

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024  
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT**

# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR 1 JANUARY- 31 DECEMBER 2024

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**INDEPENDENT AUDITOR'S REPORT**

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

**A- Report on the audit of the consolidated financial statements**

**1-Opinion**

We have audited the consolidated financial statements of Kocaeli Çelik Sanayi ve Ticaret Anonim Şirketi (the "Company" or "Kocaeli Çelik") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting/Turkish Financial Reporting Standards ("TASS/TFRSs").

**2- Basis for Opinion**

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

**3-Key Audit Matters**

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

Key audit matter	How our audit addressed the key audit matter
<b>Fair value risk and cash flow hedge accounting (Note 12)</b>	
<p>In accordance with the contracts made by the Group management, Kocaeli Çelik applies cash flow hedge transactions on its consolidated statement of financial position to manage foreign currency risk due to securities issued at fixed rate and loans and advances at floating rate with cross-currency swap transactions.</p> <p>In this context, the Group applied cash flow hedge accounting arising from fair value risk with unrecognised firm commitment contracts due to highly probable forecast transactions.</p> <p>We considered fair value risk and cash flow hedge accounting are material to consolidated financial statements due to following matters:</p> <p>As of 31 December 2024, losses on cash flow hedge transactions presented under equity is amounting to TL 155.237.242 are material to Kocaeli Çelik's consolidated financial statements.</p> <p>The criteria for the application of the hedge accounting include defining, documenting and regularly testing the effectiveness of the hedge accounting transactions. Due to the fact that hedge accounting has complex structure and requires technical calculations, we considered this to be one of the key audit matters.</p>	<p>The audit procedures for testing hedge accounting included below:</p> <p>We have evaluated and examined the documentation and appropriateness of hedging relationships of cash flow hedge and fair value hedge transactions and the main reasons of hedge accounting including strategy and aims determined by the Group management regarding the application of hedge accounting.</p> <p>We have evaluated the effectiveness of hedge accounting. In addition, we have tested whether the gains/losses on the fair value of the income planned to be obtained in the subsequent periods, the gains/losses on the fair value of the loans are between 70% and 130%.</p> <p>We have assessed the compliance of the sales subject to the cash flow hedge accounting with the budget approved by the Group management and the contracts regarding these sales.</p> <p>We have controlled and evaluated the compliance of the methods applied in the calculation of costs regarding contracts applied on hedge accounting transactions.</p> <p>We have controlled the repayment schedule of the EUR and USD loans which are also tested with loan agreements through bank reconciliation statements. We have evaluated in what extent month loan repayment schedule meet the monthly sales.</p> <p>We have controlled the mathematical accuracy and recognition of the accounting records on the hedge accounting.</p> <p>Testing the adequacy of the disclosures in the consolidated financial statements in relation to the fair value risk and cash flow hedge accounting.</p>

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Key audit matter	How our audit addressed the key audit matter
<b>Fair value of property, plant and equipment (Note 18)</b>	
<p>As disclosed in Note 18, the consolidated financial statements as at and for the year ended 31 December 2024 include property, plant and equipment carried at fair value amounting to TL 8.707.396.008 which includes land, buildings, plant, machinery and equipment, motor vehicles and furniture and fixtures. Aforementioned amount represents a significant portion of the Kocaer Çelik's total assets.</p> <p>Fair values of property, plant and equipment of the Group are recognized according to appraisal reports issued by independent experts.</p> <p>We considered fair values of property, plant and equipment are material to consolidated financial statements due to following matters:</p> <p>-The determination of fair valuation study includes data that have unobservable in the market and is determined by using an independent appraisal experts,</p> <p>-The calculation of fair value is affected by current market conditions,</p> <p>Accordingly, the amount and nature of property, plant and equipment are material to the consolidated financial statements.</p>	<p>We performed the following procedures in relation to the fair value of property, plant and equipment:</p> <p>We have controlled the frequency of revaluation of property, plant and equipment and its compliance in accordance with the TAS 16 "Property, plant and equipment".</p> <p>In accordance with the meetings and discussions made with the Group and independent appraisal experts, we have not observed that there is no significant and irregular change incurred in the fair value of the property, plant and equipment.</p> <p>In accordance with the meetings and discussions made with the Group and independent appraisal experts, we have not observed that there is no significant and irregular change incurred in the assumptions and factors used in the fair value calculation of the property, plant and equipment.</p> <p>We have compared and assessed the comparable sales m<sup>2</sup> unit values of the property, plant and equipment located in the area close to the land owned by the Group and subject to revaluation at the end of 2023 by the independent appraisal experts appointed by the Group, with the Group's property, plant and equipment carrying values. In addition, we have controlled whether impairment on property, plant and equipment incurred during the reporting period.</p> <p>We have tested title deed records ownership interests of property, plant and equipment which includes land and buildings.</p> <p>Testing the adequacy of the disclosures in the consolidated financial statements in relation to the fair value of property, plant and equipment,</p> <p>We had no material findings related to the fair value of property, plant and equipment as a result of these procedures.</p>

Key audit matter	How our audit addressed the key audit matter
<b>Application of TAS 29 – "Financial Reporting in Hyperinflationary Economies"</b>	
<p>As disclosed in Note 2.1, the Group applied TAS 29 "Financial reporting in hyperinflationary economies ("TAS 29") in the consolidated financial statements as at and for the year ended 31 December 2024.</p> <p>TAS 29 requires consolidated financial statements to be restated into the current purchasing power at the end of the reporting period on 31 December 2024. Therefore, transactions in 2024 and non-monetary balances at the end of the period with prior year statements with comparative information were restated to reflect a price index that is current at the balance sheet date as of 31 December 2024. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> <li>- Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by the Group management,</li> <li>- Obtaining detailed lists of non-monetary items and testing original entry dates and amounts on a sample basis,</li> <li>- Verifying whether the Group management's determination of monetary and non-monetary items is in compliance with TAS 29,</li> <li>- Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute,</li> <li>- Evaluating the appropriateness of the Group management's judgments by comparing with current practices and using our industry knowledge and experience including ensuring the comparison with prior period,</li> <li>- Testing the mathematical accuracy of non-monetary items, consolidated statement of profit or loss, and statement of cash flow adjusted for inflation effects,</li> <li>- Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul>

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

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

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

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

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

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

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

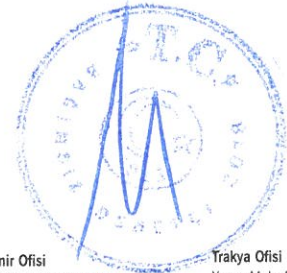
As part of an independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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



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

1) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.

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

3) According to the Turkish Commercial Code ("TCC") No. 6102 and pursuant to the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the Group established the Early Risk Identification System and Committee as of 11 May 2023. The independent auditors report on the Early Risk Identification System and Committee was presented to the Group's Board of Directors on 7 March 2025.

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

**GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.**  
**An Independent Member of BAKER TILLY INTERNATIONAL**

İstanbul, 07.03.2025



Metin Etkin  
Partner

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KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2024	Audited Prior Period 31.12.2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	10.258.743.362	8.896.158.264
Financial Investments	7	2.575.488.055	973.000.863
Trade Receivables	10	498.575.538	983.106.379
<i>Third Parties</i>	10	3.176.868.367	1.811.716.765
<i>Related Parties</i>	10-37	3.176.868.367	1.798.903.006
Other Receivables	11	-	12.813.759
<i>Third Parties</i>	11	563.673.937	326.356.933
<i>Related Parties</i>	11-37	488.706.930	282.594.612
Derivative Instruments	12	74.967.007	43.762.321
Inventories	13	-	161.614.396
Prepaid Expenses	15	2.997.554.650	4.130.971.951
<i>Third Parties</i>	15	232.542.811	134.085.285
Current Income Tax Assets	25	232.542.811	134.085.285
Other Current Assets	26	13.010.768	1.559
		201.029.236	375.304.133
<b>Non-Current Assets</b>			
Other Receivables	11	9.534.972.617	8.515.805.588
<i>Third Parties</i>	11	5.091.604	3.077.107
Derivative Instruments	12	5.091.604	3.077.107
Financial Investments	7	-	29.043.745
Right of Use Assets	14	4.660	4.661
Investment Properties	17	209.485.535	281.223.531
Property, Plant and Equipment	18	489.555.000	413.168.730
Intangible Assets	19	8.707.396.008	7.712.164.473
<i>Other Intangible Assets</i>	19	7.256.810	9.993.935
Prepaid Expenses	15	7.256.810	9.993.935
<i>Third Parties</i>	15	116.183.000	67.129.406
		116.183.000	67.129.406
<b>TOTAL ASSETS</b>		<b>19.793.715.979</b>	<b>17.411.963.852</b>

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



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ\*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2024	Audited Prior Period 31.12.2023
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-Term Borrowings	8	8.097.356.208	6.192.399.440
Short-Term Portion of Long-Term Borrowings	8	1.552.593.644	2.852.765.789
Trade Payables	10	1.600.474.453	407.974.570
<i>Third Parties</i>	10	4.320.040.435	1.784.389.293
Employee Benefits	20	86.422.011	75.336.291
Other Payables	11	49.893.677	173.617.839
<i>Third Parties</i>	11	49.861.229	135.744.381
<i>Related Parties</i>	11-37	32.448	37.873.458
Deferred Income	15	428.744.381	810.847.404
<i>Third Parties</i>		428.744.381	810.847.404
Current Income Tax Liabilities	35	457.104	28.098.140
Short-Term Provisions	22	58.730.503	59.366.006
<i>Other Short-Term Provisions</i>	22	41.792.888	48.280.286
<i>Short-Term Provisions for Employee Benefits</i>	22-24	16.937.615	11.085.720
Other Current Liabilities	26	-	4.108
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	8	2.200.834.961	1.662.216.359
Long-Term Provisions	22	1.523.064.820	1.147.479.548
<i>Long-Term Provisions for Employee Benefits</i>	22-24	65.459.162	55.570.467
Deferred Tax Liabilities	35	65.459.162	55.570.467
		612.310.979	459.166.344
<b>EQUITY</b>			
Equity Holders of the Parent	27	9.495.524.810	9.557.348.053
Paid-in Share Capital	27	9.470.009.261	9.530.389.075
Adjustment to Share Capital	27	1.915.000.000	657.570.000
Share Premium	27	753.706.448	1.715.119.329
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss	27	316.387.581	316.387.581
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss	27	1.576.990.267	1.576.676.369
Restricted Reserves	27	(139.561.667)	(221.300.210)
Retained Earnings	27	381.283.979	321.854.242
Profit for the Period	27	4.583.304.384	3.457.845.637
Non-Controlling Interests	27	82.898.269	1.706.236.127
		25.515.549	26.958.978
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>19.793.715.979</b>	<b>17.411.963.852</b>

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





KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	Audited Current Period 01.01.2024 31.12.2024	Audited Prior Period 01.01.2023 31.12.2023
Revenue	28	19.235.210.253	22.219.241.593
Cost of Sales (-)	28	(16.179.582.138)	(17.950.078.874)
<b>Gross profit from non-finance sector operations</b>		<b>3.055.628.115</b>	<b>4.269.162.719</b>
<b>GROSS PROFIT</b>		<b>3.055.628.115</b>	<b>4.269.162.719</b>
Marketing, Sales and Distribution Expenses (-)	29-30	(980.471.510)	(1.091.889.464)
General Administrative Expenses (-)	29-30	(374.221.589)	(279.805.480)
Research and Development Expenses (-)	29-30	(17.285.049)	(10.079.634)
Other Operating Income	31	323.576.066	390.769.166
Other Operating Expenses (-)	31	(826.460.747)	(666.248.246)
<b>OPERATING PROFIT</b>		<b>1.180.765.286</b>	<b>2.611.909.061</b>
Gains From Investment Activities	32	455.679.153	650.459.656
Losses From Investment Activities (-)	32	-	(24.376.458)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>1.636.444.439</b>	<b>3.237.992.259</b>
Financial Income	33	285.374.200	633.705.191
Financial Expenses (-)	33	(1.786.765.374)	(1.967.487.165)
Net Monetary Position Gains/(Losses)	34	164.320.373	121.593.305
<b>PROFIT BEFORE TAX</b>		<b>299.373.638</b>	<b>2.025.803.590</b>
Tax Income/(Expense)	35	(216.249.886)	(320.753.790)
- Current Period Tax Expense		(24.758.783)	(290.416.311)
- Deferred Income Tax		(191.491.103)	(30.337.479)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>83.123.752</b>	<b>1.705.049.800</b>
<b>PROFIT FOR THE PERIOD</b>		<b>83.123.752</b>	<b>1.705.049.800</b>
Attributable to		83.123.752	1.705.049.800
Non-Controlling Interests		225.483	(1.186.327)
Equity Holders of the Parent		82.898.269	1.706.236.127
<b>Earnings Per Share</b>			
Earnings Per Share From Continuing Operations	36	0.0433	2.5948

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

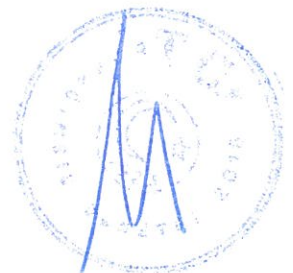


**KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023**

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	Audited Current Period	Audited Prior Period
		01.01.2024 31.12.2024	01.01.2023 31.12.2023
<b>PROFIT FOR THE PERIOD</b>	<b>36</b>	<b>83.123.752</b>	<b>1.705.049.800</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items Not To Be Reclassified To Profit Or Loss</b>		<b>(5.208.477)</b>	<b>177.955.737</b>
Property, Plant And Equipment Revaluation Surplus		-	177.619.766
Gains/(Losses) On Remeasurements Of Defined Benefit Plans	24	361.926	(993.189)
Adjustments For Inflation, Net		(5.498.018)	1.130.522
Taxes Relating To Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		(72.385)	198.638
- Deferred Income Tax - (Actuarial Gains/Losses)	35	(72.385)	198.638
<b>Items To Be Reclassified To Profit Or Loss</b>		<b>85.591.418</b>	<b>179.507.926</b>
Currency Translation Differences		(34.294.393)	(4.029.753)
Gains/(Losses) On Cash Flow Hedges		119.885.811	183.537.679
<b>OTHER COMPREHENSIVE INCOME</b>		<b>80.382.941</b>	<b>357.463.663</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>163.506.693</b>	<b>2.062.513.463</b>
<b>Attributable to</b>		<b>163.506.693</b>	<b>2.062.513.463</b>
Non-Controlling Interests		(1.444.017)	8.748.685
Equity Holders of the Parent		164.950.710	2.053.764.778

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



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

Audited Prior Period	Notes	Paid-In Share Capital	Adjustment To Share Capital	Share Premium	Items Not To Be Reclassified To Profit Or Loss				Retained Earnings					Total Equity	
					Gains/(Losses) On Remeasurments Of Defined Benefit Plans	Property, Plant And Equipment Revaluation Surplus	Currency Translation Differences	Gains/(Losses) On Hedge	Restricted Reserves	Prior Years' Income	Profit For The Period	Equity Holders Of The Parent	Non-Controlling Interests		
															Items To Be Reclassified To Profit Or Loss
27	657.570.000	1.715.119.329	316.387.581	-	-	-	-	66.750.990	(458.600.732)	276.291.379	2.201.277.694	1.614.097.298	7.788.590.789	18.210.293	7.806.801.082
27	-	-	-	-	-	-	-	-	-	45.562.863	1.568.534.435	(1.614.097.298)	-	-	-
27	-	-	-	-	(700.647)	-	-	(12.928.147)	183.537.679	-	(311.966.492)	1.706.236.127	2.053.764.778	8.748.685	2.062.513.463
27	-	-	-	-	(700.647)	-	-	(12.928.147)	183.537.679	-	-	1.706.236.127	1.706.236.127	(1.186.327)	1.705.049.800
													347.528.651	9.955.012	337.463.663
<b>Balances At 31 December 2023 (End Of The Period)</b>		<b>657.570.000</b>	<b>1.715.119.329</b>	<b>316.387.581</b>	<b>(28.069.989)</b>	<b>1.604.746.358</b>	<b>53.822.843</b>	<b>(275.123.053)</b>	<b>321.854.242</b>	<b>3.457.845.637</b>	<b>1.706.236.127</b>	<b>9.530.389.075</b>	<b>26.958.978</b>	<b>9.557.348.053</b>	
<b>Audited Current Period</b>															
27	657.570.000	1.715.119.329	316.387.581	-	-	1.604.746.358	53.822.843	(275.123.053)	321.854.242	3.457.845.637	1.706.236.127	9.530.389.075	26.958.978	9.557.348.053	
27	-	-	-	-	-	-	-	-	-	1.706.236.127	(1.706.236.127)	-	-	-	
27	1.257.430.000	(961.412.881)	-	-	-	-	-	-	59.429.737	(355.447.444)	(588)	(588)	588	-	
27	-	-	-	-	313.898	-	(38.147.268)	-	-	(225.329.936)	-	(225.329.936)	-	(225.329.936)	
27	-	-	-	-	313.898	-	(38.147.268)	119.885.811	-	-	82.898.269	164.950.710	(1.444.017)	163.506.693	
												82.898.269	225.483	83.123.752	
												82.052.441	(1.669.500)	80.382.941	
<b>Balances At 31 December 2024 (End Of The Period)</b>		<b>1.915.000.000</b>	<b>753.706.448</b>	<b>316.387.581</b>	<b>(27.756.091)</b>	<b>1.604.746.358</b>	<b>15.675.575</b>	<b>(155.237.242)</b>	<b>381.283.979</b>	<b>4.583.304.384</b>	<b>82.898.269</b>	<b>9.470.009.261</b>	<b>25.515.549</b>	<b>9.495.524.810</b>	

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



KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

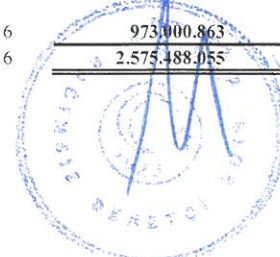
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Audited Current Period	Audited Prior Period
Notes	01.01.2024 31.12.2024	01.01.2023 31.12.2023
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1.912.847.273</b>	<b>787.323.174</b>
<b>PROFIT FOR THE PERIOD</b>	<b>83.123.752</b>	<b>1.705.049.800</b>
Profit For The Period From Continuing Operations	83.123.752	1.705.049.800
<b>Adjustments To Reconcile Profit For The Period To Cash Generated From Operating Activities</b>	<b>(34.641.634)</b>	<b>354.600.930</b>
Depreciation And Amortisation	14-18-19 352.621.774	318.753.173
Adjustments For Tax Income And Expenses	153.144.635	(59.013.187)
<b>Adjustments For Impairment Loss (Reversal Of Impairment Loss)</b>	<b>10 7.166.246</b>	<b>(37.350.463)</b>
<i>Adjustments For Receivables Impairment (Reversal)</i>	10 7.166.246	(37.350.463)
<b>Adjustments For Provisions</b>	<b>22-24 31.306.219</b>	<b>70.118.154</b>
<i>Adjustments For Provision For Employee Benefits (Reversal)</i>	22-24 31.306.219	70.118.154
<b>Adjustments For Interest Income And Expenses</b>	<b>(706.894.140)</b>	<b>630.638.429</b>
<i>Adjustments For Interest Income</i>	33 39.257.667	693.825.107
<i>Adjustments For Interest Expenses</i>	33 (746.151.807)	(63.186.678)
Adjustments For Unrealized Currency Translation Differences	-	(156.557.229)
Adjustments For Gains/(Losses) On Disposal Of Financial Investments	479.239.878	-
<b>Adjustments For Gains/(Losses) On Fair Value</b>	<b>(323.471.804)</b>	<b>(640.490.513)</b>
<i>Investment Properties</i>	(38.960.407)	(39.543.317)
<i>Financial Assets</i>	(284.511.397)	(600.947.196)
Adjustments For Tax Income/(Expense)	35 24.758.783	290.416.311
Monetary Gains/(Losses)	(47.315.431)	(53.644.467)
<b>Adjustments For Losses/(Gains) On Disposal Of Non-Current Assets</b>	<b>(5.197.794)</b>	<b>(8.269.278)</b>
<i>Property, Plant And Equipment And Intangible Assets</i>	32 (5.197.794)	(8.269.278)
<b>Total Adjustments</b>	<b>(34.641.634)</b>	<b>354.600.930</b>
<b>Changes In Working Capital</b>	<b>1.889.300.435</b>	<b>(909.442.091)</b>
<b>Adjustments For Gains/(Losses) On Trade Receivables</b>	<b>10 (1.372.317.849)</b>	<b>1.092.361.213</b>
<i>Third Parties</i>	(1.359.504.090)	1.080.118.015
<i>Related Parties</i>	(12.813.759)	12.243.198
Adjustments For Gains/(Losses) On Other Receivables Related To Operations	11-37 (76.051.316)	60.260.950
<i>Third Parties</i>	(107.256.002)	139.892.371
<i>Related Parties</i>	31.204.686	(79.631.421)
Changes In Derivative Assets	310.543.952	338.612.630
Changes In Inventories	13 1.133.417.301	(927.080.981)
Changes In Prepaid Expenses	15 (147.511.120)	9.140.819
<b>Adjustments For Gains/(Losses) On Trade Payables</b>	<b>10 2.535.651.142</b>	<b>(90.302.417)</b>
<i>Third Parties</i>	2.535.651.142	(90.302.417)
Adjustments For Gains/(Losses) On Payables Due To Employee Benefits	20 11.399.618	27.249.553
Adjustments For Gains/(Losses) On Other Payables Related To Operations	(123.728.270)	75.380.847
<i>Third Parties</i>	(85.887.260)	42.904.411
<i>Related Parties</i>	(37.841.010)	32.476.436
Changes In Deferred Income	15 (382.103.023)	(1.431.461.127)
Adjustments For Gains/(Losses) On Other Changes In Working Capital	-	(63.603.578)
<b>Cash Flows From Operating Activities</b>	<b>1.937.782.553</b>	<b>1.150.208.639</b>
Adjustments For Gains/(Losses) On Provisions For Employee Benefits	22-24 (22.053.027)	(47.879.116)
Income Taxes Refund/(Paid)	35 (2.882.253)	(315.006.349)
<b>Net Cash From Operating Activities</b>	<b>1.912.847.273</b>	<b>787.323.174</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1.062.493.674)</b>	<b>147.344.707</b>
<b>Cash Inflows From Sale Of Property, Plant And Equipment And Intangible Asset</b>	<b>18 24.931.165</b>	<b>19.034.372</b>
<i>Property, Plant And Equipment</i>	18 24.931.165	19.034.372
<b>Cash Outflows From Purchase Of Property, Plant And Equipment And Intangible Assets</b>	<b>18 (1.339.801.336)</b>	<b>(632.838.149)</b>
<i>Property, Plant And Equipment</i>	18 (1.333.171.233)	(632.678.820)
<i>Intangible Assets</i>	(6.630.103)	(159.329)
Cash Outflows From Purchase Of Investment Properties	17 (37.425.863)	(789.570)
Changes In Financial Investments	289.802.360	761.938.054
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>790.280.861</b>	<b>(1.133.433.593)</b>
Cash Outflows From Repayments Of Borrowings (-)	-	(283.931.708)
Cash Inflows From Borrowings	267.913.010	-
Cash Outflows From Lease Liabilities (-)	14 40.803.647	(648.985)
Interest Paid/Received, Net	706.894.140	(630.638.429)
Dividends Paid	(225.329.936)	(218.214.471)
<b>D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1.640.634.460</b>	<b>(198.765.712)</b>
<b>BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(38.147.268)</b>	<b>61.860.016</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>1.602.487.192</b>	<b>(136.905.696)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>1.602.487.192</b>	<b>(136.905.696)</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6 973.000.863</b>	<b>1.109.906.559</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6 2.575.488.055</b>	<b>973.000.863</b>

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



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

## NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

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

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

The registered address of the Kocaer Çelik is as follows:

Gümüşçay Mahallesi, Menderes Bulvarı, No: 45 Merkezefendi/Denizli

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

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

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

As of 31 December 2024 and 2023, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	31.12.2024		31.12.2023	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	1.420.836.864	74	520.084.989	79
Other (Listed shares)	494.163.136	26	137.485.011	21
<b>Total share capital</b>	<b>1.915.000.000</b>	<b>100</b>	<b>657.570.000</b>	<b>100</b>

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

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

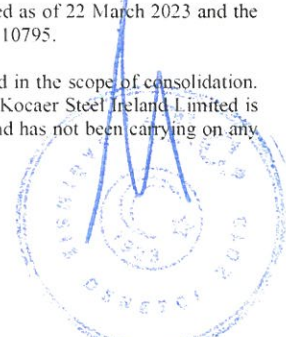
Subsidiaries	Country of incorporation	Nature of business
Yağız Nakliyat San. ve Tic. A.Ş.	Türkiye	International Road Transport
Kocaer Steel UK LTD (Former title: MYMETAL LTD)	England	Wholesale Trade of Iron and Steel Products
Kocaer Steel Ireland Limited (**)	Ireland	Wholesale Trade of Iron and Steel Products
Kocaer Enerji A.Ş. (***)	Türkiye	Energy Production
KCR Dış Ticaret A.Ş. (****)	Türkiye	Export and Import of Iron and Steel Products

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

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

(\*\*)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 31 December 2024, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

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

The registered address of the Kocaer Enerji is as follows:

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

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

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

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

Gümüştay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli

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

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

- 1- Yağız Nakliyat San. ve Tic. A.Ş. ("Yağız Nakliyat") was established on 18 August 1995. The registered address of Yağız Nakliyat is Menderes Bulvarı No:53 Merkez/Denizli. Yağız Nakliyat's business activities include ensuring domestic and international transportation, cargo, contracting services and commodity trading. Kocaer Çelik acquired Yağız Nakliyat in 2018. Yağız Nakliyat has been consolidated in accordance with the full consolidation method. The abovementioned consolidation has been considered as "business combination under common control" and consolidated retrospectively for the periods presented with pooling of interest method in scope of TFRS 3. Another subsidiary of the Kocaer Çelik is KCR Otomotiv and Yağız Nakliyat acquired KCR Otomotiv on 25 June 2021 through business combination. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03.
- 1- Kocaer Steel UK LTD (Former title: Mymetal LTD) was established on 14 January 2013. The registered address of My Metal is 204 Field End Road Eastcote Pinner Middlesex Ha5 1Rd London England. MY Metal's business activities include wholesale of iron and steel products. My Metal has been consolidated in accordance with the full consolidation method. Kocaer Çelik acquired My Metal in 2015. The abovementioned consolidation has been considered as "business combination under common control" in the accompanying consolidated financial statements. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The title of Mymetal Limited was changed and registered as Kocaer Steel UK Limited on 29 September 2022.
- 2- Kocaer Metal Sanayi Anonim Şirketi was established on 14 February 2012. The business title of Kocaer Çelik Endüstrisi San.ve Tic.A.Ş has been changed to Kocaer Metal Sanayi Anonim Şirketi on 11 May 2021 and published in Official Gazette numbered 250. The registered address of Kocaer Metal is Yeni Foça Yolu 2 Km Sanayi Caddesi Bozköy Köyü Mevkii Aliğa/İzmir. Kocaer Metal has been accounted for using the equity method in the accompanying consolidated financial statements. Kocaer Metal's business activities include purchasing, selling, marketing, importing and exporting iron and steel raw materials and semi-finished products. As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Kocaer Metal has not been included in the scope of consolidation since the Company is in liquidation process and immaterial to the consolidated financial statements for the year ended 31 December 2023. The relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.
- 3- Kocaer Enerji Anonim Şirketi was established on 4 July 2023 and included in the scope of consolidation. The registration of the establishment was published in Official Gazette on 4 July 2023 and numbered 10863. The registered address of the Kocaer Enerji is Bozköy Mah. Sanayi Caddesi No:31/2 Aliğa/ İzmir. Kocaer Enerji's business activities include ensuring the development of projects for producing electricity, steam and heat, to establish facilities by preparing the relevant feasibility, to produce electricity and steam energy in these facilities, and to transport the produced electricity and steam to its customers. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of Kocaer Enerji comprise of 300.000 outstanding shares each with a nominal value of TL 1. Accordingly, current share capital of Kocaer Enerji has been increased to 600.000 outstanding shares each with a nominal value of TL 1.000 representing current share capital amounting to TL 600.000.000. The relevant decision was published in Official Gazette on 11 September 2024 and numbered 1162. The amount of TL 600.000.000 representing 600.000 outstanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Hakan Kocaer and the amount of TL 594.000.000 representing 594.000 outstanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi.
- 4- KCR Dış Ticaret Anonim Şirketi was established on 3 May 2024 and its registration was published in th Official Gazette on 3 May 2024 and numbered 11074. The registered address of the KCR Dış Ticaret is Gümüştay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli. KCR Dış Ticaret's business activities include ensuring supply, shape, manufacture, store, trade, distribute, market, transport, import and export iron and steel products, semi-finished products and raw materials. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of KCR Dış Ticaret is amounting to TL 2.000.000 which comprise of 2.000 outstanding shares each with a nominal value of TL 1.000. The amount of TL 20.000 representing 20 outstanding shares was committed to paid-in cash by Hakan Kocaer and the remaining amount of TL 1.980.000 representing 1.980 outstanding shares was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi. Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi has paid the ¼ of its capital commitment during the annual reporting period.



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

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

Total end of the annual reporting period and average number of personnel employed by Kocaer Çelik is 1.115 (31 December 2023: 943).

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.01 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International and Accounting Standards ("IFRS") by the communiqués announced by the POA. The consolidated financial statements are presented in accordance with the TAS Taxonomy published by POA and the formats specified in the Financial Statement Examples and User Guide published by CMB in the Bulletin numbered 2013/19

The Group and its subsidiaries and associates maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC") No. 6102, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except for property, plant and equipment including land, buildings, land improvements and plant, machinery and equipment at fair value and financial assets and liabilities at fair value with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS and presented in Turkish Lira.

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

#### Reporting currency

##### i) Functional and presentation currency

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

##### ii) Transactions and balances

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

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

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

The GBP ("GBP") rates as of 31 December 2024 and 2023 and annual average rates are as follows:

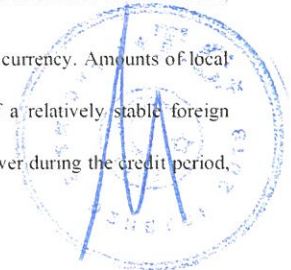
	31.12.2024	31.12.2023
GBP ("GBP") - as of the balance sheet date	44.2073	36.7131
GBP ("GBP") - period average	41.8651	29.5220

#### 2.02 Adjustments of Financial Statements in Hyperinflationary Periods

##### Financial Reporting in Hyperinflationary Economies

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

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



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2024, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31 December 2024	2684.55	1.00000	291%
31 December 2023	1.859.38	1.44379	268%
31 December 2022	1128.45	2.37897	156%

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

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

Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority ("POA") on 23 November 2023, entities applying Turkish Financial Reporting Standards ("TFRSs") are required to present their financial statements by adjusting for the material influence of inflation for the comparative annual reporting period ending on or after 31 December 2023 and opening balances starting from 1 January 2023, in accordance with the accounting principles specified in TAS 29 in accordance with the purchasing power on 31 December 2024.

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

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

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

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

### Restatement of the Statement of Financial Position

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

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

### Restatement of the Statement of Profit or Loss

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

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

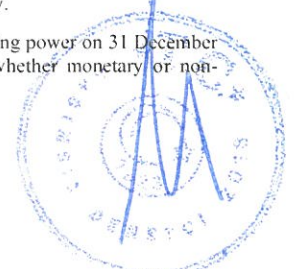
### Restatement of Statement of Cash Flows

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

### Consolidated financial statements

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

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power on 31 December 2024. If financial statements with different reporting period endings are subject to consolidation, all items, whether monetary or non-monetary, are restated according to the measuring unit in effect at the date of the consolidated financial statements.





# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

### Comparative figures

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

### 2.03 Basis of Consolidation and Group Accounting

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

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

### Subsidiaries

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

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

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

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

Subsidiaries	Proportion of voting rights and effective ownership interests held by Kocaer Çelik (%)	
	31.12.2024	31.12.2023
Yağız Nakliyat San. Ve Tic. A.Ş.	90,81	90,81
Kocaer Steel UK LTD	90	90
Kocaer Enerji A.Ş.	99	99
KCR Dış Ticaret A.Ş.	99	-

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

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

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

### Business combinations under common control

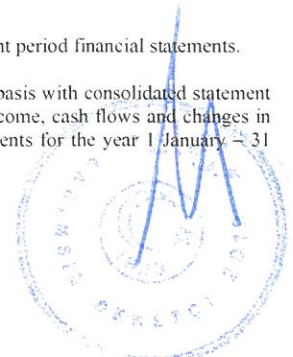
Legal mergers between entities controlled by the Group are not recognised under TFRS 3 (Revised) Business Combinations. IFRS does not have a specific accounting policy for this transaction. Therefore, the Group does not recognise " Within the scope of TAS 8 Accounting Policies, Accounting Estimates and Errors, paragraphs 10 to 12 of the definitions of 'Accounting Policies, Accounting Estimates and Errors', the Group has used the guidance on entities under common control included in Generally Accepted Accounting Principles in the United States of America. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business combinations under common control" included in retained earnings.

### 2.04 Comparatives and Adjustment of Prior Periods' Financial Statements

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

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

The Group prepared its consolidated statement of financial position as at 31 December 2024 on a comparative basis with consolidated statement of financial position as at 31 December 2023; and consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year 1 January – 31 December 2024 on a comparative basis with consolidated financial statements for the year 1 January – 31 December 2023.



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

### 2.05 Changes in Accounting Policies

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

### 2.06 Changes in Accounting Estimates and Errors

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

### 2.07 Offsetting

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

### 2.08 Summary of Significant Accounting Policies

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

#### 2.08.01 Revenue Recognition

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

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

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

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

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

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

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

#### 2.08.02 Inventories

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



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

### 2.08.03 Property, plant and equipment and related depreciation

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

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

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

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

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

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

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

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

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

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

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

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

### 2.08.04 Intangible assets and related amortisation

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

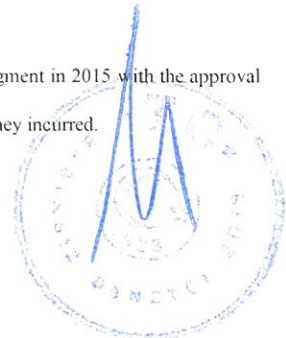
Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset and recognised on prospective basis.

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

Research and development costs (R&D);

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

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



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

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

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

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

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

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

#### 2.08.05 Impairment of Assets

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

#### 2.08.06 Borrowing Costs

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

#### 2.08.07 Financial Instruments

##### TFRS 9 "Financial Instruments"

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

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

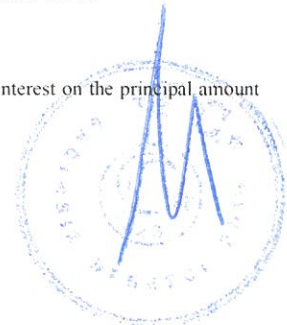
i.) Classification of financial assets and liabilities under TFRS 9 largely preserves the existing requirements of TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories for financial assets, loans and receivables to be held to maturity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

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

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

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

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



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

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

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

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

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

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

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

ii) Impairment of financial assets;

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

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

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

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

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

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

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

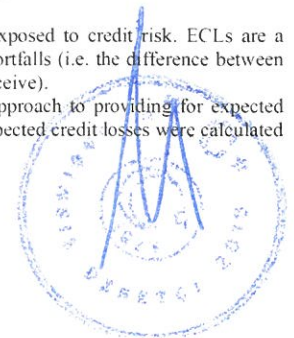
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

- 360 days overdue

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

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

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



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### Credit-impaired financial assets

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

### Presentation of impairment

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

### Trade receivables

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

### Impairment of financial assets

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

### 2.08.08 Foreign Currency Translation

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

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

### 2.08.09 Earnings Per Share

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

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

### 2.08.10 Events After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

### 2.08.11 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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### 2.08.12 Related Parties

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

### 2.08.13 Government Grants

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

### 2.08.14 Taxes on Income

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

#### Current tax

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

#### Deferred tax

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

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

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

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

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

#### Current and deferred tax for the period

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

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

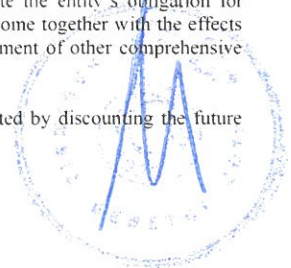
#### Offsetting in tax assets and liabilities

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

### 2.08.15 Provision for Employment Termination Benefits

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

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



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### 2.08.16 Statement of Cash Flows

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

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

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

### 2.08.17 Investment Properties

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

Investment properties has been revaluated by the appraisal firm Elit Gayrimenkul Değerleme Anonim Şirketi authorized by CMB. In accordance with the appraisal report prepared by the firm, investment properties carried at their fair value on 5-13-20 December 2023 in the accompanying consolidated financial statements for the year ended 31 December 2024. The detailed information regarding investment properties is disclosed under Note 17.

### 2.08.18 Leases

#### Group - as a lessee

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Group - as a Lessor

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

#### 2.09 Significant Accounting Judgements, Estimates and Assumptions

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

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

- a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) (Note 24).
- b) The Group has been applied revaluation model on property, plant and equipment and investment properties in the accompanying consolidated financial statements. The fair value of property, plant and equipment and investment properties have been determined by appraisal firm authorized by CMB (Note 17 and 18).
- c) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates (Note 2.08.03-2.08.04).
- d) On the provision for lawsuits, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2024 and 2023 (Note 22).
- e) In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. In accordance with the transition to TFRS 9 "Expected Credit Loss" (ECL) has been superseded TAS 39 "Incurred Loss" model (Note 10).
- f) The Group has calculated the deferred tax in accordance with TAS and TFRS and reflected to the consolidated financial statements (Note 35).
- g) The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories and provision for impairment is allocated in the accompanying consolidated financial statements when net realizable value is below the cost. The information about the inventory impairment that has been set as of the balance sheet date is given in Note 13.

#### 2.10 Dividends

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

#### 2.11 Going Concern

As of 31 December 2024, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

#### 2.12 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2024 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TFRS/TAS") and interpretations effective as of 1 January 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective as of 31 December 2024 are as follows:**

- Classification of Liabilities as Current or Non-Current (Amendments to TAS 1)
- Lease liability in a sale and leaseback- Amendments to TFRS 16 Leases
- Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Amendments to Disclosures - Supplier Financing Agreements
- TSRS S1 General requirements for disclosure of sustainability-related financial information and TSRS S2 Climate-related disclosures

#### **Standards and amendments to standards issued but not yet effective as of 31 December 2024:**

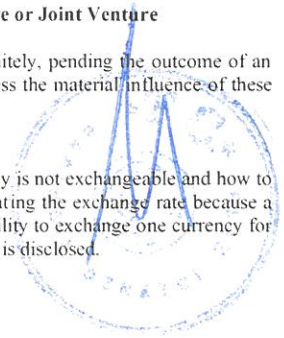
The new standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of authorisation of the financial statements and have not been early adopted by the Group are as follows. The Group will make the necessary changes if not indicated otherwise,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

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

In December 2017, the POA postponed the effective date of the amendments to TFRS 10 and TAS 28 indefinitely, pending the outcome of an ongoing research project on the equity method. However, early adoption is still permitted. The Group will assess the material influence of these amendments when the standards are finalised.

#### **Lack of Exchangeability - Amendments to TAS 21 – The Effects of Changes in Foreign Exchange Rates**

In May 2024, the POA issued amendments to TAS 21. The amendments clarify how to assess whether a currency is not exchangeable and how to determine the exchange rate when a currency is not exchangeable. According to the amendments, when estimating the exchange rate because a currency is not exchangeable, information that enables users of financial statements to understand how the inability to exchange one currency for another currency has affected, or is expected to affect, an entity's performance, financial position and cash flows is disclosed.



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

The amendments are effective for annual periods beginning on or after 1 January 2025.

Early application is permitted, in which case information is provided in the notes. When the amendments are applied, comparative information is not restated.

The amendments are not applicable for the Group and will not have a material influence on the financial position or performance of the Group.

### **TFRS 17 - New Insurance Contracts Standard**

In February 2019, the POA issued TFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 introduces a model that enables both the measurement of liabilities arising from insurance contracts at current balance sheet values and the recognition of profit over the period in which the services are provided.

In accordance with the announcement realised by POA, the mandatory effective date of the standard has been postponed to accounting periods beginning on or after 1 January 2025.

The standard is not applicable for the Group and will not have a material influence on the financial position or performance of the Group.

### **TFRS 18 - Presentation and Disclosures in Financial Statements**

On 9 April 2024, the POA issued TFRS 18 Presentation and Disclosures of Financial Statements, which will replace TAS 1 Presentation of Financial Statements. TFRS 18 carries forward many of the provisions of TAS 1 without changing.

The objective of TFRS 18 is to set out the requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help provide relevant information that fairly reflects an entity's assets, liabilities, equity, income and expenses.

TFRS 18 introduces three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement and requires all entities to present newly defined subtotals, including operating profit.

TFRS 18 is effective for annual periods beginning on or after 1 January 2027 and will be applied retrospectively. Early application is permitted.

The Group is in the process of assessing the potential material influence of adopting TFRS 18 on its consolidated financial statements.

### **TFRS 19 Subsidiaries that are not accountable to the public: Disclosures**

Subsidiaries of entities that apply TAS/TFRS may significantly reduce their disclosures and focus more on the needs of users after TFRS 19 is issued.

A subsidiary may elect to apply the new standard in its separate or individual financial statements if it meets the following criteria:

- Lack of public accountability,
- The parent company prepares financial statements in accordance with TAS/TFRS.

A subsidiary that applies the reduced disclosure standards in accordance with TFRS 19 will fully comply with the recognition, measurement and presentation requirements of TFRSs, but will reduce disclosures and will be required to clearly and unambiguously state that it has applied TFRS 19 in its statement of compliance with TASs/TFRSs.

### **Amendments to Classification and Measurement of Financial Instruments - Amendments to TFRS 9 Financial Instruments and TFRS 7 Financial Instruments : Disclosures - Amendments to TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures**

#### **Classification of Financial Assets with Contingent Characteristics**

The amendments introduce an additional SPPI (principal and interest payment only) test to clarify the classification of financial assets with contingent features that are not directly related to a change in the underlying credit risks or costs - for example, where cash flows vary depending on whether the borrower meets an ESG (environmental, social and governance) objective specified in the loan contract, the classification of that contingent financial asset would be based on the SPPI test. The SPPI test determines whether the asset is recognised at amortised cost or fair value.

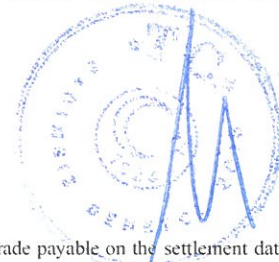
Under the amendments, certain financial assets, including those with ESG-related characteristics, may now meet the SPPI criterion, provided that their cash flows are not materially different from an identical financial asset without such a characteristic. However, companies will need to undertake additional work to prove this, which will require judgement.

The amendments also include additional disclosures for all financial assets and financial liabilities with the following specific contingent characteristics:

- that are not directly related to a change in the underlying credit risks or costs; and
- not measured at fair value through profit or loss.

#### **Electronic Payments Settlement**

A company that settles a trade payable using an electronic payment system generally derecognises the trade payable on the settlement date. The amendments introduce an exception to derecognition for such financial liabilities. This exception allows a company to derecognise a trade payable before the settlement date if the company uses an electronic payment system that meets all of the following criteria:



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

- The payment order cannot be withdrawn, suspended or cancelled;
- There is no ability to access cash to be used for payment as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is insignificant.

#### Other Changes

##### Contractual Instruments (CLIs) and Non-Recourse Features

The amendments clarify the key features of contractual instruments and how they differ from financial assets with non-recourse features. The amendments also set out the factors that an entity should consider when assessing the cash flows that comprise its financial assets with non-recourse features (review test).

##### Disclosures on Investments in Equity Instruments

The amendments require additional disclosures for investments in equity instruments measured at fair value with gains or losses recognised in other comprehensive income (FVOCI).

The amendments are effective for annual periods beginning on or after 1 January 2026. Entities may choose to early adopt these amendments (including the related disclosure requirements) separately from the amendments on the recognition and derecognition of financial assets and financial liabilities.

The Group does not expect that application of these amendments to TFRS 9 and TFRS 7 will have significant material influence on its consolidated financial statements.

#### NOTE 3 – BUSINESS COMBINATIONS

##### Business combination transactions with non-controlling interests

Business combinations are accounted for by using the acquisition method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss. Goodwill recognised in business combinations is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date and any difference exceeding the initial acquisition cost directly recognised under profit or loss in the scope of TFRS 3. For share acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recognised in equity. Consolidation is based on the concept of 'control' and changes in ownership interests while control is maintained are accounted for as transactions between owners as owners in equity for the annual periods beginning on or after 1 July 2009 in accordance with the TAS 27 (Revised) standard. The Group has no business combination transactions with non-controlling interests and relevant acquisitions at the end of the annual reporting period in accordance with the TFRS 3.

As of 31 December 2024 and 2023, the Group has no acquisitions under business combinations in accordance with TFRS 3.

##### Business combinations under common control

Legal mergers among the entities controlled by the Group are not evaluated within the scope of the "TFRS 3 (Revised) Business Combinations" standard. Accordingly, in the absence of a specifically applicable TFRS, the receiving company is required to develop its own accounting policy for business combinations under common control, applying the requirements on selecting accounting policies in TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in accordance with the paragraphs 10 and 12 presented under "POA" which describes applications and policies regarding business combinations under common control. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business combinations under common control" included in retained earnings.

#### NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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## NOTE 5 - SEGMENT REPORTING

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

Operating segments which have been prepared in accordance with the reportable segments of Kocaer Çelik for the years ended 31 December 2024 and 2023 are as follows:

31.12.2024	Steel	Transportation	Energy	Foreign trade - Kcr	Elimination/ Adjustments	Total
Revenue	19.544.003.428	212.122.143	192.358	1.813.889.606	(2.334.997.282)	19.235.210.253
Cost of Sales (-)	(16.515.682.801)	(178.933.671)	-	(1.794.621.896)	2.309.656.230	(16.179.582.138)
<b>Gross Profit from Non-Finance Sector Operations</b>	<b>3.028.320.627</b>	<b>33.188.472</b>	<b>192.358</b>	<b>19.267.710</b>	<b>(25.341.052)</b>	<b>3.055.628.115</b>
<b>GROSS PROFIT</b>	<b>3.028.320.627</b>	<b>33.188.472</b>	<b>192.358</b>	<b>19.267.710</b>	<b>(25.341.052)</b>	<b>3.055.628.115</b>
Marketing, Sales and Distribution Expenses (-)	(979.069.264)	-	(737)	(1.401.509)	-	(980.471.510)
General Administrative Expenses (-)	(366.049.084)	(3.517.825)	(252.294)	(10.529.741)	6.127.355	(374.221.589)
Research and Development Expenses (-)	(17.285.049)	-	-	-	-	(17.285.049)
Other Operating Income	331.189.539	1.716.554	1.201.422	-	(10.531.449)	323.576.066
Other Operating Expenses (-)	(829.863.893)	(633.632)	(325.075)	(42.241)	4.404.094	(826.460.747)
<b>OPERATING PROFIT</b>	<b>1.167.242.876</b>	<b>30.753.569</b>	<b>815.674</b>	<b>7.294.219</b>	<b>(25.341.052)</b>	<b>1.180.765.286</b>
Gains from investment activities	455.679.153	-	-	-	-	455.679.153
Losses from investment activities (-)	-	-	-	-	-	-
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>	<b>1.622.922.029</b>	<b>30.753.569</b>	<b>815.674</b>	<b>7.294.219</b>	<b>(25.341.052)</b>	<b>1.636.444.439</b>
Financial Income	211.935.676	2.976	871.838	72.563.710	-	285.374.200
Financial Expenses (-)	(1.711.986.785)	(6.875)	(735.248)	(74.036.466)	-	(1.786.765.374)
Net Monetary Position Gains/(Losses)	154.674.017	(29.802.729)	37.646.246	(3.202.935)	5.005.774	164.320.373
<b>PROFIT BEFORE TAX</b>	<b>277.544.937</b>	<b>946.941</b>	<b>38.598.510</b>	<b>2.618.528</b>	<b>(20.335.278)</b>	<b>299.373.638</b>

31.12.2023	Steel	Transportation	Energy	Elimination/ Adjustments	Total
Revenue	22.982.561.252	206.368.691	25.359	(969.713.709)	22.219.241.593
Cost of Sales (-)	(18.735.929.328)	(210.898.145)	-	996.748.599	(17.950.078.874)
<b>Gross Profit from Non-Finance Sector Operations</b>	<b>4.246.631.924</b>	<b>(4.529.454)</b>	<b>25.359</b>	<b>27.034.890</b>	<b>4.269.162.719</b>
<b>GROSS PROFIT</b>	<b>4.246.631.924</b>	<b>(4.529.454)</b>	<b>25.359</b>	<b>27.034.890</b>	<b>4.269.162.719</b>
Marketing, Sales and Distribution Expenses (-)	(1.091.889.464)	-	-	-	(1.091.889.464)
General Administrative Expenses (-)	(276.152.471)	(3.412.078)	(240.931)	-	(279.805.480)
Research and Development Expenses (-)	(10.079.634)	-	-	-	(10.079.634)
Other Operating Income	432.494.880	718.854	1.591.123	(44.035.691)	390.769.166
Other Operating Expenses (-)	(665.548.338)	(713.953)	(1.213.101)	1.227.146	(666.248.246)
<b>OPERATING PROFIT</b>	<b>2.635.456.897</b>	<b>(7.936.631)</b>	<b>162.450</b>	<b>(15.773.655)</b>	<b>2.611.909.061</b>
Gains from investment activities	650.459.656	-	-	-	650.459.656
Losses from investment activities (-)	(24.376.458)	-	-	-	(24.376.458)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>	<b>3.261.540.095</b>	<b>(7.936.631)</b>	<b>162.450</b>	<b>(15.773.655)</b>	<b>3.237.992.259</b>
Financial Income	629.778.575	23.410	12.698.416	(8.795.210)	633.705.191
Financial Expenses (-)	(1.975.510.850)	(9.798)	(761.727)	8.795.210	(1.967.487.165)
Net Monetary Position Gains/(Losses)	205.263.946	12.854.987	(82.684.902)	(13.840.726)	121.593.305
<b>PROFIT BEFORE TAX</b>	<b>2.121.071.766</b>	<b>4.931.968</b>	<b>(70.585.763)</b>	<b>(29.614.381)</b>	<b>2.025.803.590</b>

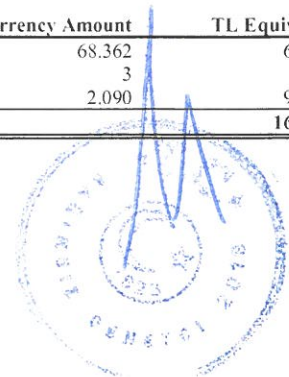
## NOTE 6 - CASH AND CASH EQUIVALENTS

As of 31 December 2024 and 2023, the functional breakdown of cash and cash equivalents is as follows:

Account Name	31.12.2024	31.12.2023
Cash on hand	10.477	166.727
Banks	2.575.477.578	972.834.136
- Demand deposits	723.723.548	857.855.478
- Time deposits	1.851.754.030	114.978.658
<b>Cash and cash equivalents, net</b>	<b>2.575.488.055</b>	<b>973.000.863</b>

As of 31 December 2024 and 2023, the functional breakdown of cash on hand is as follows:

Cash on hand	Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
TL	10.477	10.477	68.362	68.362
USD	-	-	3	127
EUR	-	-	2.090	98.238
<b>Total</b>		<b>10.477</b>		<b>166.727</b>



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As of 31 December 2024 and 2023, the functional breakdown of banks is as follows:

Banks	31.12.2024		31.12.2023	
	Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
TL	1.860.721.640	1.860.721.640	124.707.222	124.707.222
USD	14.256.674	502.167.112	14.731.636	626.131.524
EUR	3.279.681	120.504.998	624.921	29.389.915
GBP	2.081.188	92.083.828	3.562.950	192.605.475
<b>Total</b>		<b>2.575.477.578</b>		<b>972.834.136</b>

As of 31 December 2024 and 2023, the breakdown of time deposits including maturity analysis and annual effective interest rates is as follows:

Banks	31.12.2024		31.12.2023	
	Original Currency Amount	Annual Effective Interest Rate (%)	Original Currency Amount	Annual Effective Interest Rate (%)
TL	1.851.754.030	31% - 45%	114.978.658	29% - 38%
<b>Total</b>	<b>1.851.754.030</b>		<b>114.978.658</b>	

Maturity	31.12.2024	31.12.2023
1-30 days	1.851.754.030	114.978.658
<b>Total</b>	<b>1.851.754.030</b>	<b>114.978.658</b>

As of 31 December 2024 and 2023, the Group has no blocked deposits.

### NOTE 7 - FINANCIAL INVESTMENTS

As of 31 December 2024 and 2023, the breakdown and details of short-term financial investments are as follows:

Account Name	31.12.2024	31.12.2023
Financial Assets At Fair Value Through Profit Or Loss (*)	498.575.538	983.106.379
<b>Short-term financial investments, net</b>	<b>498.575.538</b>	<b>983.106.379</b>

(\*) Financial assets at fair value through profit or loss comprise of equity securities and fund accounts. These relevant accounts are carried at their fair value in the accompanying consolidated financial statements as of 31 December 2024.

As of 31 December 2024 and 2023, the breakdown and details of long-term financial investments are as follows:

Account Name	31.12.2024	31.12.2023
Kocaer Steel Ireland Limited (*)	4.660	4.661
<b>Total</b>	<b>4.660</b>	<b>4.661</b>

(\*)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 31 December 2024, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

### NOTE 8 – BORROWINGS

As of 31 December 2024 and 2023, the detailed analysis of short-term borrowings is as follows:

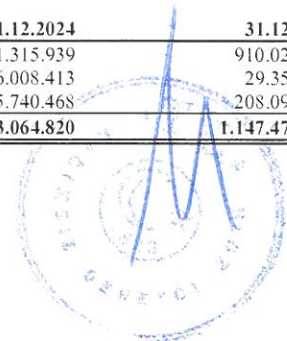
Account Name	31.12.2024	31.12.2023
Bank Borrowings	1.507.150.194	2.772.335.106
Finance Lease Liabilities	19.737.338	75.343.090
Lease Liabilities	10.367.298	3.014.191
Other	15.338.814	2.073.402
<b>Short-term borrowings, net</b>	<b>1.552.593.644</b>	<b>2.852.765.789</b>

As of 31 December 2024 and 2023, the breakdown of short-term portion of long-term borrowings is as follows:

Account Name	31.12.2024	31.12.2023
Principal And Interest Installments Of Long-Term Borrowings	1.600.474.453	407.974.570
<b>Short-Term Portion Of Long-Term Borrowings, Net</b>	<b>1.600.474.453</b>	<b>407.974.570</b>

As of 31 December 2024 and 2023, the detailed analysis of long-term borrowings is as follows:

Account Name	31.12.2024	31.12.2023
Bank Borrowings	1.341.315.939	910.027.666
Finance Lease Liabilities	6.008.413	29.356.606
Lease Liabilities	175.740.468	208.095.276
<b>Long-Term Borrowings, Net</b>	<b>1.523.064.820</b>	<b>1.147.479.548</b>



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Repayment schedule of borrowings is as follows:

<b>Bank borrowings (Loans)</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
0-3 months	1.522.489.008	1.379.453.067
4-12 months	1.600.474.453	1.802.930.011
13-36 months	1.341.315.939	910.027.666
<b>Total</b>	<b>4.464.279.400</b>	<b>4.092.410.744</b>
<b>Finance lease liabilities</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
0-3 months	5.479.932	29.152.046
4-12 months	14.257.406	46.191.044
1 year and over	6.008.413	29.356.606
<b>Total</b>	<b>25.745.751</b>	<b>104.699.696</b>
<b>Lease liabilities</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
0-3 months	2.278.617	1.149.340
4-12 months	8.088.681	1.864.851
13-36 months	175.740.468	208.095.276
<b>Total</b>	<b>186.107.766</b>	<b>211.109.467</b>

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

<b>31.12.2024</b>			
<b>Currency</b>	<b>Original currency amount</b>	<b>TL equivalent (Valuation)</b>	<b>Annual effective interest rate (%)</b>
TL	999.361.008	999.361.008	6%-20%
EUR	35.629.000	1.313.199.420	3% - 6%
USD	54.216.392	1.919.092.210	4%-7%
GBP	5.257.601	232.626.762	7.50%
<b>Total</b>		<b>4.464.279.400</b>	

### **31.12.2023**

<b>Currency</b>	<b>Original currency amount</b>	<b>TL equivalent (Valuation)</b>	<b>Annual effective interest rate (%)</b>
TL	1.537.023.708	1.537.023.708	4.09%-40.50%
EUR	4.334.337	204.516.351	2.17% - 4.76%
USD	44.626.042	1.902.987.963	4.86%-10.88%
GBP	8.285.246	447.882.722	7.50%
<b>Total</b>		<b>4.092.410.744</b>	

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

<b>31.12.2024</b>			
<b>Currency</b>	<b>Original currency amount</b>	<b>TL equivalent (Valuation)</b>	<b>Annual effective interest rate (%)</b>
GBP	5.047	223.308	-
EUR	7.600	279.707	4%-8%
USD	714.072	25.242.736	8%
<b>Total</b>		<b>25.745.751</b>	

### **31.12.2023**

<b>Currency</b>	<b>Original currency amount</b>	<b>TL equivalent (Valuation)</b>	<b>Annual effective interest rate (%)</b>
TL	116.056	116.302	13%
EUR	127.140	5.999.114	4%-9%
USD	2.311.852	98.584.280	5%-%7
<b>Total</b>		<b>104.699.696</b>	

## NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

## NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2024 and 2023, the breakdown of short-term trade receivables is as follows:

<b>Account Name</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Trade Receivables from Third Parties	3.176.868.367	1.798.903.006
-Customers	2.323.195.333	1.570.880.574
-Notes receivables	853.673.034	228.022.432
- Doubtful trade receivables	17.745.282	21.540.308
- Provision for doubtful trade receivables (-)	(17.745.282)	(21.540.308)
Trade Receivables from Related Parties (Note 37)	-	12.813.759
<b>Short-term trade receivables, net</b>	<b>3.176.868.367</b>	<b>1.811.716.765</b>

As of 31 December 2024, the average turnover period for trade receivables is 50 days (31 December 2023: 44 days).

# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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The movements of provision for doubtful receivables are as follows:

	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
<b>Beginning of the period – 1 January</b>	21.540.308	43.098.250
Increases during the period (Note 31)	7.166.246	659.082
Provisions no longer required (Note 31)	(3.951.670)	(6.437.503)
Inflation adjustments	(7.009.602)	(15.779.521)
<b>End of the period – 31 December</b>	<b>17.745.282</b>	<b>21.540.308</b>

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

As of 31 December 2024 and 2023, the Group has no long-term trade receivables.

As of 31 December 2024 and 2023, the breakdown of short-term trade payables is as follows:

Account Name	31.12.2024	31.12.2023
Trade Payables to Third Parties	4.320.040.435	1.784.389.293
- Suppliers	4.320.040.435	1.784.389.293
<b>Short-term trade payables, net</b>	<b>4.320.040.435</b>	<b>1.784.389.293</b>

As of 31 December 2024, the average turnover period for trade payables is 54 days (31 December 2023: 27 days).

As of 31 December 2024 and 2023, the Group has no long-term trade payables.

## NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2024 and 2023, the detailed analysis of short-term other receivables is as follows:

Account Name	31.12.2024	31.12.2023
Other Receivables from Third Parties	488.706.930	282.594.612
- Deposits and guarantees given	7.573.696	9.376.076
- Due from tax office	478.306.187	260.262.879
- Due from employee	2.823.467	1.357.286
- Other	3.580	11.598.371
Other Receivables from Related Parties (Note 37)	74.967.007	43.762.321
<b>Short-term other receivables, net</b>	<b>563.673.937</b>	<b>326.356.933</b>

As of 31 December 2024 and 2023, the details of long-term other receivables are as follows:

Account Name	31.12.2024	31.12.2023
Other Receivables from Third Parties	5.091.604	3.077.107
- Deposits and guarantees given	5.091.604	3.077.107
<b>Long-term other receivables, net</b>	<b>5.091.604</b>	<b>3.077.107</b>

As of 31 December 2024 and 2023, the details of short-term other payables are as follows:

Account Name	31.12.2024	31.12.2023
Other Payables to Third Parties	49.861.229	135.744.381
- VAT payable	-	39.880.218
- Other liabilities	369.072	279.172
- Taxes payable	48.560.173	95.370.502
- Other payables	931.984	214.489
Other Payables to Related Parties (Note 37)	32.448	37.873.458
<b>Short-term other payables, net</b>	<b>49.893.677</b>	<b>173.617.839</b>

As of 31 December 2024 and 2023, the Group has no long-term other payables.

## NOTE 12 - DERIVATIVE INSTRUMENTS

The breakdown of short-term derivative instruments as of 31 December 2024 and 2023 is as follows:

Account Name	31.12.2024	31.12.2023
Derivative assets	-	161.614.396
<b>Total</b>	<b>-</b>	<b>161.614.396</b>

The breakdown of long-term derivative instruments as of 31 December 2024 and 2023 is as follows:

Account Name	31.12.2024	31.12.2023
Derivative assets	-	29.043.745
<b>Total</b>	<b>-</b>	<b>29.043.745</b>



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

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

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

**NOTE 13 – INVENTORIES**

As of 31 December 2024 and 2023, the breakdown of inventories is as follows:

Account Name	31.12.2024	31.12.2023
Raw materials and supplies	976.421.876	1.111.582.129
Finished goods	1.334.284.721	2.078.610.881
Merchandise	675.891.787	928.665.223
Other inventories	10.956.266	12.113.718
<b>Total</b>	<b>2.997.554.650</b>	<b>4.130.971.951</b>

The Group has no provision for impairment on inventories.

**NOTE 14 – RIGHT OF USE ASSETS**

As of 31 December 2024 and 2023, the movements for right of use assets, and related depreciation are as follows:

**31.12.2024**

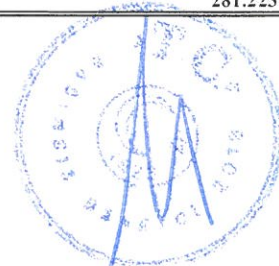
Cost	Opening balance – 1 January 2024	Additions	Currency translation differences	Closing balance – 31 December 2024
Motor vehicles	28.204.384	13.417.450	-	41.621.834
Buildings	353.033.154	5.586.115	(59.807.212)	298.812.057
<b>Total</b>	<b>381.237.538</b>	<b>19.003.565</b>	<b>(59.807.212)</b>	<b>340.433.891</b>

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Currency translation differences	Closing balance – 31 December 2024
Motor vehicles	(21.900.050)	(19.721.784)	397.519	(41.224.315)
Buildings	(78.113.957)	(11.212.565)	(397.519)	(89.724.041)
<b>Total</b>	<b>(100.014.007)</b>	<b>(30.934.349)</b>	<b>-</b>	<b>(130.948.356)</b>
<b>Net book value</b>	<b>281.223.531</b>			<b>209.485.535</b>

**31.12.2023**

Cost	Opening balance – 1 January 2023	Additions	Disposals	Currency translation differences	Closing balance – 31 December 2023
Motor vehicles	27.269.074	935.310	-	-	28.204.384
Buildings	286.125.719	233.951	(520.276)	67.193.760	353.033.154
<b>Total</b>	<b>313.394.793</b>	<b>1.169.261</b>	<b>(520.276)</b>	<b>67.193.760</b>	<b>381.237.538</b>

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Currency translation differences	Closing balance – 31 December 2023
Motor vehicles	(16.515.814)	(5.384.234)	-	(21.900.048)
Buildings	(42.611.268)	(35.147.858)	(354.833)	(78.113.959)
<b>Total</b>	<b>(59.127.082)</b>	<b>(40.532.092)</b>	<b>(354.833)</b>	<b>(100.014.007)</b>
<b>Net book value</b>	<b>254.267.711</b>			<b>281.223.531</b>



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### NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2024 and 2023, the breakdown of short-term prepaid expenses is as follows:

Account Name	31.12.2024	31.12.2023
Prepaid Expenses to Third Parties	232.542.811	134.085.285
<i>Short-term prepaid expenses</i>	<i>33.429.988</i>	<i>27.726.075</i>
<i>Advances given for purchases</i>	<i>198.798.162</i>	<i>105.674.554</i>
<i>Advances given to employees</i>	<i>235.548</i>	<i>441.850</i>
<i>Business cash advances</i>	<i>79.113</i>	<i>242.806</i>
<b>Short-term prepaid expenses, net</b>	<b>232.542.811</b>	<b>134.085.285</b>

As of 31 December 2024 and 2023, the breakdown of long-term prepaid expenses is as follows:

Account Name	31.12.2024	31.12.2023
Advances given for non-current assets (*)	116.183.000	67.129.406
<b>Long-term prepaid expenses, net</b>	<b>116.183.000</b>	<b>67.129.406</b>

(\*) Consists of advance payments for the purchases of property, plant and equipment

As of 31 December 2024 and 2023, the breakdown of short-term deferred income is as follows:

Account Name	31.12.2024	31.12.2023
Deferred Income from Third Parties	428.744.381	810.847.404
<i>Advances received (*)</i>	<i>428.744.381</i>	<i>810.847.404</i>
<b>Short-term deferred income, net</b>	<b>428.744.381</b>	<b>810.847.404</b>

(\*) Includes advances received from domestic and foreign customers

As of 31 December 2024 and 2023, the Group has no long-term deferred income.

### NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Accordingly, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi entered into liquidation process and has no material influence on the consolidated financial statements and therefore, provision for impairment was allocated in the accompanying consolidated financial statements and Kocaer Metal was not considered as an investment accounted for using the equity method for the year ended 31 December 2022. The liquidation process of Kocaer Metal was completed as of 22 March 2023 and the relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

### NOTE 17 - INVESTMENT PROPERTIES

As of 31 December 2024 and 2023, the functional breakdown and relevant financial information regarding investment properties are as follows:

31.12.2024	Opening balance –			Closing balance –
	1 January 2024	Additions	Revaluation surplus	
Cost				31 December 2024
Land	198.008.266	36.980.038	29.026.696	264.015.000
Buildings	215.160.464	445.825	9.933.711	225.540.000
<b>Total</b>	<b>413.168.730</b>	<b>37.425.863</b>	<b>38.960.407</b>	<b>489.555.000</b>

The fair value of the investment properties was determined as of 31 January 2025 and the changes in fair value were reflected to the consolidated financial statements for the year ended 31 December 2024. In the determination of the fair values of the investment properties as of 31 January 2025, the fair values determined as a result of the appraisal studies carried out by Elit Gayrimenkul Değerleme Anonim Şirketi, which is authorized by the Capital Markets Board for the valuation of investment properties and those values have been reflected to the accompanying consolidated financial statements. The detailed information of investment properties is as follows:

31.12.2024	Net carrying value	Appraisal value - 2024	Revaluation surplus -2024	Cumulative increase/decrease, net
Aliağa 393 No'lu Parsel	110.696.290	145.510.000	34.813.710	34.813.710
Aliağa Bozköy Y Kaya 1186 Ada	84.197.904	54.820.000	(29.377.904)	(29.377.904)
Ankara 15 Adet B.B.	57.132.539	72.690.000	15.557.461	15.557.461
Denizli Zeytinköy Dupleks Mesken	20.053.944	18.150.000	(1.903.944)	(1.903.944)
Kuşpınar 2 Arsa + Villa	62.175.033	63.680.000	1.504.967	1.504.967
Denizli Cankurtaran Arsa	17.339.588	19.940.000	2.600.412	2.600.412
İstanbul Acarkent Villa	98.999.295	114.765.000	15.765.705	15.765.705
<b>Total</b>	<b>450.594.593</b>	<b>489.555.000</b>	<b>38.960.407</b>	<b>38.960.407</b>

31.12.2023	Opening balance –			Closing balance –
Cost	1 January 2023	Additions	Revaluation surplus	
Land	168.716.634	-	29.291.632	198.008.266
Buildings	204.056.251	852.343	10.251.870	215.160.464
<b>Total</b>	<b>372.772.885</b>	<b>852.343</b>	<b>39.543.502</b>	<b>413.168.730</b>

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31.12.2023	Net carrying value	Appraisal value - 2023	Revaluation surplus -2023	Cumulative increase/decrease, net
Aliğa 393 No'lu Parsel	116.391.221	125.169.176	8.777.955	58.128.503
Ankara 15 Adet B.B.	65.267.007	64.602.281	-664.726	27.186.440
Denizli Zeytinköy Dupleks Mesken	15.493.562	21.404.153	5.910.591	4.929.205
Kuşpınar 2 Arsa + Villa	52.327.097	70.947.728	18.620.631	32.514.050
Denizli Cankurtaran Arsa	14.939.934	19.606.637	4.666.703	10.735.630
İstanbul Acarkent Villa	109.206.592	111.438.755	2.232.162	38.130.923
<b>Total</b>	<b>373.625.413</b>	<b>413.168.730</b>	<b>39.543.316</b>	<b>171.624.751</b>

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2024 and 2023, the movements for property, plant and equipment, and related depreciation are as follows:

31.12.2024

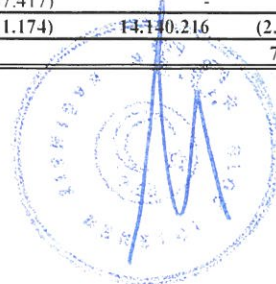
Cost	Opening balance – 1 January 2024	Additions	Disposals	Transfers	Closing balance – 31 December 2024
Land	3.301.993.974	57.965.811	(22.826.289)	-	3.337.133.496
Land Improvements	48.831.902	689.482	(55.129)	-	49.466.255
Buildings	1.746.614.375	37.897.800	(617.812)	26.104.902	1.809.999.265
Plant, Machinery And Equipment	2.985.596.927	452.473.940	(3.487.265)	154.672.523	3.589.256.125
Motor Vehicles	295.874.157	60.696.559	(8.828.447)	-	347.742.269
Furniture And Fixtures	174.487.418	14.168.140	(7.840.156)	-	180.815.402
Other Property, Plant And Equipment	399.394	-	-	-	399.394
Leasehold Improvements	8.326.630	-	-	-	8.326.630
Constructions In Progress	1.179.354.380	709.279.504	-	(180.777.425)	1.707.856.459
<b>Total</b>	<b>9.741.479.157</b>	<b>1.333.171.236</b>	<b>(43.655.098)</b>	<b>-</b>	<b>11.030.995.295</b>

Accumulated Depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Disposals	Closing balance – 31 December 2024
Land Improvements	(20.744.012)	(2.991.001)	7.361	(23.727.652)
Buildings	(234.271.033)	(43.091.280)	24.746	(277.337.567)
Plant, Machinery And Equipment	(1.538.237.194)	(209.412.983)	3.548.265	(1.744.101.912)
Motor Vehicles	(120.050.995)	(39.905.557)	7.326.273	(152.630.279)
Furniture And Fixtures	(109.129.415)	(16.686.342)	7.817.288	(117.998.469)
Other Property, Plant And Equipment	(233.413)	(133.496)	-	(366.909)
Leasehold Improvements	(6.648.622)	(787.877)	-	(7.436.499)
<b>Total</b>	<b>(2.029.314.684)</b>	<b>(313.008.536)</b>	<b>18.723.933</b>	<b>(2.323.599.287)</b>
<b>Net Book Value</b>	<b>7.712.164.473</b>			<b>8.707.396.008</b>

31.12.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2023
Land	3.160.259.054	3.073.224	-	-	138.661.695	3.301.993.973
Land Improvements	48.831.911	-	-	-	-	48.831.911
Buildings	1.604.571.077	25.889.236	(2.091.435)	-	118.245.491	1.746.614.369
Plant, Machinery And Equipment	2.376.631.425	55.189.533	(2.665.538)	447.565.392	108.876.110	2.985.596.922
Motor Vehicles	208.335.843	94.156.868	(19.233.866)	-	12.615.314	295.874.159
Furniture And Fixtures	153.453.289	9.328.455	(514.941)	-	12.220.616	174.487.419
Other Property, Plant And Equipment	399.394	-	-	-	-	399.394
Leasehold Improvements	8.326.630	-	-	-	-	8.326.630
Constructions In Progress	1.096.345.609	549.572.081	-	(447.565.392)	(18.997.918)	1.179.354.380
<b>Total</b>	<b>8.657.154.232</b>	<b>737.209.397</b>	<b>(24.505.780)</b>	<b>-</b>	<b>371.621.308</b>	<b>9.741.479.157</b>

Accumulated Depreciation (-)	Opening Balance – 1 January 2023	Current Period Depreciation	Disposals	Closing Balance – 31 December 2023
Land Improvements	(17.784.050)	(2.960.031)	-	(20.744.081)
Buildings	(196.516.080)	(37.907.846)	152.217	(234.271.709)
Plant, Machinery And Equipment	(1.382.533.356)	(163.408.566)	7.705.970	(1.538.235.952)
Motor Vehicles	(92.273.209)	(33.545.647)	5.779.409	(120.039.447)
Furniture And Fixtures	(94.975.528)	(14.668.528)	502.620	(109.141.436)
Other Property, Plant And Equipment	(100.281)	(133.139)	-	(233.420)
Leasehold Improvements	(5.861.222)	(787.417)	-	(6.648.639)
<b>Total</b>	<b>(1.790.043.726)</b>	<b>(253.411.174)</b>	<b>13.140.216</b>	<b>(2,029,314,684)</b>
<b>Net Book Value</b>	<b>6,867,012,425</b>			<b>7,712,164,473</b>



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

31.12.2023	Net carrying value	Appraisal value - 2023	Revaluation surplus -2023	Cumulative increase/decrease, net
Aliğa A1 Tesisi	536.172.783	609.162.912	72.990.129	301.855.924
Aliğa A-2 Tesisi 1116 Ada 3-No'lu Parsel	20.744.639	22.819.065	2.074.426	10.509.061
Aliğa A-2 Tesisi 1116 Ada 4 No'lu Parsel	1.158.296.231	1.329.446.946	171.150.715	643.072.453
Aliğa A3 Tesisi	627.892.820	693.797.748	65.904.929	315.083.974
Kınık OSB Tesisi	13.893.198	23.483.207	9.590.009	16.538.025
Denizli Haddehane	139.835.993	177.650.859	37.814.866	81.632.826
Zorlu Center İstanbul	177.150.174	175.405.769	(1.744.405)	35.311.310
Denizli Kocaer Tekstil-2 Tesisi 6 Parsel	53.230.748	36.686.646	(16.544.102)	1.504.459
Denizli Kocaer Tekstil-2 Tesisi 5 Parsel	727.953.638	531.436.601	(196.517.037)	1.977.179
Aliğa 1116 Ada 16 No'lu Parsel	1.125.646.442	1.237.759.207	112.112.765	572.002.916
Aliğa 1116 Ada 10 No'lu Parsel	1.592.683	1.667.575	74.888	74.892
<b>Total</b>	<b>4.582.409.349</b>	<b>4.839.316.535</b>	<b>256.907.183</b>	<b>1.979.563.019</b>

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

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

### NOTE 19 - INTANGIBLE ASSETS

As of 31 December 2024 and 2023, the movements for intangible assets, and related depreciation are as follows:

#### Other intangible assets

##### 31.12.2024

Cost	Opening balance – 1 January 2024	Additions	Closing balance – 31 December 2024
Rights	71.274.856	1.516.758	72.791.614
Development costs	436.500.706	4.425.006	440.925.712
<b>Total</b>	<b>507.775.562</b>	<b>5.941.764</b>	<b>513.717.326</b>

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Closing balance – 31 December 2024
Rights	(69.230.697)	(47.441)	(69.278.138)
Development costs	(428.550.930)	(8.631.448)	(437.182.378)
<b>Total</b>	<b>(497.781.627)</b>	<b>(8.678.889)</b>	<b>(506.460.516)</b>
<b>Net book value</b>	<b>9.993.935</b>	<b>-</b>	<b>7.256.810</b>

##### 31.12.2023

Cost	Opening balance – 1 January 2023	Additions	Closing balance – 31 December 2023
Rights	71.103.471	171.385	71.274.856
Development costs	436.500.706	-	436.500.706
<b>Total</b>	<b>507.604.177</b>	<b>171.385</b>	<b>507.775.562</b>

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Closing balance – 31 December 2023
Rights	(68.483.912)	(746.785)	(69.230.697)
Development costs	(404.487.808)	(24.063.122)	(428.550.930)
<b>Total</b>	<b>(472.971.720)</b>	<b>(24.809.907)</b>	<b>(497.781.627)</b>
<b>Net book value</b>	<b>34.632.457</b>	<b>-</b>	<b>9.993.935</b>

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

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

### NOTE 20 - EMPLOYEE BENEFITS

As of 31 December 2024 and 2023, the breakdown of employee benefits is as follows:

Account Name	31.12.2024	31.12.2023
Due to employees	41.815.826	27.505.340
Taxes payable	18.031.809	11.451.075
Social security premiums payable	26.574.376	36.379.876
<b>Employee benefits, net</b>	<b>86.422.011</b>	<b>75.336.291</b>

## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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### NOTE 21 – GOVERNMENT GRANTS

As of 31 December 2024, the Group has entitled to benefit from turquality and reduced corporate tax incentives in accordance with government grants.

### NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### *i) Other short-term provisions*

Account Name	31.12.2024	31.12.2023
Provision for lawsuit	41.792.888	48.280.286
Provision for unused vacation	16.937.615	11.085.720
<b>Total</b>	<b>58.730.503</b>	<b>59.366.006</b>

As of 31 December 2024 and 2023, the movements of provision for lawsuits are as follows:

	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
<b>Beginning of the period – 1 January</b>	<b>48.280.286</b>	<b>23.799.394</b>
Additions (Note:31)	10.980.925	53.134.938
Provisions no longer required	(940.584)	(1.746.083)
Payments during the period	(538.874)	(9.135.645)
Inflation adjustments	(15.988.865)	(17.772.318)
<b>End of the period – 31 December</b>	<b>41.792.888</b>	<b>48.280.286</b>

As of 31 December 2024 and 2023, the movements of provision for unused vacation are as follows:

	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
<b>Beginning of the period – 1 January</b>	<b>11.085.720</b>	<b>10.304.630</b>
Increases during the period	10.532.647	6.033.790
Inflation adjustments	(4.680.752)	(5.252.700)
<b>End of the period – 31 December</b>	<b>16.937.615</b>	<b>11.085.720</b>

#### *ii) Contingent liabilities and contingent assets*

None.

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

As of 31 December 2024 and 2023, the breakdown of collateral/pledges/mortgages/bill of guarantees ("CPMB") is as follows:

				31.12.2024
Type	Currency	Original currency amount	TL equivalent	
Letter of Guarantee Given	TL	1.086.994.230	1.086.994.230	
Letter of Guarantee Given	USD	17.271	608.341	
Pledges Given	TL	2.724.290.650	2.724.290.650	
Pledges Given	USD	133.866.445	4.715.217.952	
Pledges Given	EUR	14.100.000	518.074.890	
<b>Total CPMB's given, net</b>				<b>9.045.186.063</b>
Letter of Guarantee Received	TL	26.314.120	26.314.120	
Letter of Guarantee Received	EUR	80.875	2.971.582	
<b>Total CPMB's received, net</b>				<b>29.285.702</b>

				31.12.2023
Type	Currency	Original currency amount	TL equivalent	
Letter of Guarantee Given	TL	492.599.746	492.599.746	
Letter of Guarantee Given	USD	94.142	4.001.271	
Letter of Guarantee Given	EUR	2.190.300	103.009.364	
Mortgages and Bill of Gurantees Given	TL	332.071.174	332.071.174	
Pledges Given	TL	1.191.124.864	1.191.124.864	
Pledges Given	USD	170.491.445	7.246.314.600	
Pledges Given	EUR	8.100.000	380.941.353	
<b>Total CPMB's given, net</b>				<b>9.750.062.372</b>
Letter of Guarantee Received	TL	28.211.612	28.211.612	
Letter of Guarantee Received	USD	34.740	1.476.537	
Letter of Guarantee Received	EUR	1.620.000	76.188.271	
<b>Total CPMB's received, net</b>				<b>105.876.420</b>

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

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iv) Ratio of guarantees and mortgages to equity

As of 31 December 2024 and 2023, the Group's collateral pledge/mortgage/bill of guarantees ("C&P&M&B") position is as follows:

Collaterals, Pledges, Mortgages, Bill of Guarantees Given by the Group	31.12.2024	31.12.2023
A. Total amount of CPMB's given in the name of its own legal personality	1.087.602.571	931.681.555
B. Total amount of CPMB's given on behalf of the fully consolidated subsidiaries	-	-
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's given	7.957.583.492	8.818.380.817
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C	7.957.583.492	8.818.380.817
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>9.045.186.063</b>	<b>9.750.062.372</b>

The ratio of other CPMB's given by the Group to its equity is 84% as of 31 December 2024 (31 December 2023: 92%).

v) Total insurance coverage on assets

As of 31 December 2024, total insurance coverage on property, plant and equipment is amounting to TL 25.448.499.694 and USD 32.000.000 against wide variety of risks as collateral (31 December 2023 :TL 4.935.473.540 and USD 33.250.000 USD).

### NOTE 23 - COMMITMENTS

None.

### NOTE 24 – PROVISIONS FOR EMPLOYEE BENEFITS

	31.12.2024	31.12.2023
Provision for employment termination benefits	65.459.162	55.570.467
<b>Total</b>	<b>65.459.162</b>	<b>55.570.467</b>

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

As of 31 December 2024, the amount payable consists of one month's salary limited to a maximum of TL 46.655,43 (31 December 2023: TL 35.058) for each year of service.

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

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

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

As of 31 December 2024, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 31 December 2024, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 24% and an interest rate of 27.41%, resulting in a discount rate of 2.75%.

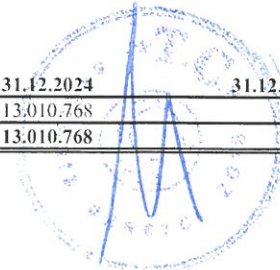
The movement of provision for employment termination benefits is as follows:

	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
Beginning of the period – 1 January	55.570.467	58.593.365
Payments during the period (-)	(25.826.089)	(47.879.116)
Interest cost	5.271.263	5.282.532
Service cost	14.172.879	10.427.530
Loss on remeasurements of defined benefit plans	21.381.876	42.895.523
Actuarial gains/losses	15.678.467	14.261.420
Inflation adjustments	(20.789.701)	(28.010.787)
<b>End of the period – 31 December</b>	<b>65.459.162</b>	<b>55.570.467</b>

### NOTE 25 - TAX ASSETS AND LIABILITIES

As of 31 December 2024 and 2023, the breakdown of current income tax assets is as follows:

Account Name	31.12.2024	31.12.2023
Prepaid taxes	13.010.768	1.559
<b>Current income tax assets, net</b>	<b>13.010.768</b>	<b>1.559</b>



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### NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 31 December 2024 and 2023, the breakdown of other current assets is as follows:

Account Name	31.12.2024	31.12.2023
Deferred VAT	201.029.236	375.304.133
<b>Other current assets, net</b>	<b>201.029.236</b>	<b>375.304.133</b>

As of 31 December 2024 and 2023, the breakdown of other current liabilities is as follows:

Account Name	31.12.2024	31.12.2023
Other	-	4.108
<b>Other current liabilities, net</b>	<b>-</b>	<b>4.108</b>

As of 31 December 2024 and 2023, the Group has no other non-current liabilities.

### NOTE 27 – EQUITY

#### i) Non-controlling interests

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

As of 31 December 2024 and 2023, the movements of non-controlling interests are as follows:

	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
<b>Beginning of the period – 1 January</b>	<b>26.958.978</b>	<b>18.210.293</b>
Paid-in share capital	3.925.773	12.579.118
Adjustment to share capital	245.543	(1.014.603)
Gains/(losses) on remeasurements of defined benefit plans, net	(30.446)	(117.380)
Currency translation differences, net	3.852.874	8.898.394
Retained earnings, net	(117)	(8.247.760)
Adjustments of inflation from TAS 29	(9.662.539)	(2.162.757)
Profit for the period, net	225.483	(1.186.327)
<b>End of the period – 31 December</b>	<b>25.515.549</b>	<b>26.958.978</b>

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

As of 31 December 2024 and 2023, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

Shareholders	31.12.2024		31.12.2023	
	Amount	Share (%)	Amount	Share (%)
Hakan KOCAER	1.420.836.864	74	520.084.989	79
Other (Listed shares)	494.163.136	26	137.485.011	21
<b>Total share capital</b>	<b>1.915.000.000</b>	<b>100</b>	<b>657.570.000</b>	<b>100</b>

#### Number of shares, class of shares and privileges

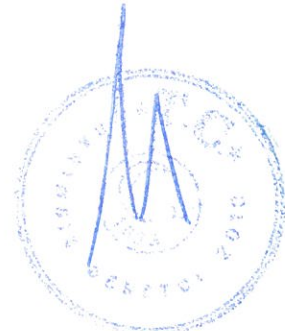
The Group has applied the registered capital system in accordance with the CMB regulations and adopted to the registered capital system with the permission of the CMB on 14 April 2022 and numbered 18/589. The issued share capital of the Group has been increased by TL 1.257.430.000 to TL 1.915.000.000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

#### Capital adjustments due to cross-ownership

None.

#### iii) Capital reserves

None.



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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## iv) Restricted reserves

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

Account Name	31.12.2024	31.12.2023
Legal reserves	135.118.596	75.688.858
Gain on disposal of a subsidiary and property, plant and equipment	246.165.383	246.165.384
<b>Total</b>	<b>381.283.979</b>	<b>321.854.242</b>

## v) Retained earnings

Account Name	31.12.2024	31.12.2023
Extraordinary reserves	1.340.682.052	(38.048.568)
Retained earnings	3.242.622.332	3.495.894.205
<b>Total</b>	<b>4.583.304.384</b>	<b>3.457.845.637</b>

## vi) Share premium

Account Name	31.12.2024	31.12.2023
Share premium	316.387.581	316.387.581
<b>Total</b>	<b>316.387.581</b>	<b>316.387.581</b>

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

As of 31 December 2024 and 2023, the detailed table of other comprehensive income or expenses to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	31.12.2024	31.12.2023
Currency translation differences	15.675.575	53.822.843
Gains/(losses) on hedges	(155.237.242)	(275.123.053)
<b>Total</b>	<b>(139.561.667)</b>	<b>(221.300.210)</b>

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

As of 31 December 2024 and 2023, the detailed table of other comprehensive income or expenses not to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	31.12.2024	31.12.2023
Gains/(losses) on revaluation and remeasurement	1.604.746.358	1.604.746.358
Gains/(losses) on remeasurements of defined benefit plans	(27.756.091)	(28.069.989)
<b>Total</b>	<b>1.576.990.267</b>	<b>1.576.676.369</b>

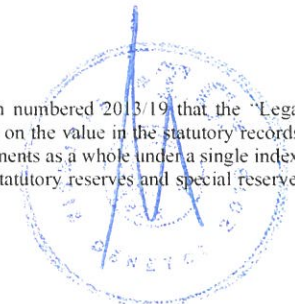
## ix) Equity

Account Name	31.12.2024	31.12.2023
Paid-in share capital	1.915.000.000	657.570.000
Adjustment to share capital	753.706.448	1.715.119.329
Other comprehensive income or expenses not to be reclassified to profit or loss	1.576.990.267	1.576.676.369
Share premium	316.387.581	316.387.581
Other comprehensive income or expenses to be reclassified to profit or loss	(139.561.667)	(221.300.210)
Restricted reserves	381.283.979	321.854.242
Retained earnings	4.583.304.384	3.457.845.637
Profit for the period	82.898.269	1.706.236.127
<b>Equity holders of the parent</b>	<b>9.470.009.261</b>	<b>9.530.389.075</b>
Non-controlling interests	25.515.549	26.958.978
<b>Total equity</b>	<b>9.495.524.810</b>	<b>9.557.348.053</b>

## viii) Additional disclosures on share capital, reserves and other equity items

In accordance the CMB Decision on 7 March 2024 and numbered 14/382

a) - Although it is indicated in the notes to the consolidated financial statements in the Board Bulletin numbered 20/3/19 that the "Legal Reserves" under the "Restricted Reserves" will be presented in the consolidated financial statements based on the value in the statutory records, considering the index difference used in inflation adjustments, with the aim of presenting the financial statements as a whole under a single index: "Legal Reserves", including "Adjustment to share capital", "Share premium" (Emission premium)", and statutory reserves and special reserves and other classified under "Other Reserves",





# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

- To be presented in the Statement of Financial Position over the CPI-adjusted amounts,

- The difference between the inflation adjusted amounts in the statutory records and the inflation adjusted amounts in the consolidated financial statements prepared in accordance with TAS/IFRS shall be recognised in the "Retained earnings", and in this context, a disclosure shall be realised in the notes to the consolidated financial statements about the "Adjustment to share capital" and reserve amounts recognised under equity in the TAS/IFRS consolidated statement of financial position, the details of the amounts of these items in the statutory records and the difference recognised in the "Retained earnings",

b) Within the scope of the first transition to inflation, it has been decided to disclose the "Retained Earnings" in the consolidated statement of financial position prepared in accordance with TAS/IFRS and the indexed amount of the amount in the related period in the notes to the consolidated financial statements.

As of 31 December 2024, the comparison of the related equity items presented in the consolidated financial statements of the Group as adjusted for inflation in the consolidated financial statements prepared in accordance with the Tax Procedure Law with the inflation adjusted amounts in the consolidated financial statements prepared in accordance with the Tax Procedure Law and the "Retained Earnings" in the consolidated statement of financial position and the indexed amount of the related amount in the related period are as follows:

31.12.2024	Inflation Adjusted Amounts in Financial Statements Prepared in Accordance with Tax Procedure Law	Inflation Adjusted Amounts in Financial Statements Prepared in Accordance with TAS/IFRS Financial Statements	Retained earnings, net
Adjustment to share capital	767.496.369	753.706.448	13.789.921
Share premium	306.616.687	316.387.581	(9.770.894)
Restricted reserves	2.221.556.455	381.283.979	1.840.272.476

### NOTE 28 - REVENUE AND COST OF SALES

As of 31 December 2024 and 2023, the functional breakdown of revenue and cost of sales is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
Domestic Sales	4.503.401.968	6.562.000.485
Foreign Sales	14.554.172.536	15.475.051.436
Other Revenue	205.400.031	188.237.207
Sales Returns (-)	(26.620.671)	(1.877.610)
Sales Discounts (-)	(1.143.611)	(4.169.925)
<b>Net Sales</b>	<b>19.235.210.253</b>	<b>22.219.241.593</b>
<b>Cost of Sales (-)</b>	<b>(16.179.582.138)</b>	<b>(17.950.078.874)</b>
Cost of Merchandise Sold (-)	(3.869.563.247)	(1.977.703.391)
Cost of Goods Sold (-)	(10.739.480.167)	(14.804.870.248)
Other Cost of Sales (-)	(362.451.292)	(317.988.002)
Personnel Expenses	(922.801.839)	(597.364.932)
Depreciation and Amortisation Charges(-)	(285.285.593)	(252.152.301)
<b>Gross Profit</b>	<b>3.055.628.115</b>	<b>4.269.162.719</b>

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

As of 31 December 2024 and 2023, the functional breakdown of operating expenses is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
Marketing, Sales and Distribution Expenses (-)	(980.471.510)	(1.091.889.464)
General Administrative Expenses (-)	(374.221.589)	(279.805.480)
Research and Development Expenses (-)	(17.285.049)	(10.079.634)
<b>Total Operating Expenses (-)</b>	<b>(1.371.978.148)</b>	<b>(1.381.774.578)</b>



**KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

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(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

**NOTE 30 - EXPENSES BY NATURE**

As of 31 December 2024 and 2023, the functional breakdown of marketing, sales and distribution expenses, research and development expenses and general administrative expenses recognized in expenses by nature is as follows:

Name	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
<b>Marketing, Sales and Distribution Expenses (-)</b>	<b>(980.471.510)</b>	<b>(1.091.889.464)</b>
Personnel expenses	(52.558.425)	(46.912.377)
Freight costs	(536.880.060)	(539.968.823)
Export costs	(138.554.420)	(194.538.846)
Transportation costs	(91.167.637)	(105.706.273)
Customs duty and expenses	(9.897.077)	(8.108.214)
Consumable costs	(81.683.751)	(98.210.682)
Sales commissions	(25.517.224)	(33.599.086)
Depreciation and amortisation charges	(1.846.195)	(4.024.388)
Advertising expenses	(1.406.737)	(1.749.679)
Maintenance and repair expenses	(522.170)	(495.015)
IT expenses	(3.193.105)	(4.177.004)
Audit and consultancy expenses	(358.122)	(8.440.354)
Fair and exhibition costs	(18.456.771)	(28.345.136)
Rent expenses	(1.600.668)	(310.497)
Travel and accommodation expenses	(6.497.993)	(5.984.177)
Insurance expenses	(3.399.694)	(2.588.265)
Fuel expenditures	(521.554)	(530.641)
Research and development expenses	(3.362.027)	(209.186)
Taxes, duties and charges	(186.964)	(232.272)
Other	(2.860.916)	(7.758.549)
<b>General Administrative Expenses (-)</b>	<b>(374.221.589)</b>	<b>(279.805.480)</b>
Personnel expenses	(174.246.920)	(125.555.743)
Consumable costs	(6.626.341)	(4.801.589)
Depreciation and amortisation charges	(65.398.432)	(62.340.421)
Grants and donations	(4.532.150)	(1.293.826)
Maintenance and repair expenses	(4.295.520)	(2.289.762)
IT expenses	(28.367.947)	(10.919.424)
Audit and consultancy expenses	(28.375.934)	(17.315.592)
Utility expenses	(1.947.504)	(2.018.134)
Rent expenses	(8.249.285)	(1.199.719)
Litigation and notary costs, fees and charges	(1.595.908)	(6.182.296)
Stationery expenses	(2.013.730)	(656.415)
Travel and accommodation expenses	(8.443.034)	(8.520.782)
Insurance expenses	(5.892.165)	(3.949.852)
Motor vehicle expenditures	(2.607.934)	(2.357.254)
Representation and hospitality expenses	(4.812.283)	(2.440.313)
Taxes, duties and charges	(3.351.721)	(7.180.156)
Other	(23.464.781)	(20.784.202)
<b>Research and Development Expenses (-)</b>	<b>(17.285.049)</b>	<b>(10.079.634)</b>
Personnel expenses	(12.495.440)	(7.659.028)
Depreciation and amortisation charges	(91.554)	(236.063)
License fees and charges	(2.024.842)	(1.373.647)
Other	(2.673.213)	(810.896)
<b>Total operating expenses, net (-)</b>	<b>(1.371.978.148)</b>	<b>(1.381.774.578)</b>

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

Account Name	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
Cost of Sales (-)	(285.285.593)	(252.152.301)
Marketing, Sales and Distribution Expenses (-)	(1.846.195)	(4.024.388)
General Administrative Expenses (-)	(65.398.432)	(62.340.421)
Research and Development Expenses (-)	(91.554)	(236.063)
<b>Depreciation and amortisation charges, net</b>	<b>(352.621.774)</b>	<b>(318.753.173)</b>

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

Account Name	01.01.2024	01.01.2023
	31.12.2024	31.12.2023
Cost of Sales (-)	(922.801.839)	(597.364.932)
Marketing, Sales and Distribution Expenses (-)	(52.558.425)	(46.912.377)
General Administrative Expenses (-)	(174.246.920)	(125.555.743)
Research and Development Expenses (-)	(12.495.440)	(7.659.028)
<b>Personnel expenses, net</b>	<b>(1.162.102.624)</b>	<b>(777.492.080)</b>

**KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

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**NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)**

As of 31 December 2024 and 2023, the functional breakdown of other operating income and expenses is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
<b>Other Operating Income</b>	<b>323.576.066</b>	<b>390.769.166</b>
Provisions No Longer Required (Doubtful receivables)	3.951.670	6.437.503
Provisions No Longer Required (Lawsuits)	1.479.458	10.881.728
Rent Income	3.271.825	4.771.438
Foreign Exchange Gains	100.823.628	39.563.570
Income from Tax Deductions	-	6.352.666
Income from Insurance Compensation and Claims	-	3.146.924
Interest Income	75.358.202	233.564.376
Discount Income	42.869.633	25.211.281
Income from Reversal of Discounts	9.294.869	18.884.398
Other	86.526.781	41.955.282
<b>Other Operating Expenses (-)</b>	<b>(826.460.747)</b>	<b>(666.248.246)</b>
Provisions for Doubtful Receivables	(7.166.246)	(659.082)
Provisions for Lawsuits	(10.980.925)	(53.134.938)
Idle Capacity Costs	(12.978.281)	-
Foreign Exchange Losses	(346.761.604)	(198.861.303)
Interest Expenses	(367.617.252)	(272.763.361)
Discount Expenses	(9.271.292)	(13.543.289)
Expenses from Reversal of Discounts	(17.461.903)	(16.335.675)
Expenses from Offsetting	-	(1.825.759)
Expenses from Additional Corporate Tax and Tax Base	-	(93.751.244)
Other	(54.223.244)	(15.373.595)
<b>Other operating income/(expenses), (net)</b>	<b>(502.884.681)</b>	<b>(275.479.080)</b>

**NOTE 32 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITES**

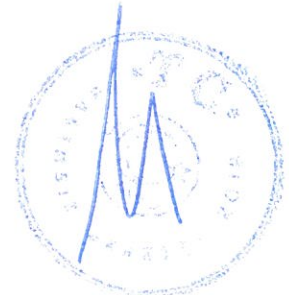
As of 31 December 2024 and 2023, the functional breakdown of gains and losses from investment activities is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
<b>Gains from Investment Activities</b>	<b>455.679.153</b>	<b>650.459.656</b>
Gain on Sale of Non-Current Assets	5.197.794	8.269.278
Investment Properties Revaluation Surplus	165.969.962	39.543.317
Gain on Sale of Securities	284.511.397	600.947.196
Gain on Reversal of Provision for Impairment	-	1.699.865
<b>Losses from Investment Activities (-)</b>	<b>-</b>	<b>(24.376.458)</b>
Loss on Sale of Securities	-	(24.376.458)
<b>Gains/(losses) from investment activities, (net)</b>	<b>455.679.153</b>	<b>626.083.198</b>

**NOTE 33 - FINANCIAL INCOME/(EXPENSES)**

As of 31 December 2024 and 2023, the functional breakdown of financial income and expenses is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
<b>Financial Income</b>	<b>285.374.200</b>	<b>633.705.191</b>
Interest Income	10.932.850	75.337.294
Foreign Exchange Gains	246.116.533	521.593.952
Interest Income arising from Group Companies and Shareholders	28.324.817	36.773.945
<b>Financial Expenses (-)</b>	<b>(1.786.765.374)</b>	<b>(1.967.487.165)</b>
Interest Expenses	(732.851.348)	(776.256.298)
Foreign Exchange Losses	(952.808.820)	(1.045.548.214)
Bank Comissions, Fees and Charges	(58.689.000)	(120.729.470)
Interest expenses from TFRS 16	(13.300.459)	(4.298.086)
Other	(29.115.747)	(20.655.097)
<b>Financial income/(expenses), (net)</b>	<b>(1.501.391.174)</b>	<b>(1.333.781.974)</b>



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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## NOTE 34 – NET MONETARY POSITION GAINS/(LOSSES)

As of 31 December 2024 and 2023, the breakdown of net monetary position gains and losses is as follows:

Non-monetary items	31.12.2024
<b>Statement of financial position</b>	<b>(81.211.421)</b>
Prepaid expenses	30.860.500
Inventories	(3.308.370)
Property, plant and equipment	2.736.868.763
Intangible assets	2.726.945
Right of use assets	(3.662.175)
Deferred tax assets	(280.592.604)
Equity	(2.549.538.930)
Deposits and guarantees given	3.479.393
Advances given	(18.044.943)
<b>Statement of profit or loss</b>	<b>245.531.794</b>
Revenue	(2.267.907.110)
Cost of sales	2.280.027.660
Marketing, sales and distribution expenses	120.661.058
General administrative expenses	35.043.145
Other operating income	(55.593.159)
Other operating expenses	172.189.268
Gains from investment activities	(130.533.787)
Financial income	(3.673.927)
Financial expenses	95.318.646
<b>Net monetary position gains/(losses)</b>	<b>164.320.373</b>

## NOTE 35 – INCOME TAXES

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

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
Current period tax expense	(24.758.783)	(290.416.311)
Deferred income tax	(191.491.103)	(30.337.479)
<b>Total tax income/(expense)</b>	<b>(216.249.886)</b>	<b>(320.753.790)</b>

### i) Corporate tax

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

Account Name	31.12.2024	31.12.2023
Current period tax expense	529.369	291.130.740
Less: Prepaid income tax	(72.265)	(263.032.600)
<b>Current income tax liabilities, net</b>	<b>457.104</b>	<b>28.098.140</b>

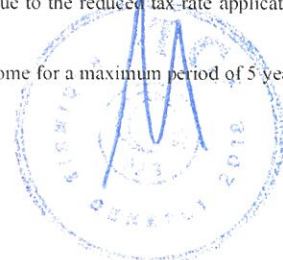
The corporate tax to be accrued on the taxable income is calculated on the basis of the deduction of the expenses that cannot be deducted from the tax base expense in the determination of the earnings, and the amount of dividends received from domestic companies, taxable income and investment allowances.

### Corporate tax rates

The Corporate Tax Law has been amended with the Law No. 5520 on 13 June 2006. The aforementioned new Corporate Tax Law No. 5520 was originally published in the Official Gazette as of 21 June 2006. However provisions of the amended corporate tax law is effective from 1 January 2006. As of 31 December 2024, corporate tax rate applied in Türkiye is 25% (31 December 2023: 25%). The corporate tax rate is applied to the tax base that will be calculated as a result of including the expenses that are not considered as deductible in accordance with the tax laws to the operating profit of the entities and deducting the exemptions and allowances (subsidiary earnings, investment discount, etc.) and deductions (Exemptions from research and development, etc.) included in the tax laws. Additional tax is not paid if the profit is not distributed.

In the Official Gazette dated 17 November 2020, amendments were made regarding both tax regulations and other regulations. As per Article 35 of the Law No. 7256 on Restructuring of Some Receivables and Amending Some Laws ("Law No. 7256"), published in the Official Gazette dated 17 November 2020 effective from 1 January 2021. For the institutions at least 20% of whose shares are offered to the public to be traded in Borsa Istanbul Equity Market for the first time, the corporate tax rate will be applied at a 2 point discounted rate for 5 accounting periods starting from the fiscal period during which their shares are offered to the public for the first time. However, the above mentioned discount on corporate tax rate is not applicable for banks, leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In case the condition disclosed in the aforementioned paragraph regarding the share ratio is lost within 5 accounting periods starting from the accounting period benefiting from the discount, taxes that are not accrued on time due to the reduced tax rate application are collected together with delay interest without any tax loss penalty.

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



## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

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

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

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

As of 31 December 2024 and 2023, provision for income tax has been calculated is as follows:

	31.12.2024	31.12.2023
<b>Operating Profit</b>	(27.971.537)	1.720.254.415
<b>Tax Base Additions</b>	<b>86.846.455</b>	<b>209.966.298</b>
<i>Non-deductible expenses</i>	<i>86.846.455</i>	<i>209.966.298</i>
<b>Tax Allowances and Deductions (-)</b>	<b>(13.206.408)</b>	<b>(296.994.082)</b>
<b>Operating Profit, net (domestic)</b>	<b>45.466.846</b>	<b>1.633.226.631</b>
<b>Operating Profit, net (foreign)</b>	<b>201.664</b>	<b>-</b>
<b>Provision for corporate tax</b>	<b>(24.758.783)</b>	<b>(290.416.311)</b>
<i>Income withholding tax</i>		

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

#### ii) Deferred tax

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

As of 31 December 2024 and 2023, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Account Name	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Adjustments for PP&E	(3.779.196.106)	(3.104.171.096)	(667.876.015)	(460.720.215)
Investment Properties Revaluation Surplus	489.555.000	(413.168.730)	(84.448.238)	(71.271.606)
Right of use assets	(8.579.737)	(9.468.041)	(1.973.340)	(2.177.649)
Prepaid expenses	38.799.933	23.609.449	8.923.985	5.430.173
Inventories	(26.619.927)	(106.889.640)	(6.122.583)	(24.584.617)
Adjustments for gain on sale of securities	(33.835.866)	(308.106.162)	(7.782.249)	(70.864.417)
Adjustments for discount on notes receivables	10.440.155	15.107.408	2.401.236	3.474.704
Doubtful receivables	12.877.206	15.870.765	2.963.014	3.666.587
Derivative instruments	-	(190.658.141)	-	(43.851.372)
Constructions in progress	(2.448.136)	369.104.427	(563.071)	84.894.018
Investment discounts	14.782.609	21.342.949	3.400.000	4.908.878
Cash discounts	125.000.000	38.982.268	17.550.371	8.965.922
Retained earnings to be offset	89.669.392	-	20.623.960	-
Borrowings	97.556.979	(693.028)	22.438.105	(159.396)
Adjustments for discount on notes payable	(25.319.792)	(26.522.074)	(5.823.552)	(6.100.077)
Foreign exchange gains (TAS 21)	8.442.421	4.445.650	1.941.757	1.022.500
Advances received and other payables	30.302.531	-	6.969.582	-
Provisions for lawsuits	41.792.888	48.060.901	9.621.150	11.063.894
Provisions for employment termination benefits	65.459.162	54.241.970	15.164.436	12.535.524
Provisions for unused vacation	16.937.615	10.526.928	3.910.907	2.421.193
Gains/(losses) on hedges	201.606.807	357.302.666	46.369.566	82.179.612
<b>Deferred tax assets/(liabilities), net</b>	<b>(2.632.776.866)</b>	<b>(3.201.081.531)</b>	<b>(612.310.979)</b>	<b>(459.166.344)</b>



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

	31.12.2024	31.12.2023
Profit before tax	83.123.752	1.705.049.800
Tax calculated at domestic tax rate (18%)	(15.544.142)	(279.324.995)
Non-deductible expenses	(86.846.455)	(39.569.847)
Tax rate differences /changes and tax exemptions	(13.206.408)	55.537.893
Adjustments for inflation	(100.652.881)	(57.396.841)
<b>Tax income/(expense)</b>	<b>(216.249.886)</b>	<b>(320.753.790)</b>

### NOTE 36 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 31 December 2024 and 2023, which is as follows:

Account Name	01.01.2024 31.12.2024	01.01.2023 31.12.2023
Profit for the period	82.898.269	1.706.236.127
Weighted average number of shares	1.915.000.000	657.570.000
<b>Earnings per share</b>	<b>0.0433</b>	<b>2.5948</b>

### NOTE 37 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

31.12.2024	Trade receivables	Other receivables	Trade payables	Other payables
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	-	21.514.470	-	-
Chakra Mağazacılık Ticaret ve A.Ş.	-	53.452.537	-	-
Other	-	-	-	32.448
<b>TOTAL</b>	<b>-</b>	<b>74.967.007</b>	<b>-</b>	<b>32.448</b>

31.12.2023	Trade receivables	Other receivables	Trade payables	Other payables
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	11.844.739	-	-	-
Chakra Mağazacılık Ticaret ve Anonim Şirketi	969.020	43.644.322	-	-
Other	-	117.999	-	37.873.458
<b>TOTAL</b>	<b>12.813.759</b>	<b>43.762.321</b>	<b>-</b>	<b>37.873.458</b>

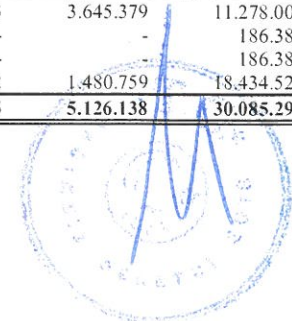
b) Related party transactions are as follows:

31.12.2024	Goods and services	Rent	Interest	Other	Total
<b>Purchases</b>					
Hakan Kocaer	-	-	-	31.066.986	31.066.986
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	-	-	1.075.501	1.075.501
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.142.487</b>	<b>32.142.487</b>

31.12.2024	Goods and services	Rent	Interest	Other	Total
<b>Sales</b>					
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	2.582.603	6.464.718	3.538.251	12.585.572
Hakan Kocaer	-	237.176	-	-	237.176
İbrahim Kocaer	-	107.171	-	-	107.171
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	474.051	20.800.382	411.107	21.685.540
<b>Total</b>	<b>-</b>	<b>3.401.001</b>	<b>27.265.100</b>	<b>3.949.358</b>	<b>34.615.459</b>

31.12.2023	Goods and services	Rent	Interest	Other	Total
<b>Purchases</b>					
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	-	-	11.220	11.220
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	-	1.703.525	1.017.527	2.721.052
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.703.525</b>	<b>1.028.747</b>	<b>2.732.272</b>

31.12.2023	Goods and services	Rent	Interest	Other	Total
<b>Sales</b>					
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	4.193.619	3.439.003	3.645.379	11.278.001
Hakan Kocaer	-	186.383	-	-	186.383
İbrahim Kocaer	-	186.383	-	-	186.383
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	758.696	16.195.072	1.480.759	18.434.527
<b>Total</b>	<b>-</b>	<b>5.325.081</b>	<b>19.634.075</b>	<b>5.126.138</b>	<b>30.085.294</b>



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c) Key management compensation		
	01.01.2024	01.01.2023
Account Name	31.12.2024	31.12.2023
Key management compensation	73.013.080	42.582.965
<b>Total</b>	<b>73.013.080</b>	<b>42.582.965</b>

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

#### Capital risk management

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

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

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

Consolidated net financial debt/invested capital ratio as of 31 December 2024 and 2023 is as follows:

	31.12.2024	31.12.2023
Total borrowings	4.676.132.917	4.408.219.907
Less: Cash and cash equivalents	(2.575.488.055)	(973.000.863)
Net financial debt	2.100.644.862	3.435.219.044
Equity	9.495.524.810	9.557.348.053
Invested capital	11.596.169.672	12.992.567.097
<b>Net financial debt/invested capital ratio</b>	<b>0.1811</b>	<b>0.2644</b>

#### Foreign exchange risk

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

Foreign exchange transactions result in foreign exchange risk arising from foreign exchange denominated assets and liabilities into Turkish Lira. The Group's exposure to foreign exchange risk arises from its borrowings, receivables and payables denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed cash flow statements as of 31 December 2024. The Group management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. The Group monitors foreign exchange rate risk through foreign exchange position analysis. Derivative financial instruments are also used as instruments for foreign exchange risk management for hedging purposes, if deemed necessary. Assets and liabilities denominated in foreign currencies are as follows:



**KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL on 31 December 2024, unless otherwise indicated.)

As of 31 December 2024 and 2023, foreign exchange position of the Group is as follows:

	Foreign Exchange Position								
	31.12.2024			31.12.2023					
	TL equivalent	USD	EUR	GBP	CNY	TL equivalent	USD	EUR	GBP
1. Trade Receivables	2,598,255,247	66,628,891	6,739,075	-	-	2,057,375,751	44,902,774	3,165,974	-
2a. Monetary Financial Assets	715,466,469	14,256,674	3,279,681	2,081,188	-	848,225,348	14,731,639	627,011	3,562,950
2b. Non-Monetary Financial Assets	-	-	-	-	-	152,495,398	2,675,312	824,752	-
3. Other	-	-	-	-	-	-	-	-	-
<b>4. Total Current Assets (1+2+3)</b>	<b>3,313,721,716</b>	<b>80,885,565</b>	<b>10,018,756</b>	<b>2,081,188</b>	-	<b>3,058,096,497</b>	<b>62,309,725</b>	<b>4,617,737</b>	<b>3,562,950</b>
5. Trade Receivables	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-
<b>8. Total Non-Current Assets(5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>3,313,721,716</b>	<b>80,885,565</b>	<b>10,018,756</b>	<b>2,081,188</b>	<b>-</b>	<b>3,058,096,497</b>	<b>62,309,725</b>	<b>4,617,737</b>	<b>3,562,950</b>
10. Trade Payables	3,350,139,475	81,675,387	320,031	2,871	93,036,358	1,349,210,449	31,226,197	373,677	-
11. Financial Liabilities	1,919,284,133	39,388,426	14,245,527	-	-	1,222,013,220	26,260,374	2,165,772	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-
<b>13. Total Current Liabilities (10+11+12)</b>	<b>5,269,423,608</b>	<b>121,063,813</b>	<b>14,565,558</b>	<b>2,871</b>	<b>93,036,358</b>	<b>2,571,223,669</b>	<b>57,486,571</b>	<b>2,539,449</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	1,347,333,380	9,538,197	27,394,914	-	-	990,074,488	20,677,520	2,295,705	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-
<b>17. Total Non-Current Liabilities (14+15+16)</b>	<b>1,347,333,380</b>	<b>9,538,197</b>	<b>27,394,914</b>	<b>-</b>	<b>-</b>	<b>990,074,488</b>	<b>20,677,520</b>	<b>2,295,705</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>6,616,756,988</b>	<b>130,602,010</b>	<b>41,960,472</b>	<b>2,871</b>	<b>93,036,358</b>	<b>3,561,298,157</b>	<b>78,164,091</b>	<b>4,835,154</b>	<b>-</b>
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>(3,303,035,272)</b>	<b>(49,716,445)</b>	<b>(31,941,716)</b>	<b>2,078,317</b>	<b>(93,036,358)</b>	<b>(503,201,660)</b>	<b>(15,854,366)</b>	<b>(217,417)</b>	<b>3,562,950</b>
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(3,303,035,272)	(49,716,445)	(31,941,716)	2,078,317	(93,036,358)	(655,697,058)	(18,529,678)	(1,042,169)	3,562,950
<b>22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23. Export	11,624,915,529	351,840,914	-	-	-	13,627,926,400	416,859,209	-	-
24. Import	4,593,850,455	139,245,635	-	-	-	4,665,423,460	152,155,893	-	-





## KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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The following table details the Group's foreign currency sensitivity as at 31 December 2024 and 2023 for the changes at the rate of 10%:

Exchange Rate Sensitivity Analysis		
01.01.2024 (the CBRT - 31.12.2024)		
	Profit/(Loss)	
	Appreciation of Foreign Currency	Appreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(176.923.932)	176.923.932
2- Hedged portion of USD Risk (-)	-	-
<b>3- USD Net Effect (1+2)</b>	<b>(176.923.932)</b>	<b>176.923.932</b>
Change in EUR against TL by 10%		
4- EUR Net Asset / Liability	(117.851.126)	117.851.126
5- Hedged portion of EUR Risk (-)	-	-
<b>6- EUR Net Effect (4+5)</b>	<b>(117.851.126)</b>	<b>117.851.126</b>
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	9.187.595	(9.187.595)
8- Hedged portion of GBP Risk (-)	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>9.187.595</b>	<b>(9.187.595)</b>
Change in Other currencies against TL by 10%		
10- CNY Net Asset / Liability	(44.716.065)	44.716.065
11- Hedged portion of CNY Risk (-)	-	-
<b>12- Other currencies Net Effect (10+11)</b>	<b>(44.716.065)</b>	<b>44.716.065</b>
<b>TOTAL</b>	<b>(330.303.528)</b>	<b>330.303.528</b>

Exchange Rate Sensitivity Analysis		
01.01.2023 (the CBRT - 31.12.2023)		
	Profit/(Loss)	
	Appreciation of Foreign Currency	Appreciation of Foreign Currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(46.672.400)	46.672.400
2- Hedged portion of USD Risk (-)	-	-
<b>3- USD Net Effect (1+2)</b>	<b>(46.672.400)</b>	<b>46.672.400</b>
Change in EUR against TL by 10%		
4- EUR Net Asset / Liability	(708.212)	708.212
5- Hedged portion of EUR Risk (-)	-	-
<b>6- EUR Net Effect (4+5)</b>	<b>(708.212)</b>	<b>708.212</b>
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	13.340.291	(13.340.291)
8- Hedged portion of GBP Risk (-)	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>13.340.291</b>	<b>(13.340.291)</b>
Change in Other currencies against TL by 10%		
10- CHF Net Asset / Liability	-	-
11- Hedged portion of CHF Risk (-)	-	-
<b>12- Other currencies Net Effect (10+11)</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(34.040.321)</b>	<b>34.040.321</b>

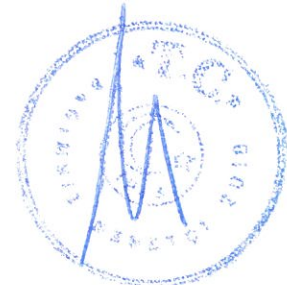
### Interest rate risk

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

	31.12.2024	31.12.2023
<i>Fixed-interest rate financial instruments</i>		
Financial assets	1.851.754.030	114.978.658
Financial liabilities	4.464.279.400	4.092.410.744
<i>Floating-interest rate financial instruments</i>		
Financial assets	498.580.198	983.111.040

### Equity securities and other related risks related financial instruments

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



# KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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## Credit risk management

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

As of 31 December 2024 and 2023, the exposure of consolidated financial asset to credit risk is as follows:

## CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INSTRUMENT TYPES

31.12.2024	Receivables				Notes	Bank deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	-	3.176.868.367	74.967.007	488.706.930	10-11	2.575.477.578	6
- Maximum risk secured with guarantees and collaterals	-	542.918.121	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	-	3.176.868.367	74.967.007	488.706.930	10-11	2.575.477.578	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
C. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	-
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6
D. Net book value of impaired assets	-	-	-	-	10-11	-	-
- Past due (gross book value)	-	17.745.282	-	-	10-11	-	6
- Impairment (-)	-	(17.745.282)	-	-	10-11	-	6
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6
31.12.2023	Receivables				Notes	Bank deposits	Notes
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	12.813.759	1.798.903.006	43.762.321	282.594.612	10-11	972.834.136	6
- Maximum risk secured with guarantees and collaterals	-	672.480.338	-	-	10-11	-	-
A. Net book value of neither past due nor impaired financial assets	12.813.759	1.798.903.006	43.762.321	282.594.612	10-11	972.834.136	6
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
C. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	-
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6
D. Net book value of impaired assets	-	-	-	-	10-11	-	-
- Past due (gross book value)	-	21.540.308	-	-	10-11	-	6
- Impairment (-)	-	(21.540.308)	-	-	10-11	-	6
- Secured with guarantees and collaterals	-	-	-	-	10-11	-	6

## Liquidity risk management

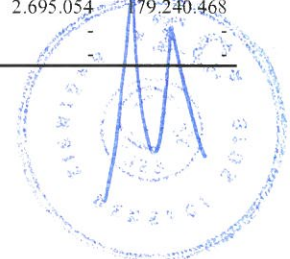
The Group tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly.

## Liquidity risk statements

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

Undiscounted contractual cash flows of the derivative and non-derivative consolidated financial liabilities in TL as of 31 December 2024 and 2023 are as follows:

31.12.2024	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
Non-derivative financial liabilities	9.046.067.029	8.752.661.198	5.319.660.513	1.838.132.168	1.594.868.517
Bank borrowings	4.464.279.400	4.173.217.732	943.099.875	1.820.815.150	1.409.302.707
Finance lease liabilities	25.745.751	26.208.792	5.261.486	14.621.964	6.325.342
Lease liabilities	186.107.766	183.300.562	1.365.040	2.695.054	79.240.468
Trade payables	4.320.040.435	4.320.040.435	4.320.040.435	-	-
Other payables	49.893.677	49.893.677	49.893.677	-	-



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31.12.2023

	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
<b>Non-derivative financial liabilities</b>	<b>6.366.227.039</b>	<b>6.521.298.782</b>	<b>2.936.341.431</b>	<b>2.434.521.454</b>	<b>1.150.435.897</b>
<i>Bank borrowings</i>	4.092.410.744	4.239.146.024	1.361.546.281	1.967.572.077	910.027.666
<i>Finance lease liabilities</i>	104.699.696	108.450.907	29.314.916	47.490.255	31.645.736
<i>Lease liabilities</i>	211.109.467	215.694.719	1.733.056	5.199.168	208.762.495
<i>Trade payables</i>	1.784.389.293	1.784.389.293	1.370.129.339	414.259.954	-
<i>Other payables</i>	173.617.839	173.617.839	173.617.839	-	-

## Fair value

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

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

## Financial assets

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

## Financial liabilities

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

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

### Fair value hedge of foreign currency risk

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

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

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



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In accordance with the hedge accounting strategy established by the Group management, the Group tries to maintain a 100% hedge ratio and a hedge effectiveness between 70% and 130%. As of 31 December 2024, hedge ratio and hedge effectiveness have been calculated as 104% and 95%, respectively.

<i>TL</i>	<b>31.12.2024</b>
The amount of the hedged item's risk component recognised in the assets under statement of financial position (firm commitment)	-
<i>USD</i>	<b>31.12.2024</b>
The present value of the hedged item (current)	125.711.401
The present value of the hedged item (non-current)	9.870.300
The present value of the hedging instrument (current)	121.686.619
The present value of the hedging instrument (non-current)	9.548.391
<i>EUR</i>	<b>31.12.2024</b>
The present value of the hedged item (current)	14.664.056
The present value of the hedged item (non-current)	-
The present value of the hedging instrument (current)	13.764.266
The present value of the hedging instrument (non-current)	-
<i>Türk Lirası</i>	<b>31.12.2024</b>
The cumulative exchange difference on hedged item (current)	205.356.480
The cumulative exchange difference on hedged item (non-current)	7.887.939
The cumulative exchange difference on hedging instrument (current)	(194.503.017)
The cumulative exchange difference on hedging instrument (non-current)	(7.103.791)
<b>Hedge effectiveness ratio</b>	<b>95%</b>
Exchange rate difference amount in inactive markets maintained within a band in the statement of profit or loss	-
<i>Hedge ratio</i>	
The total amount of future expected cash flows of the hedged item (Cash flow hedge)	6.665.413.153
The total amount of future expected cash flows of the instrument used for hedging purposes (Cash flow hedge)	6.421.427.113
<b>Hedge ratio, net</b>	<b>104%</b>

### Financial instruments and financial risk management

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

#### **Fair value of financial instruments**

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

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

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

#### **Monetary assets**

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

#### **Monetary liabilities**

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

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

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



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### Financial assets

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

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

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

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

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

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

### NOTE 40 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ INDEPENDENT AUDIT FIRMS

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021 are as follows:

Account Name	01.01.2024	01.01.2023
Audit fee for the reporting period	3.750.000	2.165.682
<b>TOTAL</b>	<b>3.750.000</b>	<b>2.165.682</b>

### NOTE 41 - EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 42 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None

