procedure Law No. 213, published in the Official Gazette dated 25 December 2025, and numbered 33118, it has been stipulated that the statutory financial statements shall not be subject to inflation adjustment in the 2025 accounting period and provisional tax periods, as well as the 2026 and 2027 accounting periods, regardless of whether the conditions for inflation adjustment under Article 298 of the Tax Procedure Law are met.

In this context, the financial statements as of 31 December 2025, prepared in accordance with the Tax Procedure Law, have not been subject to inflation adjustment, and these statements have been used as the basis for calculating current and deferred tax effects. The Group revalued depreciable assets in accordance with Article 298/Ç of the Tax Procedure Law for the relevant period; the increase in value was recorded in the fund account in the legal records. This practice is solely for tax purposes and has no effect on the book values of the TFRS financial statements.

Article 32, paragraph seven of the Corporate Tax Law No. 5520 stipulates that the corporate tax rate shall be applied with a 5% point reduction to the profits derived exclusively from export activities of exporting companies; and paragraph eight of the same article stipulates that the corporate tax rate shall be applied with a 1% point reduction to the profits derived exclusively from production activities of companies holding an industrial registration certificate and actually engaged in production activities.

In this context, the effective corporate tax rate that the Group will use for deferred tax accounting as of the reporting date has been determined taking into account the above regulations.

The tax rate used in calculation of deferred tax assets and liabilities (excluding land) is 24% for the corporate earnings to be obtained in the taxation periods of 2025. The effective corporate tax rate is 16% in Romania and 17% in Singapore (31 December 2024: in Türkiye 25%, in Romania 16%, in Singapore 17). The deferred tax on the temporary timing differences arising from land is calculated with the 18,75% tax rate (31 December 2024: 18,75%).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 32 – TAX ASSETS AND LIABILITIES (cont’d)**

Deferred tax (cont’d)

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

	31 December 2025	31 December 2024
<u>Deferred tax assets:</u>		
Provisions for employee benefits	1.907.074	1.971.280
Investment incentive	59.444	190.675
Provision for lawsuits	233.502	185.960
Fair values of the derivative financial instruments	51.261	-
Inventories	431.049	490.017
Unused tax losses	3.602.307	2.149.085
Tangible and intangible assets	876.088	661.313
Financial lease payables	321.235	228.229
Other	710.322	576.925
	<u>8.192.282</u>	<u>6.453.484</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible assets	(25.606.606)	(19.357.384)
Fair values of the derivative financial instruments	-	(54.865)
Amortized cost adjustment on loans	(133.301)	(96.017)
Right of use assets	(346.209)	(241.205)
Inventories	(525.734)	(27.680)
Other	(434.722)	(95.177)
	<u>(27.046.572)</u>	<u>(19.872.328)</u>
	<u>(18.854.290)</u>	<u>(13.418.844)</u>

In the financial statements which are prepared according to the TFRS, of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its affiliates that are separate taxpayer entities, the net deferred tax assets and liabilities of the related companies are classified separately within the accounts of deferred tax assets and liabilities of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries’ consolidated financial statements. The temporary differences disclosed above besides the deferred tax asset and liabilities, have been prepared on the basis of the gross values and show the net deferred tax position.

<u>Presentation of deferred tax assets/(liabilities):</u>	31 December 2025	31 December 2024
Deferred tax assets	389.430	255.704
Deferred tax (liabilities)	(19.243.720)	(13.674.548)
	<u>(18.854.290)</u>	<u>(13.418.844)</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 32 – TAX ASSETS AND LIABILITIES (cont’d)**

The total amount of tax loss balances which are subject to recognition of deferred tax asset and the related maturity distribution are as follows:

<u>Expiration dates of unused tax losses</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
2029	8.596.340	8.596.340
2030	6.413.273	-
	<u>15.009.613</u>	<u>8.596.340</u>

Movements of deferred tax assets / (liabilities) as follows:

	<u>1 January - 31 December 2025</u>	<u>1 January - 31 December 2024</u>
Opening balance	(13.418.844)	(12.378.359)
Deferred tax income/(expense)	(2.254.717)	1.224.958
The amount in comprehensive income	(96.896)	134.572
Translation difference	(3.083.833)	(2.400.015)
Closing balance	<u>(18.854.290)</u>	<u>(13.418.844)</u>

Reconciliation of tax provision is as follows:

	<u>1 January - 31 December 2025</u>	<u>1 January - 31 December 2024</u>
Profit (Loss) before tax	3.680.455	13.522.321
Statutory tax rate	25%	25%
Calculated tax expense according to effective tax rate	(920.114)	(3.380.580)
<u>Reconciliation between the tax provision and calculated tax:</u>		
- Non-deductible expenses	(252.865)	(180.712)
- Non-deductible income	97.502	65.359
- Effect of currency translation (*)	(4.694.680)	2.117.588
- The effect of investments valued using the equity method	25.684	51.167
- Investment incentive	2.741.985	2.007.718
- Application of 1 point reduction in the effective tax rate	36.805	-
- Effect of the different tax rates due to foreign subsidiaries	(20.427)	(9.815)
Total tax expense reported in the statement of income (loss)	<u>(2.986.110)</u>	<u>670.725</u>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 32 – TAX ASSETS AND LIABILITIES (cont’d)**

The Group has a strategic investment incentive certificate based on the Council of Ministers Decision No. 2012/3305 published in the Official Gazette dated 19 June 2012. As of the reporting date, reduced corporate tax has been used under the strategic investment incentive certificate.

As of Group’s reporting date, the details of the tax income/(expense) of the other comprehensive income/(loss) are as follows:

	1 January - 31 December 2025		
	Amount before tax	Tax income/ (expense)	Amount after tax
<u>Other comprehensive income/(loss) in current period</u>			
Change in actuarial (loss)/gain	503.231	(125.808)	377.423
Change in cash flow hedging reserves	(115.649)	28.912	(86.737)
Change in foreign currency translation reserves	51.196.830	-	51.196.830
	<u>51.584.412</u>	<u>(96.896)</u>	<u>51.487.516</u>

  

	1 January - 31 December 2024		
	Amount before tax	Tax income/ (expense)	Amount after tax
<u>Other comprehensive income/(loss) in current period</u>			
Change in actuarial (loss)/gain	(693.104)	173.276	(519.828)
Change in cash flow hedging reserves	154.817	(38.704)	116.113
Change in foreign currency translation reserves	39.011.660	-	39.011.660
	<u>38.473.373</u>	<u>134.572</u>	<u>38.607.945</u>

**NOTE 33 – EARNINGS PER SHARE**

	1 January - 31 December 2025	1 January- 31 December 2024
<u>Number of shares outstanding</u>	700.000.000.000	700.000.000.000
Number of shares outstanding after buyback	672.187.629.635	672.187.629.635
Net profit attributable to equity holders	511.801	13.481.348
Earnings per share with 1 TRY nominal value TRY %	0,0761 / % 7,61	2,0056 / % 200,56

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 34 – RELATED PARTY DISCLOSURES

The immediate parent and ultimate controlling parent of the Group are Ataer Holding A.Ş. and Ordu Yardımlaşma Kurumu respectively (Note 1). The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note. Trade receivables and payables from related parties operated as current account.

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

	31 December 2025	31 December 2024
<u>Due from related parties (short term)</u>		
OYAK Renault Otomobil Fab. A.Ş. <sup>(2)</sup>	606.024	401.046
Miilux Poland Sp. Z.o.o. <sup>(1)</sup>	-	19.092
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(3)</sup>	12.047	30.207
OYAK Çimento Fabrikaları A.Ş. <sup>(2)</sup>	30.860	-
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. <sup>(1)</sup>	95.927	147.976
Other	5.072	5.526
	<u>749.930</u>	<u>603.847</u>

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

	31 December 2025	31 December 2024
<u>Other receivables from related parties (short term)</u>		
OYAK NYK RO-RO Liman İşletmeleri A.Ş. <sup>(1)</sup>	27.062	18.767
	<u>27.062</u>	<u>18.767</u>

	31 December 2025	31 December 2024
<u>Other receivables from related parties (long term)</u>		
OYAK NYK RO-RO Liman İşletmeleri A.Ş. <sup>(1)</sup>	173.372	121.006
	<u>173.372</u>	<u>121.006</u>

According to TFRS 16 provision, other short term and long term receivables from related parties arise from monetary receivables under the sub-lease transactions.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 34 – RELATED PARTY DISCLOSURES (cont’d)**

	31 December 2025	31 December 2024
<u>Prepaid expenses to related parties (short term)</u>		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. <sup>(1)</sup>	285.623	23.661
OYAK Çimento Fabrikaları A.Ş. <sup>(2)</sup>	-	1.207
Other	36	32
	<u>285.659</u>	<u>24.900</u>
	31 December 2025	31 December 2024
<u>Prepaid expenses to related parties (long term)</u>		
OYAK İnşaat A.Ş. <sup>(1)</sup>	-	129.031
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(1)</sup>	55.958	47.892
	<u>55.958</u>	<u>176.923</u>

Prepaid expenses from related parties are related with service and advance transactions of fixed assets.

	31 December 2025	31 December 2024
<u>Due to related parties (short term)</u>		
Amsterdam Scrap Terminal B.V. <sup>(1)</sup>	3.403.140	-
OYAK Yenilenebilir Enerji A.Ş. <sup>(1)</sup>	5.108	179.674
Omsan Lojistik A.Ş. <sup>(1)</sup>	1.198.653	483.109
Ordu Yardımlaşma Kurumu <sup>(4)</sup>	784.690	518.028
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(1)</sup>	777.213	245.338
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(1)</sup>	288.014	80.644
Omsan Logistica SRL <sup>(1)</sup>	17.459	9.927
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(1)</sup>	406.809	85.697
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. <sup>(1)</sup>	41.207	22.099
OYAK İnşaat A.Ş. <sup>(1)</sup>	41.323	57.129
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. <sup>(1)</sup>	26.496	4.091
Doco Petrol ve Danışmanlık A.Ş. <sup>(1)</sup>	67.806	20.686
OYAK Çimento Fabrikaları A.Ş. <sup>(2)</sup>	-	13.767
Other	171.801	117.294
	<u>7.229.719</u>	<u>1.837.483</u>

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

<sup>(1)</sup> Subsidiaries of the ultimate parent

<sup>(2)</sup> Joint venture of the ultimate parent

<sup>(3)</sup> Joint venture of subsidiary

<sup>(4)</sup> Ultimate parent

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 34 – RELATED PARTY DISCLOSURES (cont’d)**

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Major sales to related parties</u>		
Ordu Yardımlaşma Kurumu <sup>(4)</sup>	5.825.560	-
OYAK Renault Otomobil Fab. A.Ş. <sup>(2)</sup>	2.932.170	2.126.571
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. <sup>(1)</sup>	2.596	13.929
OYAK Çimento Fabrikaları A.Ş. <sup>(2)</sup>	25.976	109.954
Likitgaz Dağıtım ve Endüstri A.Ş. <sup>(1)</sup>	19.050	61.402
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(1)</sup>	18.059	14.663
İskenderun Enerji Üretim ve Ticaret A.Ş. <sup>(1)</sup>	5.677.986	5.558.814
Milux Yüksek Mukavemetli Çelik Üretim A.Ş. <sup>(1)</sup>	409.476	484.186
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(3)</sup>	459.024	413.139
Other	58.077	152.199
	<u>15.427.974</u>	<u>8.934.857</u>

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

The Group has carried out a fixed asset sale amounting to TRY 5.600.000 thousand from the "Investment Properties" item in the consolidated financial position statement to its ultimate parent, the Ordu Yardımlaşma Kurumu, as of the sale date. The amount related to the sale of investment property was collected in cash as of the reporting date and reported under “Cash Inflow from Sales of Investment Property” in the consolidated statement of cash flow. The fair value related to the sale was determined based on valuations conducted by independent appraisal companies authorized by the CMB, primarily referencing comparable property values. As of the reporting date, the income of TRY 483.109 thousand obtained from the sale of the investment property has been recorded under the "Income from Investment Activities" item in the Group's summary consolidated statement of profit or loss.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 34 – RELATED PARTY DISCLOSURES (cont’d)**

	1 January - 31 December 2025	1 January - 31 December 2024
<u>Major purchases from related parties</u>		
Amsterdam Scrap Terminal B.V. <sup>(1)</sup>	5.860.430	-
Omsan Denizcilik A.Ş. <sup>(1)</sup>	679.724	724.001
OYAK Pazarlama Hizmet ve Turizm A.Ş. <sup>(1)</sup>	2.457.203	1.705.143
Omsan Lojistik A.Ş. <sup>(1)</sup>	4.707.155	4.565.825
OYAK Savunma ve Güvenlik Sistemleri A.Ş. <sup>(1)</sup>	926.773	1.006.205
Omsan Logistica SRL <sup>(1)</sup>	184.811	200.888
OYAK Denizcilik ve Liman İşletmeleri A.Ş. <sup>(1)</sup>	1.191.392	992.989
Doco Petrol ve Danışmanlık A.Ş. <sup>(1)</sup>	240.706	209.049
İsdemir Linde Gaz Ortaklığı A.Ş. <sup>(3)</sup>	795.234	695.145
OYAK Çimento Fabrikaları A.Ş. <sup>(2)</sup>	255.585	410.796
OYAK İnşaat A.Ş. <sup>(1)</sup>	841.336	528.707
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. <sup>(1)</sup>	1.035.621	450.752
Güzel Enerji Akaryakıt A.Ş. <sup>(1)</sup>	22.310	20.733
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. <sup>(1)</sup>	48.349	42.692
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. <sup>(1)</sup>	75.000	27.673
OYAK Yenilenebilir Enerji A.Ş. <sup>(1)</sup>	167.799	2.269.547
Other	985.102	557.702
	<u>20.474.530</u>	<u>14.407.847</u>

The major purchases from related parties are generally due to the purchase of services, fixed assets and energy.

- <sup>(1)</sup> Subsidiaries of the ultimate parent
- <sup>(2)</sup> Joint venture of the ultimate parent
- <sup>(3)</sup> Joint venture of subsidiary
- <sup>(4)</sup> Ultimate parent

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

The period end balances are un-secured and their collections will be done in cash. As of 31 December 2025, the Group provides no provision for the receivables from related parties (31 December 2024: None).

Salaries, bonuses and other benefits of the key management:

The key management of the Group consists of the Board of Directors, the Group President and Vice Presidents the General Manager and Assistant General Managers. For the year ended 31 December 2025, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Group is TRY 236.543 thousand (31 December 2024: TRY 147.115 thousand).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 35 – EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)**

Inflation adjustments have been made in accordance with TAS 29 for all non-monetary assets, liabilities, and profit or loss statements of the Group's subsidiaries whose functional currency is the Turkish Lira.

In this context, the inflation adjustments made in the financial statements of Erdemir Madencilik San. ve Tic. A.Ş., Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş., and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş., which are subject to consolidation and have the Turkish Lira as their functional currency, as of the reporting date are as follows:

	31 December 2025	31 December 2024
	<b>TRY'000</b>	<b>TRY'000</b>
<b>Statement of Financial Position Items</b>	<b>1.030.070</b>	<b>48.308</b>
Inventories	56.489	62.413
Prepaid Expenses	294.082	581.252
Property, Plant and Equipment	4.127.422	2.905.307
Right of Use Assets	6.462	3.299
Intangible Assets	4.715	997
Inflation Adjustment to Capital	(1.241.397)	(1.193.039)
Revaluation Reserve of Tangible Assets	(18.458)	(18.366)
Actuarial (Loss) Gain funds	23.189	16.027
Restricted Reserves Assorted from Profit	(722.764)	(717.279)
Retained Earnings	(1.499.670)	(1.592.303)
<b>Profit or Loss Items</b>	<b>(153.630)</b>	<b>(578.236)</b>
Revenue	(1.058.550)	(1.396.187)
Cost of Sales	668.331	775.061
Marketing Expenses	2.242	2.284
General Administrative Expenses	68.449	44.999
Other Operating Income (Expense)	(6.398)	(5.412)
Income (Expenses) from Investing Activities	26	(123)
Finance Income (Expense)	172.270	1.142
<b>Net Monetary Position Gain / (Loss)</b>	<b>876.440</b>	<b>(529.928)</b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

##### (a) Capital risk management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings as disclosed in Note 24.

The Group’s Board of Directors analyzes the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of reporting date the net (credit) debt /equity ratio is as follows:

	Note	31 December 2025	31 December 2024
Total financial liabilities	7	158.340.895	121.288.196
Less: Cash and cash equivalents	4	115.476.723	55.259.993
Net (credit) debt		42.864.172	66.028.203
Total adjusted equity (*)		299.912.036	247.338.093
Total resources		342.776.208	313.366.296
Net (credit) debt/Total adjusted equity ratio		14%	27%
Distribution of net (credit) debt/ total adjusted equity		13/87	21/79

(\*) Total adjusted equity is calculated by subtracting cash flow hedging reserves and actuarial gain/(loss) fund and adding non-controlling interests.

##### (b) Significant accounting policies

The Group’s accounting policies related to the financial instruments are disclosed in Note 2 “Summary of Significant Accounting Policies, 2.8.9 Financial Instruments”.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

---

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(cont’d)**

(c) Financial risk management objectives

The Group manages its financial instruments through a separate treasury function which was established for that purpose. The developments are followed on a real time basis. The Group’s corporate treasury function manages the financial instruments through daily regular meetings by evaluating the domestic and international markets and by considering the daily cash inflows and outflows in accordance with the policies and regulations issued by the Group Risk Management Unit.

At the end of each day, each Group company prepares a “Daily Cash report” and Group Risk Management Unit calculates daily for cash and cash equivalents. The information included therein is consolidated by the treasury function and used to determine the cash management strategies.

Thus, all financial transactions of the Group are managed centrally. Additionally, the Group’s annual payment schedules are followed through the weekly reports and annual cash management is followed by the monthly reports.

The Group utilizes derivative financial instruments as required and within the terms and conditions determined by the Group Risk Management Unit. Instruments that are highly liquid and securing a high-level yield are preferred when determining the financial instruments. In that respect, the Group has a right to claim the accrued interest on time deposits when withdraw before the predetermined maturity.

(d) Market risk

The Group is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Group follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Group prefers floating interest rates for long term borrowings. To hedge against the interest risk the Group uses interest swap contracts for some of its borrowings.

In the current period, there is no significant change in the Group’s exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

##### (e) Credit risk management

Trade receivables include a large number of customers scattered in various sectors and regions. There is no risk concentration on a specific customer or a group of customers. The majority trade receivables are assured by bank letters of guarantee and/or credit limits. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
<b>31 December 2025</b>							
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	749.930	26.697.747	200.434	260.377	115.476.649	27.716	-
- Secured part of the maximum credit risk exposure via collateral etc.	-	22.567.810	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	749.930	26.521.726	200.434	260.377	115.476.649	27.716	-
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	176.021	-	-	-	-	-
- secured part via collateral etc.	-	97.359	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	195.603	-	-	-	-	-
- Impairment (-)	-	(195.603)	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

The maturity of TRY 176.021 thousand that is overdue but not impaired is in the range of 0-3 months.

(\*) The factors that increase credibility such as guarantees received are not taken into account in determination of the amount.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

##### (e) Credit risk management (cont’d)

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
<b>31 December 2024</b>							
Maximum credit risk exposure as of balance sheet date (*) (A+B+C+D+E)	603.847	25.860.067	139.773	188.113	54.147.530	249.118	-
- Secured part of the maximum credit risk exposure via collateral etc.	-	23.234.769	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	603.847	25.626.114	139.773	188.113	54.147.530	249.118	-
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	233.953	-	-	-	-	-
- secured part via collateral etc.	-	207.211	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	138.031	-	-	-	-	-
- Impairment (-)	-	(138.031)	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

The maturity of TRY 233.953 thousand that is overdue but not impaired is in the range of 0-3 months.

(\*) The factors that increase credibility such as guarantees received are not taken into account in determination of the amount.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(e) Credit risk management (cont’d)

Explanation on the credit risk which the Group is exposed:

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer’s credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

<b>Category</b>	<b>Description</b>	<b>Basis for recognizing expected credit losses</b>
Secured receivables	Consist of secured receivables	Not generating credit losses
Recoverable receivables	The counterparty has a low risk of default and secured	Not generating credit losses
Doubtful or past due receivables	Amount is past due or there has been a significant	% 100 allowance for unsecured receivables
Write-off	There is an evidence indicating that debtor is in serious financial distress and the Group has no expectation of collection of the relevant amounts	Amount is written off

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(f) Foreign currency risk management

As of reporting period, stated in Note 2.8.9 the foreign currency position of the Group in terms of original currency is calculated as follows:

	31 December 2025				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	3.874.417	269.195	70.836	-	4.401
2a. Monetary financial assets	22.066.443	21.813.387	4.146	76	4.538
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	740.818	716.413	328	-	804
<b>4. CURRENT ASSETS (1+2+3)</b>	<b>26.681.678</b>	<b>22.798.995</b>	<b>75.310</b>	<b>76</b>	<b>9.743</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.035.255	1.035.055	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	5.985.617	360.055	111.422	-	2.306
<b>8. NON-CURRENT ASSETS (5+6+7)</b>	<b>7.020.872</b>	<b>1.395.110</b>	<b>111.426</b>	<b>-</b>	<b>2.306</b>
<b>9. TOTAL ASSETS (4+8)</b>	<b>33.702.550</b>	<b>24.194.105</b>	<b>186.736</b>	<b>76</b>	<b>12.049</b>
10. Trade payables	13.075.121	7.964.429	98.399	125.850	11.984
11. Financial liabilities	5.514.116	2.876.055	52.367	-	-
12a. Other monetary financial liabilities	5.649.570	5.496.489	2.302	-	3.732
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. CURRENT LIABILITIES (10+11+12)</b>	<b>24.238.807</b>	<b>16.336.973</b>	<b>153.068</b>	<b>125.850</b>	<b>15.716</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	3.426.297	826.728	51.603	-	-
16a. Other monetary financial liabilities	6.479.461	6.467.347	-	-	1.219
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. NON-CURRENT LIABILITIES (14+15+16)</b>	<b>9.905.758</b>	<b>7.294.075</b>	<b>51.603</b>	<b>-</b>	<b>1.219</b>
<b>18. TOTAL LIABILITIES (13+17)</b>	<b>34.144.565</b>	<b>23.631.048</b>	<b>204.671</b>	<b>125.850</b>	<b>16.935</b>
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	<b>(1.267.686)</b>	<b>-</b>	<b>(25.210)</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative financial assets	1.910.864	-	38.000	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	3.178.550	-	63.210	-	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>(1.709.701)</b>	<b>563.057</b>	<b>(43.145)</b>	<b>(125.774)</b>	<b>(4.886)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(7.168.450)</b>	<b>(513.411)</b>	<b>(129.685)</b>	<b>(125.774)</b>	<b>(7.996)</b>
22. Fair value of derivative financial instruments used in foreign currency hedge	(150.003)	-	(2.983)	-	-
23. Hedged foreign currency assets	3.178.550	-	63.210	-	-
24. Hedged foreign currency liabilities	1.910.864	-	38.000	-	-
25. Exports	44.543.720	-	-	-	-
26. Imports	94.064.179	-	-	-	-

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

##### (f) Foreign currency risk management (cont’d)

	31 December 2024				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	2.998.691	245.477	73.151	-	8.978
2a. Monetary financial assets	29.678.847	28.858.432	21.742	21	2.957
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	407.843	381.905	666	-	200
<b>4. CURRENT ASSEIS (1+2+3)</b>	<b>33.085.381</b>	<b>29.485.814</b>	<b>95.559</b>	<b>21</b>	<b>12.135</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.300.283	1.300.138	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	4.128.717	749.422	91.640	56.889	-
<b>8. NON-CURRENT ASSEIS (5+6+7)</b>	<b>5.429.000</b>	<b>2.049.560</b>	<b>91.644</b>	<b>56.889</b>	<b>-</b>
<b>9. TOTAL ASSEIS (4+8)</b>	<b>38.514.381</b>	<b>31.535.374</b>	<b>187.203</b>	<b>56.910</b>	<b>12.135</b>
10. Trade payables	8.119.774	5.588.474	65.536	107.910	12.770
11. Financial liabilities	8.758.685	8.246.778	13.910	-	-
12a. Other monetary financial liabilities	7.766.641	7.698.883	1.052	-	3.906
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. CURRENT LIABILITIES (10+11+12)</b>	<b>24.645.100</b>	<b>21.534.135</b>	<b>80.498</b>	<b>107.910</b>	<b>16.676</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	2.889.586	529.752	64.122	-	-
16a. Other monetary financial liabilities	5.927.570	5.922.437	-	-	690
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. NON-CURRENT LIABILITIES (14+15+16)</b>	<b>8.817.156</b>	<b>6.452.189</b>	<b>64.122</b>	<b>-</b>	<b>690</b>
<b>18. TOTAL LIABILITIES (13+17)</b>	<b>33.462.256</b>	<b>27.986.324</b>	<b>144.620</b>	<b>107.910</b>	<b>17.366</b>
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	<b>(2.038.460)</b>	<b>-</b>	<b>(55.489)</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	2.038.460	-	55.489	-	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>3.013.665</b>	<b>3.549.050</b>	<b>(12.906)</b>	<b>(51.000)</b>	<b>(5.231)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>515.565</b>	<b>2.417.723</b>	<b>(49.723)</b>	<b>(107.889)</b>	<b>(5.431)</b>
22. Fair value of derivative financial instruments used in foreign currency hedge	118.878	-	3.236	-	-
23. Hedged foreign currency assets	2.038.460	-	55.489	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-
25. Exports	40.517.204	-	-	-	-
26. Imports	107.849.486	-	-	-	-

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(f) Foreign currency risk management (cont’d)

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

As of 31 December 2025 asset balances are translated by using the following exchange rates; TRY 42,8457 = US \$ 1, TRY 50,2859 = EUR 1, TRY 0,2729 = JPY 1 and 9,8123 TRY = RON 1 and liability are translated by using the following exchange rates; TRY 42,9229 = US \$ 1, TRY 50,3765 = EUR 1, TRY 0,2747 = JPY 1 and 9,9407 TRY = RON 1 (31 December 2024: for asset balances: TRY 35,2803 = US \$ 1, TRY 36,7362 = EUR 1, TRY 0,2249 = JPY 1 and TRY 7,3429 = RON 1, for liability balances: TRY 35,3438 = US \$ 1, TRY 36,8024 = EUR 1, TRY 0,2264 = JPY 1 and TRY 7,4389 = RON 1).

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2025		
1- TRY net asset/liability	(51.341)	51.341
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(51.341)	51.341
5- RON net asset/liability	(8.063)	8.063
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	(8.063)	8.063
9- Eur net asset/liability	(653.987)	653.987
10- Hedged portion from Eur risk (-)	(126.771)	126.771
11- Effect of capitalization (-)	-	-
12- Eur net effect (9+10+11)	(780.758)	780.758
13- Jap. Yen net asset/liability	(3.455)	3.455
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(3.455)	3.455
<b>TOTAL (4+8+12+16)</b>	<b>(843.617)</b>	<b>843.617</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(f) Foreign currency risk management (cont’d)

31 December 2024	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
1- TRY net asset/liability	241.772	(241.772)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	241.772	(241.772)
5- RON net asset/liability	(4.155)	4.155
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON Dollars net effect (5+6+7)	(4.155)	4.155
9- Eur net asset/liability	(183.621)	183.621
10- Hedged portion from Eur risk (-)	(203.846)	203.846
11- Effect of capitalization (-)	-	-
12- Eur net effect (9+10+11)	(387.467)	387.467
13- Jap. Yen net asset/liability	(2.442)	2.442
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(2.442)	2.442
<b>TOTAL (4+8+12+16)</b>	<b>(152.292)</b>	<b>152.292</b>

(g) Interest rate risk management

Some of the Group’s borrowings are based on floating interest rate terms. In order to manage the exposure to interest rate movements on certain portion of the bank borrowings, the Group uses interest rate swaps and changes floating rates to fixed rates.

In addition, through the use of deposits in which the Group has a right to claim the accrued interest when withdrawn before the predetermined maturity, the Group minimizes the interest rate risk by increasing the share of floating rate denominated assets in its consolidated the balance sheet. Furthermore, for borrowings denominated in foreign currencies, except for US Dollars, the Group minimizes its interest rate risk by leveraging in foreign currencies that bear lower interest rate. In addition, a higher interest rate is applied to the trade receivables with a maturity when compared to the interest rate exposed for trade payables.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(g) Interest rate risk management(cont’d)

Interest rate sensitivity

The following sensitivity analysis is based on forecasted interest rate changes for the liabilities denominated in variable interest rates. The information details the Group’s sensitivity to an increase/decrease of 0,50% for US Dollars and EUR, 0,25% for Jap.Yen and 1,00% for TRY denominated interest rates.

Since the principal payments of the loans with floating interest rates are not affected from changes in interest rates, the risk exposure of the Group loans is measured using a sensitivity analysis instead of a Value at Risk calculation.

	31 December 2025	31 December 2024
<b>Floating interest rate financial instruments</b>		
Financial liabilities	37.351.281	26.960.492

For the year round, if the US Dollars, EUR and Jap. Yen denominated interest rates increase/decrease by 100 base points in TRY, 50 base points in US Dollars and EUR and 25 base points in Jap.Yen respectively ceteris paribus, the profit before taxation and non-controlling interest after considering the effect of capitalization and hedging would be lower/higher TRY 145.503 thousand.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Group manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

The following table details the Group’s expected maturity for its derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

(h) Liquidity risk management (cont’d)

**31 December 2025**

<u>Contractual maturity analysis</u>	<b>Book value</b>	<b>Total cash outflow per agreement (I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non derivative financial liabilities</b>						
Borrowings from banks, issued bonds	157.003.444	182.888.540	13.790.319	28.782.410	137.130.286	3.185.525
Financial lease payables	1.337.451	4.297.511	129.048	387.143	884.864	2.896.456
Trade payables	68.762.035	68.762.035	45.312.639	23.449.396	-	-
Other financial liabilities (*)	3.479.578	3.479.578	3.479.578	-	-	-
<b>Total liabilities</b>	<b>230.582.508</b>	<b>259.427.664</b>	<b>62.711.584</b>	<b>52.618.949</b>	<b>138.015.150</b>	<b>6.081.981</b>
<b>Derivative financial liabilities</b>						
Derivative cash inflows	27.716	6.743.208	4.443.565	2.276.299	23.344	-
Derivative cash outflows	(213.680)	(6.601.597)	(4.301.954)	(2.276.299)	(23.344)	-
	<b>(185.964)</b>	<b>141.611</b>	<b>141.611</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Only the financial liabilities under other payables and liabilities are included.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)**

(h) Liquidity risk management (cont’d)

**31 December 2024**

<b><u>Contractual maturity analysis</u></b>	<b>Book value</b>	<b>Total cash outflow per agreement (I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non derivative financial liabilities</b>						
Borrowings from banks, issued bonds	120.375.279	147.803.472	22.810.941	15.802.730	104.549.511	4.640.290
Financial lease payables	912.917	2.305.807	90.195	270.586	828.821	1.116.205
Trade payables	30.023.470	30.023.470	30.023.470	-	-	-
Other financial liabilities (*)	3.380.029	3.380.029	3.380.029	-	-	-
<b>Total liabilities</b>	<b>154.691.695</b>	<b>183.512.778</b>	<b>56.304.635</b>	<b>16.073.316</b>	<b>105.378.332</b>	<b>5.756.495</b>
<b>Derivative financial liabilities</b>						
Derivative cash inflows	249.118	6.783.042	4.167.710	2.615.332	-	-
Derivative cash outflows	-	(6.330.515)	(3.715.183)	(2.615.332)	-	-
	<b>249.118</b>	<b>452.527</b>	<b>452.527</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Only the financial liabilities under other payables and liabilities are included.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)**

Categories of the financial instruments and their fair values

	Financial assets/ liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value	Note
<b>31 December 2025</b>					
<b><u>Financial Assets</u></b>					
Cash and cash equivalents	115.476.723	-	-	115.476.723	4
Trade receivables	27.447.677	-	-	27.447.677	8
Financial investments	-	-	186.245	186.245	5
Other financial assets	460.811	-	-	460.811	9
Derivative financial instruments	-	25.246	2.470	27.716	6
<b><u>Financial Liabilities</u></b>					
Borrowings	158.340.895	-	-	158.340.895	7
Trade payables	68.762.035	-	-	68.762.035	8
Other liabilities	3.479.578	-	-	3.479.578	9/19/23
Derivative financial instruments	-	58.183	155.497	213.680	6
<b>31 December 2024</b>					
<b><u>Financial Assets</u></b>					
Cash and cash equivalents	55.259.993	-	-	55.259.993	4
Trade receivables	26.463.914	-	-	26.463.914	8
Financial investments	1.586.209	-	178.085	1.764.294	5
Other financial assets	327.886	-	-	327.886	9
Derivative financial instruments	-	93.664	155.454	249.118	6
<b><u>Financial Liabilities</u></b>					
Borrowings	121.288.196	-	-	121.288.196	7
Trade payables	30.023.470	-	-	30.023.470	8
Other liabilities	3.380.029	-	-	3.380.029	9/19/23

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgement 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

**NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK  
MANAGEMENT DISCLOSURES) (cont’d)**

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

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

*Financial assets*

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

*Financial liabilities*

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

<b>Financial asset and liabilities at fair value</b>	<b>31 December 2025</b>	<b>Fair value level as of reporting date</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets and liabilities at fair value through profit/loss</b>				
Venture capital and financial investment fund	184.661	-	184.661	-
Derivative financial assets	2.470	-	2.470	-
Derivative financial liabilities	(155.497)	-	(155.497)	-
<b>Financial assets and liabilities at fair value through other comprehensive income/expense</b>				
Derivative financial assets	25.246	-	25.246	-
Derivative financial liabilities	(58.183)	-	(58.183)	-
<b>Total</b>	<b>(1.303)</b>	<b>-</b>	<b>(1.303)</b>	<b>-</b>

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed as Turkish Lira (“TRY Thousand”) unless otherwise indicated.)

#### NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont’d)

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

Financial asset and liabilities at fair value	31 December 2024	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
<b>Financial assets and liabilities at fair value through profit/loss</b>				
Venture capital and financial investment fund	176.781	-	176.781	-
Derivative financial assets	155.454	-	155.454	-
<b>Financial assets and liabilities at fair value through other comprehensive income/expense</b>				
Derivative financial assets	93.664	-	93.664	-
Total	425.899	-	425.899	-

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

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

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

#### NOTE 38 – SUBSEQUENT EVENTS

None.

#### NOTE 39 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

##### Convenience translation to English:

As of 31 December 2025, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.