

KARDEMİR
KARABUK IRON STEEL INDUSTRY AND TRADE INC.



01.01.2023 through 30.06.2023
Capital Markets Board
Board of Directors Interim Activity Report Prepared in
Accordance with the Communique Serial: II-14.1



**BOARD OF DIRECTORS ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Period of the Report : 01 January 2023 – 30 June 2023
Title of the Partnership : KARDEMİR Karabük Iron Steel Industry and Trade Inc.
Trade Registry of the Partnership : Karabük Registry of Commerce / No: 005055-4349
Headquarters : Öğlebeli Mahallesi Karabük Ankara Yolu No:2 Fabrika
 Sahası-KARABÜK
Web Site : www.kardemir.com

1. Business Sector:

Our company operates in Iron and Steel Industry. The actual activity subject is stated in Article 3 of the articles of incorporation and the main activity subject is the production and sale of all kinds of crude iron and steel products, coke and coke by-products.

2. Names, Surnames and Terms of Office for the Chairman and Members of the Board of Directors within the Period:

Name and Surname	Title	Group	Employment Start Date	Term of Office	Employment End Date
Prof. Dr. İsmail DEMİR	Chairman	-	06.06.2023	5 Months	On Duty
Ömer DEMİRHAN	Deputy Chairman / Independent Member	-	02.11.2020	3 Years	On Duty
Fatih Mehmet ERKOÇ	Member	Group A	02.11.2020	3 Years	On Duty
Muhammed Ali OFLAZ	Member	Group A	02.11.2020	3 Years	On Duty
Kamil GÜLEÇ	Member	Group B	02.11.2020	3 Years	On Duty
Yusuf CANBOLAT	Member	Group B	02.11.2020	3 Years	On Duty
Prof. Dr. Ercümen ARVAS	Independent Member	-	02.11.2020	3 Years	On Duty
Mustafa AYDIN	Independent Member	-	02.11.2020	3 Years	On Duty
Dr. Alparslan BAYRAKTAR (*)	Chairman	Group A	02.11.2020	3 Years	06.06.2023
Zehra Zümrüt SELÇUK (*)	Member	-	05.05.2021	2 Years 6 months	June 02, 2023

Table 1. Members of the Board of Directors and their Terms of Office

(*) Mr. Dr. Alparslan BAYRAKTAR and Mrs Zehra Zümrüt SELÇUK left the office on 06.06.2023 and on 02.06.2023, respectively.



3. Organizational Structure of the Company

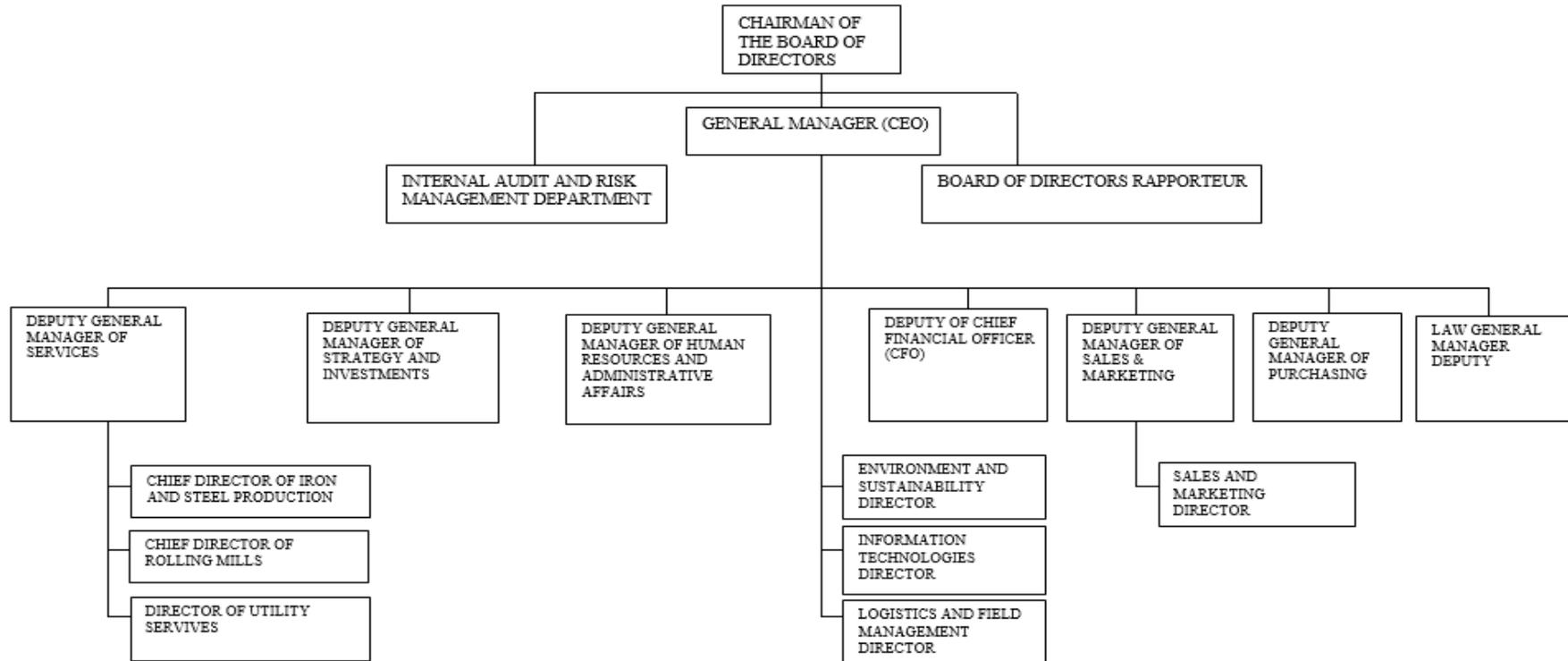


Table 2. Organizational Chart



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4. Authorities of the Members of the Board of Directors:

The authorities of the Company's Board Members are set forth in Article 12 of the Articles of Association.

4.1. Number of Meetings of the Board of the Directors during the Year and Attendance Status of Board Members at the Meetings:

The Board of Directors convened 12 times in the first 6 months of year 2023; all of the members of the Board of Directors participated in the meetings to a large extent. Wages to be paid to Board Members are determined by a remuneration policy decision at the annual General Meeting of the Company. In the first six months of 2023, the total amount of benefits provided to senior managers of the company, associated partners, Board Members, the General Manager and Deputy General Managers was 15.479.138 TL.

4.2. Information on the Tasks of Members of the Board of Directors and Executives They Carry out Outside Subsidiaries and Affiliates:

Board of Directors	Position	Duties Carried out Outside the Company
Prof. Dr. İsmail DEMİR	President of the Board of Directors	-
Ömer DEMİRHAN	Vice President of the Board of Directors	TVF Yönetimi A.Ş. Deputy General Manager
Fatih Mehmet ERKOÇ	Member of the Board of Directors	-
Muhammed Ali OFLAZ	Member of the Board of Directors	-
Kamil GÜLEÇ	Member of the Board of Directors	Çağ Çelik D.Ç. End. A.Ş. President of the Board of Directors Şeyhoğlu Petrol Taşımacılık Servis Hizmetleri Ltd.Şti. Şti. Manager Güleç Petrol Taşımacılık Servis Hizmetleri San. ve Tic. Ltd. Şti. Manager Safran Sağlık Grup Eğitim Tur. İnş. San. Tic. A.Ş. President of the Board of Directors Dez Madencilik ve Lojistik İth. İhr. Tic. A.Ş. President of the Board of Directors
Yusuf CANBOLAT	Member of the Board of Directors	-
Prof. Dr. Ercümen ARVAS	Member of the Board of Directors	Istanbul Medipol University Faculty of Engineering, Faculty Member
Mustafa AYDIN	Member of the Board of Directors	-

Table 3. Positions and Duties Held Outside the Company by Board Members



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5. Executive Management:

Senior Management	Position	Duties Carried out Outside the Company
Necdet UTKANLAR	General Manager	There is no duty fulfilled outside the company.
Ahmet AYCAN	Deputy General Manager of Enterprises	There is no duty fulfilled outside the company.
Şerif OKLUOĞLU	Deputy General Manager of Strategy and Investments	Eltemtek Board Member
Arslan NARİN (*)	Deputy General Manager of Legal Affairs Deputy General Manager of Human Resources and Administrative Affairs (Acting)	There is no duty fulfilled outside the company.
Bilal YILDIZ (*)	Deputy General Manager of Financial Affairs (CFO) Deputy General Manager of Procurement (Acting)	There is no duty fulfilled outside the company.
Uğur ALTUNDAĞ (*)	Deputy General Manager of Human Resources and Administrative Affairs	Karabuk University Part-Time Lecturer
Yusuf Zafer DEMİRTAŞ(*)	Deputy General Manager of Sales and Marketing	There is no duty fulfilled outside the company.

Table 4. Senior Management Duties Carried out Outside the Company

Necdet UTKANLAR started working as General Manager at our Company on 12.08.2020, and he is currently in that position.

Ahmet AYCAN started working as Assistant General Manager of Operations in our company as of 30.01.2023 and he still continues to work in this position.

Şerif OKLUOĞLU started working at our company as Assistant General Manager for Strategy and Business Development on 28.09.2022. He has been appointed as Assistant General Manager for Strategy and Investments and has been working at this position since 06.03.2023.

(*) **Arslan NARİN** joined our company on 14.09.2021 as Deputy General Manager for Legal Affairs and left on 21.07.2023.

(*) **Bilal YILDIZ** started working as the Head of Internal Audit and Risk Management in our company on 07.07.2021. He was appointed as the Assistant General Manager of Financial Affairs (CFO) on 01.12.2022 and left the office on 21.07.2023.

(*) **Uğur ALTUNDAĞ** started working as our company's Assistant General Manager for Human Resources and Administrative Affairs on 17.06.2019, and he left this position on 03.03.2023.

(*) **Yusuf Zafer DEMİRTAŞ** started working as Sales and Marketing Deputy General Manager at our company on September 14, 2020, and he resigned from his duty on 31.01.2023



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6. Evaluation of the Board of Directors on the Operating Principles and the Effectiveness of Committees, Committee Members, Meeting Frequency and Activities:

Within scope of the Corporate Governance Communiqué, the Audit Committee, the Early Detection of Risk Committee and the Corporate Governance Committee were established within the Board of Directors. The structure, call of duties, and operational principles of these committees are detailed on the Company's website under the "Investor Relations tab.

In 2023, the Audit Committee convened twice. Decisions made at the meetings were submitted to the Board of Directors.

In 2023, the Early Detection of Risk Committee convened twice and provided the Board of Directors with reports on risk assessments.

6.1. Audit Committee:

Chairman	: Ömer DEMİRHAN	– Independent Board Member	- Non-executive
Member	: Prof. Dr. Ercüment ARVAS	– Independent Board Member	- Non-executive
Member	: Mustafa AYDIN	– Independent Board Member	- Non-executive

6.2. Corporate Governance Committee:

Chairman	: Mustafa AYDIN	– Independent Board Member	- Non-executive
Member	: Prof. Dr. Ercüment ARVAS	– Independent Board Member	- Non-executive
Member	: Ömer DEMİRHAN	– Independent Board Member	- Non-executive.
Member	: Burcay YAVUZ	– Investor Relations Manager	

6.3. Early Detection of Risk Committee:

Chairman:	Mustafa AYDIN	– Independent Board Member	- Non-executive
Member:	Muhammed Ali OFLAZ	– Board Member	- Non-executive

7. Capital Structure of the Partnership and Changes within the Period:

Our Company is subject to the Registered Capital System and the upper limit of the registered capital is 3.000.000.000 TL. Our issued capital is 1.140.000.000 TL.

Our Company has three main shareholder groups and the capital is distributed among these groups as follows:

Groups	Share Percentage (%)	Share Amount (TL)
A	21,08	240.303.646
B	10,48	119.470.352
D	68,44	780.226.002
Total	100	1.140.000.000

Table 5. Capital Structure



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8. Securities Issued within the Period:

No securities were issued during the period.

9. Amendments to the Articles of Association during the Period:

No amendment was made to the Articles of Association within the period.

10. General Information About Affiliates and Subsidiaries:

Affiliates and Subsidiaries	Shares	Paid In Capital
	(%)	(TRY)
Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş.	100,00	225.000.000
Karçel Kardemir Çelik Yapı İmalat Sanayi ve Ticaret A.Ş.	99,99	250.000.000
Kardökmak Kardemir Döküm Makina Sanayi ve Ticaret A.Ş.	99,99	150.000.000
Kardemir Sigorta Aracılık Hizmetleri Ltd. Şti. Şti.	95,00	70.000
Karçimsa Çimento Sanayi ve Ticaret A.Ş.	49,00	1.400.000
Voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret A.Ş.	25,06	17.595.000
Karabük Üniversitesi Teknoloji Geliştirme Bölgesi Yönetici A.Ş.	20,00	5.000.000
Erdemir Madencilik Sanayi ve Tic. A.Ş.	10,00	120.000.000
Enerji Piyasaları İşletme A.Ş.	0,67	61.572.770

Table 6. Affiliates and Subsidiaries

11. Dividend Distribution Policy:

Our policy on the distribution of dividend;

"Profit distribution of Kardemir Karabük Demir Çelik Sanayi ve Tic. A.S. is ruled by Article 18 of the Articles of Incorporation: "Profit Distribution, Payment Time and Method".

Our company aims to distribute dividends in accordance with corporate governance principles without disregarding the Capital Markets Board's minimum distribution requirement when determining the rate to be distributed to our shareholders as cash and/or bonus shares from the Net Distributable Period Profit calculated in accordance with the applicable legislation and the procedure described in the above-mentioned article of the Articles of Association. However, in accordance with our company's development plan, the financial burden of investments is taken into account in the profit distribution during periods of high investment expenditures. In the profit distribution, the Board of Directors strives to strike a balance between shareholder expectations and the company's financial balances.

As previously indicated, the Capital Markets Board's requirements are followed in the computation and distribution of profit, and profit distribution is conducted within the legal time, and all matters involving profit distribution are presented to the shareholders at the General Assembly.

In the Ordinary General Assembly meeting held on 03.04.2023 on the activities of our company in 2022, it was decided to distribute a total of 250.000,000 TL (gross) profit to shareholders and to make payment of the profit corresponding to 23,35% of a share certificate of TRY 1,00 in two installments until the dates 30 June 2023 and 30 November 2023, considering the cash estimates of our Company. Our Board of Directors decided to pay the first installment (TRY 125.000.000, gross) on 21.06.2023 and second installment (TRY 125.000.000, gross) on 28.11.2023.

In this regard, the payment of the first installment amount of 125.000.000 TL, which is gross, was started and completed on 21.06.2023.



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12. Summary Balance Sheet, Summary Profit or Loss Statement (TL)

12.1 Summary Balance Sheet

	Independently Audited	
	Current Period	Previous Period
	30.06.2023	31.12.2022
Current Funds	17.252.074.890	16.421.002.090
Fixed assets	11.129.078.947	10.218.926.707
Total Assets	28.381.153.837	26.639.928.797
Short-Term Liabilities	14.916.039.385	12.632.234.140
Long-term liabilities	2.795.558.280	2.546.450.466
Equities	10.669.556.172	11.461.244.191
Total Liabilities	28.381.153.837	26.639.928.797

Table 7. Summary Balance Sheet

12.2. Summary Profit or Loss Statement

	Independently Audited		Independently Audited	
	Current Period		Previous Period	
	01.01.2023 30.06.2023		01.01.2022 30.06.2022	
Sales Revenue	16.740.793.860	100%	12.853.990.395	100%
Gross Profit	2.614.337.406	15,62%	3.137.804.150	24,41%
Operating Profit / (Loss)	1.710.414.110	10,22%	2.768.666.152	21,54%
Earnings before interest taxes depreciation and amortization (EBITDA)	2.669.237.945	15,94%	3.213.186.850	25,00%
Consolidated Net Profit / (Loss) for the Period	1.199.338.264	7,16%	2.289.731.294	17,81%
Net Profit / (Loss) of the Parent Company for the Period	1.199.338.377	7,16%	2.289.731.485	17,81%

Table 8. Summary Profit or Loss Statement



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13. Manufacturing Activities

13.1. Kardemir Karabük Iron Steel Industry and Trade Inc. Production Amounts (Tons)

Production Type	01.01.2023 30.06.2023	01.01.2022 June 30, 2022
	Ton	Ton
Coke + Coke Dust	552.570	582.020
Sinter	1.421.482	1.233.767
Liquid Raw Iron	1.095.709	979.244
Liquid Steel	1.250.112	1.128.914
Crude Steel	1.210.202	1.091.431
Net Products	1.161.398	1.071.000

Table 9. Production Amounts

13.2. Kardemir Karabük Iron Steel Industry and Trade Inc. Production Amounts

Karçel Kardemir Çelik Yapı İmalat Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023	01.01.2022 30.06.2022
	Steel Construction (Ton)	8.818

Table 10. Production Amounts

Kardökmak Kardemir Döküm Makina Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023	01.01.2022 30.06.2022
	Casting (Ton)	1.792
Metal Cutting (Ton)	2.145	1.594

Table 11. Production Amounts

Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023	01.01.2022 30.06.2022
	Power Generation (Mwh)	37.555

Table 12. Production Amounts



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14. Information on Comparative Capacity Utilization

14.1. Kardemir Karabük Iron Steel Industry and Trade Inc.

Products	Capacity	Capacity Utilization Rate	Capacity Utilization Rate
	Ton	%	%
		01.01.2023 30.06.2023	01.01.2022 30.06.2022
Coke Furnaces			
Coke + Coke Dust	1.170.000	94,46%	99,49%
Sinter and Blast Furnaces			
Sinter	3.750.000	75,81%	65,80%
Liquid Raw Iron	2.821.000	77,68%	69,43%
Pig	86.400	0,96%	15,94%
Steel Plant			
Liquid Steel	3.500.000	71,43%	64,51%
Continuous Castings	3.800.000	63.69%	57.44%
SDM#1	1.100.000	78.88%	62.49%
SDM#2	350.000	58.58%	78.16%
SDM#3	1.250.000	56.21%	46.24%
SDM#4	1.100.000	58.64%	58.54%
Rolling Mills			
Rail Profile Rolling Mill	450.000	96,50%	105,86%
Continuous Rolling Mill	700.000	82,38%	70,70%
Rod and Coil Rolling Mill	831.600	58,10%	59,42%
Rail Wheel Production Facility (*):	200.000	10,45%	18,46%

Table 13. Capacity Utilization

(*) Piece

14.2. Kardemir Karabük Iron Steel Industry and Trade Inc. Subsidiaries:

Karçel Kardemir Çelik Yapı İmalat Sanayi ve Ticaret A.Ş.

Products	Capacity	Capacity Utilization Rate	Capacity Utilization Rate
	(Ton)	(%)	(%)
		01.01.2023 30.06.2023	01.01.2022 30.06.2022
Steel Construction	20.034	88,03%	80,44%

Table 14. Capacity Utilization



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Kardökmak Kardemir Döküm Makina Sanayi ve Ticaret A.Ş.

Products	Capacity (Ton)	Capacity Utilization Rate (%)	
		01.01.2023	01.01.2022
		30.06.2023	30.06.2022
Casting	14.988	23,91%	33,65%
Metal Cutting	5.723	74,96%	51,79%

Table 15. Capacity Utilization

Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş.

Products	Capacity (Mwh)	Capacity Utilization Rate (%)	
		01.01.2023	01.01.2022
		30.06.2023	30.06.2022
Electric Power:	83.256	45,11%	67,69%

Table 16. Capacity Utilization

15. Sales Activities:

15.1 Sales Amount and Revenue by Product - Kardemir Karabük Iron Steel Industry and Trade Inc.

Products	01.01.2023 30.06.2023		01.01.2022 30.06.2022	
	Ton	TL	Ton	TL
Total		16.135.411.447		12.570.783.880
Primary Products	1.082.447	15.545.144.533	1.029.272	12.182.721.739
Pig	-	-	5.766	63.694.279
Crude Steel	373.964	4.696.001.246	339.616	3.770.502.575
Rolled Steel	708.483	10.849.143.287	683.890	8.348.524.884
By-Products		377.581.412		250.277.379
Other		212.685.502		137.784.762

Table 17. Sales Quantities and Amounts

15.2. Kardemir Karabük Iron Steel Industry and Trade Inc. Subsidiaries:

Karçel Kardemir Çelik Yapı İmalat Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023		01.01.2022 30.06.2022	
	Ton	TL	Ton	TL
Steel Construction	8.150	443.886.355	6.635	283.029.296

Table 18. Sales Quantities and Amounts



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Kardökmak Kardemir Döküm Makina Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023		01.01.2022 30.06.2022	
	Ton	TL	Ton	TL
Casting	2.145	192.373.833	2.316	110.634.585
Metal Cutting	1.792	87.135.451	1.594	50.111.776

Table 19. Sales Quantities and Amounts

Enbatı Elektrik Üretim Sanayi ve Ticaret A.Ş.

Products	01.01.2023 30.06.2023		01.01.2022 30.06.2022	
	Mwh	TL	Mwh	TL
Electric Power:	28.751	40.428.690	28.001	31.247.879

Table 20. Sales Quantities and Amounts

Consolidated Sales Revenue (TL)

	01.01.2023 30.06.2023	01.01.2022 30.06.2022
Sales Revenue Grand Total	16.899.235.775	13.045.807.416
Elimination	(158.441.915)	(191.817.021)
Consolidated Sales Revenue	16.740.793.860	12.853.990.395

Table 21. Sales Quantities and Amounts

16. Human Resources Activities

16.1. Personnel Numbers:

Average number of employees within the year in the periods between 1 January - 31 March 2023 and 01 January - 31 March 2022, is as follows:

COMPANY NAME:	White Collar		Blue Collar		Total	
	2023/06	2022/06	2023/06	2022/06	2023/06	2022/06
Kardemir	985	985	3.183	3.125	4.168	4.110
Karçel	114	125	188	204	302	329
Kardökmak	52	51	144	149	196	200
Enbatı	14	14	-	-	14	14
Total	1.165	1.175	3.515	3.478	4.680	4.653

Table 22. Number of Personnel:

16.2. Collective Labor Agreement:

Negotiations for the 16th Term Collective Labor Agreement between our company and the Özçelik-İş Union commenced on 18.01.2023, and an agreement was reached and signed on 31.03.2023, while the 16th Term Collective Labor Agreement, effective between 01.01.2023 and 31.12.2024, entered into force.



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16.3. Obligation for Severance Pay:

Our company's employees are subject to the provisions of Labor Law No. 4857. In the cases of an unjustified dismissal, retirement, marriage (for female employees), military service, or death, a severance pay is paid to our employees who have completed at least one year of service for each year of service (including the residual months from the year of service) in accordance with the ceilings set forth in the Labor Law. Current employees are entitled to the same rate of severance compensation.

16.4. Rights and Benefits Provided to Company Employees:

The rights and benefits of hourly wage-earners who work in-scope status are regulated by the terms of the Collective Labor Agreement.

The Board of Directors determines the salary and social rights of monthly paid workers who work out-of-scope.

17. Donations Made and Social Responsibility Projects:

Our Company made a total of TRY **131.863.244** in Donations and Aids between January 1, 2023 and June 30, 2023.

18. Investments:

A total investment expenditure of TRY **622.080.477** was achieved between 1 January and 30 June, 2023.

The following are the major investment and R&D projects completed during this time period:

No	Investments (*)
1	New SDM 2 Machine
2	Coke Plants New Extinguishing Tower Construction
3	SM1 Revision (including Esp1 and Refrigerator)
4	Ladle Furnace No. 4 and SVC System
5	Ç.Ü. Converter-3 Additional Revision
6	Biological Treatment Plant Modernization
7	KARDEMİR 1 Water Works Level-1 System
8	Slag Tilting - Mill Scale Preparation - Cutting Facilities
9	YF5 Main Mine Channels Safety Primer
10	KHH Inner-Furnace Camera System
11	SDM-3 Section Addition
12	Dust Collection System for Ladle Furnace 2 -3
13	Indoor Waste Areas
14	Production of Thin Coil Used in Bead Wire and Tire-Cord for the Automotive Industry
15	EKM Basement Floor Laboratory Campus
16	Coke Batteries Emission Control
17	Energy Facilities Scada System Revision
18	Backwash Automatic Filter
19	Renewal of Existing Kg Pre-Coolant Pipes (9 Pre-Cooler)
20	Coke-Water Laboratory New Building Construction
21	Improvements to Mitigate the Impact of Earthquakes
22	Converter 1-2 Bearings Status Monitoring System
23	100 m3/h Reverse Osmosis System (Double Pump-Pre-Treatment-Chip)
24	Ladle Preparation Visor Ladle Trolley
25	Sdm 1-4 Tundish Tilting Modernization



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26	Modernization of Power Plant 110 V DC Distribution System with Modular Industrial Type Rectifier Structure
27	No. 2 Opg Steam Boiler Esp System Revision and Performance Improvement Works
28	Gas Holder Scada System Revision
29	Tar Sales Loading Station (Flowmeter, Pump, Piping)
30	By-products Modernization of Steam, Air, Water Pipelines
31	Modernization of Y.Şehir Can Nursery Building as Nursery and Day Care Center
32	Circular Machine Return Line Modernization
33	K7 Trolley Energy Bus Revision
34	Conversion of SDM 3 Transfer Relays to 5 Relay System
35	Secondary 2 Main Fan Motor Driver
37	Ladle Furnace 3 Body Revision
38	Additional C Hook Way
39	Renewal of 15 Mva 2 Pieces 10.5kv/3.3kv Transformers
40	Demi Plant Mcc/Adp Panels Modernization
41	Modernization of Mp-2 Steelworks Make-Up Pumps Panel
42	OHS Training Workshop (Applied)
43	Cloud Drive System
44	Electrical Connection from Karabük OSB Substation
45	3rd Air Separation Plant Mac And Bac Air Compressors Overhaul
46	Renovation of 3.3/0.4 Kv Oily Type Old Transformers in Point-1
47	0-10 Mm Magnetic Material Enrichment Plant
48	Development and Trial Production of 54SİCR6 Quality Steel Used in Suspension Production
49	Prevention of Cracks Formed on Sinter Pallet Side Walls,
50	Data Monitoring System for Steel Mills
51	Performance Enhancement of the Continuous Steel Mill's Annealing Furnace,
52	Performance Enhancement of the Cutting Edges,
53	Production of Sulphuric Free-Machining Steel
54	Defense Industry Project
55	Production of Locomotive Wheels
56	Industrial Trial for Implementation of Boron on Metallurgical Coke
57	Online Status Monitoring System for ÇKH Predictive Maintenance
58	ÇKH Cooling Relay Path Temperature Tracking System
59	Rehabilitation of Existing Site and Construction of Sanitary Landfill
60	Installation of YF-5 Level 2
61	Construction of Backup Gas Collectors for Air Separation Plants
62	Mechanical Revision of Compressor in Plant II
63	Renewal of Upper Air Ducts for 50MW Power Plant Boiler
64	Machinery Plants Hall 2 Rev. Inv.
65	SMS 2.500 Ton Press Forging Machine
66	Akyapak CNC Plate Platinum Cutting Drilling - OXY Cutting Machine
67	Monara Crane
68	R&D Projects

Table 23. Investment and R & D projects made between January 1 - June 30, 2023

(* Fixed asset purchases are not included in the table.

19.Disclosure of Significant Administrative Sanctions and Punishments Applied to the Company and Members of the Board of Directors as a result of Practices Contrary to Legislative Provisions:

None.



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20. Information about Amendments in Legislation That May Significantly Affect the Company's Activities:

None.

21. Information about Important Ongoing Lawsuits Filed against the Company and Possible Consequences Thereof:

There are no significant litigations filed against the Company in 2023 that might have an impact on the Company's financial status or operations.

22. Information About Conflicts of Interest Between the Company and Institutions that Provide Services to the Company on Issues Such as Investment Advisory and Ratings and Cautions Taken by the Company to Prevent These Conflicts:

None.

23. Research and Development Activities:

Among the total of 1,285 companies holding the "R&D Center Certificate" in Turkey, Kardemir R&D Center, as of 2019, stands out as the 28th in the Turkish iron and non-ferrous metal industry and is the first establishment in Karabük.

Kardemir R&D Center aims to enhance competitiveness, pursue research, development, and technological advancements in the industrial field, and foster collaborative efforts focused on technological development among universities, public institutions, sectoral associations, non-governmental organizations, and companies.

- Projects were developed for the production and development of new high-tech products used by the automotive, defense and railway industries. In this context, 23 projects were submitted to the Ministry of Industry and Technology in the 2019-2023 period. While nine projects presented have been successfully concluded, the work of other projects continues. Among our completed projects, there are fasteners for automotive sector, railway wheels used in freight wagons and Marmaray. Our ongoing projects are in the fields of defense, automotive, railway, environment and digitalization.
- In addition to our traditional products, new product studies continue with sensitivity in order to offer high value-added products that are imported or produced in limited numbers to the service of different sectors. In this context, 136 sizes and types of new products were produced in 2022, and in the first quarter of 2023, new products were produced in 54 sizes and types.
- As of 2021, joint studies are carried out with the Ministry of Industry and Technology, TÜBİTAK, Turkish Steel Producers Association (TÇÜD), Turkish Energy, Nuclear and Mining Research Institute (TENMAK) within the framework of the EU Green Consensus, which has come to the forefront as of 2021. Joint studies are organized with TENMAK on the adaptation of Kardemir to the technologies of the future, carbon capture studies and hydrogen use. Project preparations for hydrogen production, storage and distribution with TENMAK are in the final stage. With this study, it is aimed to ensure that the Technology Readiness Level is at least 6. This initiative will contribute to Kardemir's participation in TÜBİTAK and European Union calls in the future and to the development of its engineering capability. In line with the carbon neutrality target, infrastructure works are being carried out in accordance with the National



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Emissions Trading System (ETS), which is expected to be enacted in 2024, and the Border Carbon Regulation Mechanism (BCRM) to be applied in foreign trade.

- In the field of industry-university cooperation, protocols were signed with Karabük University, Ostim Technical University, Eskişehir Osmangazi University, İskenderun Technical University, Aydın University, Gazi University, Gazi University Technology Transfer Office. In addition, project-based collaborations were carried out with public institutions and R&D Centers of companies. Collaborations with the private sector, sectoral associations and universities are continuing in order to continue joint R&D studies, to participate in national and international calls, to research the technologies of the future with the academic world.
- The R&D Center's laboratory infrastructure includes a heat treatment oven, oven, bakelite removal, automatic sanding/polishing, magnetic mixer, pyrometer, precision balance, optical microscope, micro hardness measuring device, fume hood, desktop magnifier, grinding machine, band saw, vice, drill, tool cabinet, chemical material cabinet and J-MAT PRO program.
- We currently have 4 patent applications and 4 registered patents.
- In the first half of 2023, 5.4 million TL was spent from our own resources, and a total of 22.6 million TL R&D expenditures were made for the 2019-2023 period.

24. Information on Employees' Social Rights, Vocational Training, and Other Company Activities That Have Social and Environmental Consequences:

Kardemir, whose foundations were laid on April 03, 1937 and which pioneered Turkey's industrial breakthrough, has perpetually maintained social responsibility activities that will improve the quality of life of the society, and has contributed to the development of social welfare through various projects such as education, culture, art, science, sports, environment, and health.

Following its privatization in 1995, Kardemir modernized its production methods, improved its capacities, and expanded its product line with high added-value items, while also continuing its environmental, community, and human-oriented initiatives.

Kardemir, Turkey's largest industrial organization, has actively engaged in and contributed to several events, made attempts to satisfy society expectations and demands during this period, and has continued to operate with the notion of "Sustainable Growth."

As it is known, our country faced one of the biggest disasters of the century on February 6, 2023, with two major earthquakes, the epicenter of which was Kahramanmaraş. This great catastrophe, which stifled our nation, caused thousands of people to lose their lives, and tens of thousands of people were injured and left homeless. In order to heal the wounds of this great disaster as soon as possible, our nation united from seven to seventy, and like all institutions and organizations, Kardemir, together with its affiliated companies, came to the rescue of our earthquake victims. In this context, a team of about 100 volunteers, who received search and rescue training in our company, and construction equipment of the company were directed to İslahiye and Gaziantep regions under the coordination of the Karabuk Governorate, and by participating in search and rescue efforts there, tens of earthquake survivors held on to life. In addition, the containers containing the living materials needed in the first place, such as food, cleaning, clothing and heating, were immediately delivered to the earthquake zone. Our employees took action immediately in the face of this disaster and showed a great example of solidarity and ensured that the funds with contributions from their salaries were transferred to the aid campaign launched for earthquake victims. Again, our employees sent this year's Ramadan food packages, consisting of 8000



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packages, to the earthquake zone. Kardemir, one of the biggest industrial plants established by our country, will stand in solidarity with our earthquake victims in the face of this great pain our country is experiencing. For this purpose, in the general assembly meeting held on 03 April 2023, we organized the training programs carried out by foundations, associations, chambers, unions and other non-governmental organizations operating on local, regional and national platforms in order to eliminate the conditions that adversely affect the general life due to the earthquake and to meet the needs of the disaster victims. A donation budget of 250.000.000 TL has been allocated to be spent on projects with a cultural and cultural focus, climate research and environmental social responsibility projects. In the first half of the year, approximately 130,000,000-TL of this budget was donated to meet the needs of earthquake victims.

In this period, our Company supported many sports clubs in Karabük with its sponsorships in order to encourage children and young people to sports, to spread sports culture, to provide children and young people with lifelong sports habits, to create infrastructure for Karabük Amateur Sports Clubs, to train athletes for our National Teams in team sports and individual sports, to contribute to the recognition of Karabük in the national arena, and to ensure that our athletes to be trained represent our country in international competitions. Karabük Gençlerbirliği Sports Club girls' football team, Demir Kartal Youth and Sports Club Wheelchair Basketball Team representing Karabük in the Wheelchair 1st Basketball League, Karabük Folk Youth and Sports Club athletes taking part in the Turkish Hearing Impaired Badminton National Team representing our country in the Hearing Impaired World Badminton Championship, 11th European Hearing Impaired Volleyball Championship hosted by Karabük between July 11-22, 2023 were the sports clubs and sportive events supported by our company in this period. In addition, preparations for the "Sports in Karabük, Growing with Kardemir" sports activities project, which is planned to be realized in cooperation with Karabük Provincial Directorate of Youth Sports, are ongoing.

Our company's volleyball team participated in the National Unity Day volleyball tournament and completed the tournament with a silver medal, while our football team participated in the 3rd Spring Football Tournament among Public Institutions and Organizations.

In the 2023 TEKNOFEST competitions, Karabük University teams that qualified to participate in the finals in the categories of unmanned underwater systems, agricultural unmanned ground vehicle (agricultural technologies), analog chip design (2 categories), digital chip design (2 categories), hyperloop development competition (2 categories), combat UAV, vertical landing rocket, model satellite, artificial intelligence in health, environment and energy technologies, innovation in health, efficiency challenge and technological applications in psychology were supported by our company and achieved significant success in the competitions.

With the contribution provided to the Karabük Branch of the Turkish Disabled People's Association, wheelchairs, battery powered chairs and disabled standing and walking apparatus needed by disabled citizens in Karabük were provided.

As every year, our company supported the Karabük Foundation, which provides free scholarships to higher education students in need, the construction of the conference hall, library, dining hall, youth center, foyer area and education classrooms of Safranbolu Central Mosque, and the July 15 Democracy and National Unity Day commemoration events organized by the Karabük Governorship.

Our company, one of the corporate blood donors of the Turkish Red Crescent, which continues its efforts to meet all the blood needed in Turkey from its voluntary and permanent donors, launched a new blood donation campaign with the slogan "Give Blood, Give Life" together with Karabük Red Crescent Blood Donation Center throughout the year. Our employees who donated blood within scope of the campaign experienced the happiness of supporting the lives to be saved by donating blood.



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As in every year, vocational training projects were given special importance in this period. In this context, in the first quarter of the year, a total of 114 training activities, including professional and technical, managerial and personal development, were carried out within the company, externally and online, and 64,314 hours of training were provided. In the first six months of the year,

the number of training hours per person was 15.75. While our OHS trainings continued uninterrupted, within the scope of the protocol signed with Karabük Provincial Directorate of National Education, the mastery needs analysis studies of 1,599 employees were carried out, the registration of 121 employees in 7 branches to the Mastery Compensation Program was completed and course programs were initiated. In order to carry out the training and education of our personnel who will participate in this program, 197 engineers, foremen and blue-collar personnel were provided as master instructors.

In the 2022-2023 academic year, while the skills training of 128 Vocational and Technical High School students continued in our company within the framework of the Vocational Education Law, it was decided that a total of 62 students studying in the fields of Electrical and Electronics, Machinery and Metal Technologies within the Karabük Vocational Education Center Directorate, who spend 3 days of their practical training in our company, will establish a 20 + 1 computer laboratory by our company in order to improve the existing workshop and computer laboratory equipment used in workshop and laboratory applications and skills exams, and that the material needs required for the Machinery Technology field will be met by our company.

In the first quarter of the year, together with Karabük University, long-term internships of 52 students from 11 different programs of 6 different universities were started. Summer short-term internship acceptance procedures were carried out for 190 university students and 10 students started their training. Our company has been supporting the concept of continuous development and sustainable education in formal education for many years, and as of the first quarter of the year, it has contributed to associate and undergraduate education of our 34 employees, and 65 employees to continue their master's and doctoral programs.

In our company, 19 of 22 different investment items within scope of the last stage environmental investments have been completed, and our 3 different environmental investments are continuing.

ISO 14001 Environmental Management System audit was conducted by TSE within the scope of Integrated Management Systems External Audits and no nonconformities were found as a result of the audit.

25. Information on Transactions by Members of the Board of Directors with the Company on their own behalf or on behalf of others, as well as Activities Prohibited by Competition:

Members of the Board of Directors were permitted to approve appropriate transactions pursuant to Articles 395 and 396 of the Turkish Commercial Code at our Company's Ordinary General meetings held on April 03, 2023.

26. Information about its own shares acquired by the Company

Within the scope of the decision of the Board of Directors of the Company dated 05.05.2023, a total of 6,118,245 shares with a nominal value of TL 6,118,245, including 2,818,245 shares with a nominal value of TL 2,818,245 in Group A and 3,300,000 shares with a nominal value of TL 3,300,000 in Group D, were repurchased. The total amount of the transaction is TL 97,385,219.



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27. Information on Our Company's Sales Policy:

Our organization offers its customers the opportunity to purchase products on a quarterly basis if they are registered. A usage of registered right to purchase products list is generated four times a year, according to the yearly production program, for the months of January-March, April-June, July-September, and October-December. The announcement periods for the registered right to purchase goods are announced on the Company's website and on KAP, and are made available to all of our shareholders and those interested in purchasing registered products. Accordingly, the following table lists the firms holding a registered right to acquire products for the period January to June 2023.

(*) Our registered right to purchase goods, which was 40 percent of daily production on the basis of product for Kardemir shareholders according to our sales procedure announced on August 19, 2011, has been reduced to 30 percent pursuant to the new sales procedure announced on January 01.2018, provided that all other conditions remain the same.

INFORMATION OF THE COMPANY COMMITTED TO BUY GOODS IN 2023 JANUARY-JUNE PERIOD REFERENCE TO THE SALES ANNOUNCEMENT DATED 19.08.2011							
COMMERCIAL TITLE	QUANTITY OF SHARE CERTIFICATE (LOT)	TYPE OF MATERIAL	CURRENCY	MATERIAL UNIT PRICE (EXCLUDING VAT)	ORDERED MATERIAL QUANTITY (TON)	30% REQUESTED TONNAGE AS REGISTERED	TONNAGE PROVIDED AS REGISTERED
ÇAĞÇELİK A.Ş.	40.000.000 LOT	BILLET	USD	620,00	4	20.000	9.260
		BILLET	USD	635,00	2.472		
		BILLET	USD	640,00	235		
		BILLET	USD	645,00	424		
		BILLET	USD	647,00	216		
		BILLET	USD	650,00	300		
		BILLET	USD	652,00	1.513		
		BILLET	USD	655,00	436		
		BILLET	USD	657,00	194		
		BILLET	USD	660,00	1.999		
		BILLET	USD	665,00	5.045		
		BILLET	USD	670,00	306		
		BILLET	USD	681,25	6		
		BILLET	USD	683,00	405		
		BILLET	USD	683,25	218		
		BILLET	USD	685,00	1.017		
		BILLET	USD	688,25	205		
		BILLET	USD	690,00	1.518		
		BILLET	USD	765,00	1.014		
		BILLET	USD	569,25	1.491		
		BILLET	USD	589,05	28		
BILLET	USD	610,00	9.804				
BILLET	USD	628,00	287				
BILLET	USD	630,00	917				
BILLET	USD	635,00	2.998				
BILLET	USD	640,00	113				
BILLET	USD	710,00	106				
BILLET TOTAL					33.273		
TOPÇUGİLLER LTD.ŞTİ.	2.500.000 LOT	BILLET	USD	628,65	2.708	5.000	654
		BILLET	USD	635,00	2.385		
		BILLET	USD	665,00	7.002		
		BILLET	USD	569,25	493		
		BILLET	USD	589,05	1.008		
		BILLET	USD	594,00	512		
		BILLET	USD	608,85	483		
BILLET TOTAL					14.591		
TOPÇUGİLLER LTD.ŞTİ.	2.500.000 LOT	ROUND	TL	13.723,03	1.083	2.000	1.499
		ROUND	TL	14.250,24	1.000		
		ROUND	TL	14.808,47	1.000		
		ROUND	TL	15.362,45	998		
ROUND TOTAL					4.081		
HAYRETTİN AYDIN	17.000.000 LOT	BILLET	USD	613,80	622	2.000	1.499
		BILLET	USD	623,24	617		
		BILLET	USD	628,21	301		
		BILLET	USD	628,65	346		
		BILLET	USD	631,62	222		
		BILLET	USD	638,55	2.155		
		BILLET	USD	641,13	139		
		BILLET	USD	648,09	2.441		
		BILLET	USD	648,45	443		
		BILLET	USD	653,40	3.009		
		BILLET	USD	658,35	1.426		
		BILLET	USD	663,30	338		
		BILLET	USD	665,00	326		
		BILLET	USD	681,12	166		
		BILLET	USD	683,10	1.974		

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INFORMATION OF THE COMPANY COMMITTED TO BUY GOODS IN 2023 JANUARY-JUNE PERIOD REFERENCE TO THE SALES ANNOUNCEMENT DATED 19.08.2011							
COMMERCIAL TITLE	QUANTITY OF SHARE CERTIFICATE (LOT)	TYPE OF MATERIAL	CURRENCY	MATERIAL UNIT PRICE (EXCLUDING VAT)	ORDERED MATERIAL QUANTITY (TON)	30% REQUESTED TONNAGE AS REGISTERED	TONNAGE PROVIDED AS REGISTERED
HAYRETTİN AYDIN	17.000.000 LOT	BILLET	USD	688,05	3.362	24.000	5.873
		BILLET	USD	690,00	3.767		
		BILLET	USD	589,05	797		
		BILLET	USD	594,00	1.995		
		BILLET	USD	603,90	800		
		BILLET	USD	608,85	287		
		BILLET	USD	613,80	4.060		
		BILLET	USD	618,75	1.635		
		BILLET	USD	621,72	276		
		BILLET	USD	623,70	1.349		
		BILLET	USD	628,65	3.626		
		BILLET	USD	633,60	302		
		BILLET	USD	638,55	2.628		
		BILLET	USD	641,52	221		
				BILLET TOTAL			
HAYRETTİN AYDIN	17.000.000 LOT	ROUND	TL	13.275,00	500	5.000	4.472
		ROUND	TL	14.095,16	1.000		
		ROUND	TL	14.647,31	1.500		
		ROUND	TL	15.450,00	2.148		
				ROUND TOTAL			

		Type of Material	Amount of Material Ordered (Ton)	Committed Tonnage for 30 % of the Rquests	Committed Tonnage
Total Round Product Distributed under Commitment TOTAL:	5.971	Round Grand Total	9.229	7.000	5.971
Total Billet Distributed under Commitment	15.787	Billet Grand Total	90.236	49.000	15.787
		Grand Total	99.465	56.000	21.758

Table 24.Right to Purchase Registered Products

28. Procurement Activities –TRY

Kardemir						
Subject of Purchase	30.06.2023			30.06.2022		
	Internal Procurement	External Procurement	Total	Internal Procurement	External Procurement	Total
Primary Manufacturing and Production Raw Materials	4.594.183.850	6.627.338.134	11.221.521.985	2.802.800.254	6.766.370.350	9.569.170.605
Ancillary Materials	1.209.462.497	83.793.761	1.293.256.259	850.428.122	111.381.300	961.809.422
Operating Materials	413.128.178	162.497.176	575.625.355	286.267.197	153.972.266	440.239.463
Spares	293.510.637	45.442.988	338.953.626	241.592.782	30.148.712	271.741.494
Fixed Assets and Investment Materials	142.297.048	62.088.210	204.385.258	139.131.713	68.177.850	207.309.562
Investment & Contracting Service Procurement	246.985.991	36.324.592	283.310.583	105.668.470	11.962.656	117.631.126
Repair, Maintenance and Construction Materials	54.703.257	810.565	55.513.822	42.937.798	4.683.994	47.621.792
Miscellaneous Materials	307.718.646	3.332.331	311.050.977	160.459.335	2.828.015	163.287.350
Total	7.261.990.105	7.021.627.759	14.283.617.864	4.629.285.670	7.149.525.143	11.778.810.813

Table 25.Procurement Activities



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Subject of Purchase	30.06.2023				30.06.2022			
	Karçel	Kardökmak	Enbatı	Total	Karçel	Kardökmak	Enbatı	Total
Primary Manufacturing and Production Raw Materials	99.984.302	26.308.223		126.292.525	122.327.801	33.372.329		155.700.130
Secondary Manufacturing and Production Raw Material		1.166.681	284	1.166.966	0	591.787	9.134	600.921
Ancillary Materials	27.737.713	417.616		28.155.329	11.793.683	364.060		12.157.743
Operating Materials	3.089.469	7.904.568		10.994.037	1.166.326	4.606.574		5.772.900
Spares	3.680.103	1.458.896		5.138.999	1.003	1.864.287		1.865.290
Repair, Maintenance and Construction Materials	1.449.741	7.783.190		9.232.931	11.636	7.062.415		7.074.051
Miscellaneous Materials	882.758	8.041.221		8.923.979	448.628	8.794.650		9.243.278
Fixed Assets and Investment Materials	3.750.763	78.146.725		81.897.487	765051	3.184.955		3.950.006
Total	140.574.849	131.227.121	284	271.802.254	136.514.128	59.841.057	9.134	196.364.319

Table 26. Procurement Activities