



EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.

For the Period 1 January – 31 March 2021
Condensed Board of Directors' Activity Report

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

01.01.2021 – 31.03.2021

2. Information About the Association

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

3. Shareholding and Capital Structure

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

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

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

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

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

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

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The active members of the Board of Directors as of reporting date:

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

(*) Inauguration date of the legal entity.

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Changes in the Executive Board within the Period

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

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

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

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Executive Management

Executive Management	Title	Effective from	Education	Experience
Aslıhan DÖĞER	Deputy Chairman and Executive Director	23.02.2021	Middle East Technical University – Industrial Engineering	23 Years
Gürtan DAMAR	Executive Director	23.02.2021	Yıldız Technical University – Mechanical Engineering	26 Years
Salih Cem ORAL	General Manager	06.06.2018	İstanbul Technical University – Metallurgy Engineering	28 Years
Ural DURUSU	Executive Vice President (Operations)	29.11.2018	İstanbul Technical University – Metallurgy Engineering	33 Years
Ferat GÖÇ (by proxy)	Executive Vice President (Financial Affairs)	30.07.2019	Erciyes University – Business Administration	25 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Karadeniz Technical University - Economics	17 Years
Fatih ÇITAK	Marketing and Sales Group Vice President	18.01.2020	İstanbul Technical University – Industrial Engineering	22 Years
İsmail Kürşad KORKMAZ	Procurement Group Vice President	21.02.2017	Middle East Technical University – Political Science and Public Administration	25 Years
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	21.07.2020	National Defence University – Business Administration	33 Years
Can ÖRÜNG	Information Technologies Group Vice President	21.02.2017	İstanbul Technical University- Management Engineering	20 Years

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

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

No transaction had been realized in this context.

6. Collective Labor Agreement Applications and the Benefits

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

26th Period Collective Labor Agreement was valid between 1 January 2018 and 31 December 2020, has been signed on 29 December 2017 between Iron, Steel, Metal and Metallic Products Worker's Union and İskenderun Demir ve Çelik A.Ş. 27th Period Collective Bargaining Agreement (TİS) negotiations started on 25 December 2020.

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

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

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

	31 March 2021	31 December 2020
	Personnel	Personnel
Hourly Paid	8.139	7.568
Monthly Paid	4.134	3.970
	12.273	11.538

7. Compliance With The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2020 were met during the period 1 January 2021 – 31 March 2021.

8. Amendments in The Articles of Association

None.

B – Financial Rights Given to Board Members and Executive Management

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

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

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

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

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

No payment of performance was made to Board Members.

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

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

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

A total of TRY 4.477 thousand is recorded as expense related to Company Board Members and Executive Management for the period 1 January – 31 March 2021.

C – Research and Development Studies

OYAK Mining Metallurgy carries out research and development activities at "Erdemir R&D Center" that has been approved by Turkish Ministry of Industry and Technology in 2014. Research and development activities gathered in four main groups as raw materials and iron making, steel making and casting technologies, hot rolled products and process, cold rolled products and process.

R&D Center, owned by the OYAK Mining Metallurgy, has well-equipped laboratory facilities such as material characterization, thermomechanical simulation, metal forming, welding, corrosion, enameling, spectral analysis and X-Ray diffraction etc. and simulators for pilot scale trials such as agglomeration systems, melting, rolling and coating processes.

The number of flat products has reached to 527 by addition of 2 new flat steel grades that were developed in first quarter of 2021.

In this period, 8 R&D project were completed and 51 R&D projects are currently being carried out.

Within the scope of TÜBİTAK / TEYDEB Projects 1501 program, 7 projects have been completed successfully so far. All reports of 2 more supported projects have been completed and the activity evaluation processes for the relevant periods are still continuing.

Erdemir R&D team has contributed to the intellectual capital of our company by presenting 69 papers and posters at various national/international iron and steel conferences to date.

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D – Activities and Important Developments Regarding the Activities

1. Investment Activities

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

In Erdemir Plants

Final Acceptance Certificate has been signed in the 2. Hot Rolling Mill Quality and Sustainability Investments Project.

Engineering, equipment manufacturing and site installation works are ongoing in the 2. Blast Furnace Renovation Project. Site installation works continue in the No.6 Steam Boiler Project. Civil works have been completed and main equipment shipments continue in the New Wide Inspection and Recoiling Line Project. Equipment manufacturing continues for the Steel Shop BOF Convertors Modernization Project and Surface Inspection Systems Project. Equipment supply and site activities continue for the Various Fire Detection and Extinguishing Systems Project. In the R&D Simulation Center Project, the hot rolling simulator is in the commissioning phase. The evaluation of alternative studies in the Energy Distribution System Additional Investments Project continues. Site works are ongoing in the Environmental Investments Projects.

Contracts have been signed in the 4. Coke Oven Battery Project, Steel Shop Secondary Dust Collection System Capacity Improvement Project, 1. Slab Furnace Modernization Project and 60MW Turbo Generator Project. Construction works have started in the Project of Slitting Line Transfer to ERSEM. Procurement activities continue for the New Sinter Plant Project, No.6 Turbo Blower Project and Structural Improvement of Erdemir Port Docks Project.

In Isdemir Plants

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

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

As of 31 March 2021, Group's total investment expense amount is USD 81 million (31 March 2020: USD 46 million).

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2. Internal Control System and Internal Auditing Activities

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

Direct and Indirect Subsidiaries

The Information about Affiliates Subject to Consolidation

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

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

Kümaş Manyezit Sanayi A.Ş. (and its subsidiaries) were purchased on 3 February 2021 at a share price of USD 296.980 thousand (TRY 2.119.605 thousand).

At the Ordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş., dated 25 February 2021, decision regarding the distribution of cash dividend of TRY 12.784 thousand (the effect of Group cash flow is TRY 6.392 thousand) from the net profit of 2020 have been unanimously approved. The payment of the dividend has been completed on 12 March 2021.

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

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have not been audited as of 31 March 2021.

Summary of Consolidated Financial Position

	(Unaudited)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	31 March 2021	31 December 2020
Current Assets	27.112.480	28.507.242
Non-current Assets	36.217.058	29.486.670
Total Assets	63.329.538	57.993.912
Current Liabilities	12.282.675	9.434.112
Non-current Liabilities	8.733.935	7.438.224
Shareholders' Equity	42.312.928	41.121.576
Total Liabilities	63.329.538	57.993.912

Summary of Consolidated Profit or Loss

	(Unaudited)	(Unaudited)
	Current Period	Previous Period
(Thousand TRY)	1 January - 31 March 2021	1 January - 31 March 2020
Sales Revenue	10.464.203	6.378.927
Gross Profit	3.654.092	877.679
Operating Profit Before Finance Income (Expenses)	3.459.619	750.954
Profit Before Tax	4.040.874	901.997
Profit for the Period	2.711.762	322.778
Shareholder's share in the Profit for the Period	2.617.679	300.438
EBITDA	3.871.919	1.068.037
Earnings Per Share	0,7479	0,0858

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

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

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2. Key Ratios

(%)	1 January - 31 March 2021	1 January - 31 March 2020
Gross Profit Margin	34,9%	13,8%
Operating Profit Before Finance Income (Expenses) Margin	33,1%	11,8%
EBITDA Margin	37,0%	16,7%
Profit Margin	25,9%	5,1%
Shareholder's Share in the Profit Margin	25,0%	4,7%

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

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

4. Dividend Distribution Policy

Group's Dividend Distribution Policy is as follows:

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

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

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

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

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5. Information about the sector

Global crude steel production in February this year increased by 4.1 percent year on year to 150.2 million tonne. In January-February period this year, global crude steel production totaled 315 million tonne, up by 6.6 percent year on year.

In February, crude steel output in Asia amounted to 109.7 million tonne, rising by 7.5 percent, with 83 million tonne produced by China, up 10.9 percent, 7.5 million tonne produced by Japan, decreasing by 5.6 percent, 9.1 million tonne produced by India, decreasing by 3.1 percent, and 5.5 million tonne produced by South Korea, rising by 1.2 percent - with all comparisons on year-on-year basis.

EU-27 countries produced 11.9 million tonne of crude steel in February, down by 7.1 percent year on year. In the given period, Germany's output was 3.1 million ton, falling by 10.4 percent year on year.

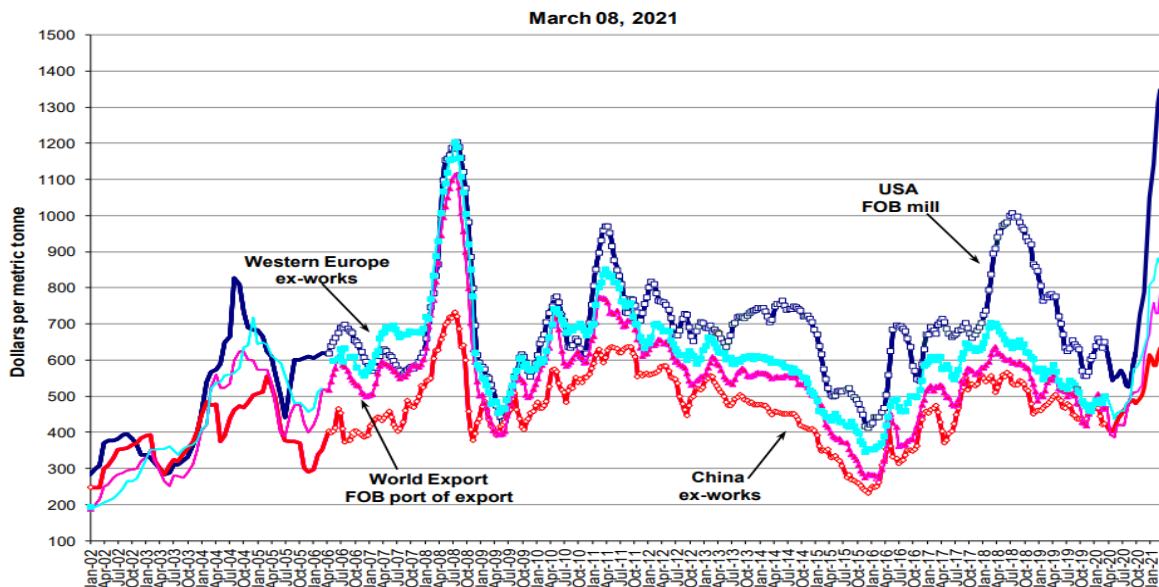
The CIS registered a crude steel output of 8 million tonne, decreasing by 1.5 percent on year-on-year basis, with Russia producing 5.7 million tonne, down by 1.3 percent year on year.

In North America in February, crude steel output totaled 8.8 million tonne, falling by 8.9 percent, with the US producing 6.3 million tonne, falling by 10.9 percent, both year on year. Crude steel output in South America in February amounted to 3.5 million tonne, increasing by 2.2 percent from February last year, with Brazil's output totaling 2.8 million tonne, rising by 3.8 percent year on year.

In the given month, Africa produced 1.2 million tonne of crude steel, down by 6.4 percent year on year. In the Middle East in February, crude steel output totaled 3.2 million tonne, falling by 0.9 percent, with Iran producing 2.3 million tonne, increasing by 11.5 percent, both year on year.

Price changes of hot rolled products follows:

USA, China, Western Europe and World Export
(WSD's PriceTrack data, Jan. 2002 - March 2006; SteelBenchmarker data begins April 2006)



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Crude steel production in Turkey increased by 5.9 percent year on year in February this year to 3 million tonne. In the January-February period this year, Turkey produced 6.4 million tonne of crude steel, up by 9.4 percent year on year. Turkey's crude steel output by electric arc furnaces increased by 14.1% with 4.5 million tonne and the production by integrated plants didn't change with 1.9 million tonne both year on year.

6. The Position of Group within the Sector

Group's production in 2020 has been 8.5 million tonnes. In the first three months of 2021, the crude steel production in Ereğli Plant has decreased by 3% and went down to 889 thousand tonne while the crude steel production in İskenderun Plant has increased by 8% and went to 1.419 thousand tonne. In the first three months of 2021, Group's production has increased by 3% and went to 2.308 thousand tonnes.

7. Operational Developments

Turkey's first and only integrated flat steel producer, Group, who carries out production, operation, maintenance and modernization activities within its all facilities. Manufacturing 24% of all crude steel production in Turkey, Group again continued its operations in line with the principle of optimal costs, maximum productivity and quality of production in the first two months of 2021.

Production Plants and Productivity

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

Capacity used (%)	1 January - 31 March 2021	1 January - 31 March 2020
Liquid Steel	97%	95%
Crude Steel	97%	93%

8. Products

The main products of the Group are as follows:

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

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Production (quantity)

Final Products (000 Tonne)	1 January - 31 March 2021	1 January - 31 March 2020
Flat Products	1.813	1.714
Long Products	208	264
Iron and Magnesite Production	607	447

9. Development in Sales

The iron and steel industry is a delivering force in national economies and Turkey is one of the leading countries in terms of both production and consumption of steel, ranking as the world's seventh largest steel producer and eighth largest steel consumer. Steel consumption of Turkey in the first two months of 2021 is nearly 5.9 million tonne, which is upper 15% than the previous year. With the effect of consumption recovery, steel production in Turkey increased by 9% to the level of 6.4 million tonnes in the first two months of year.

Total flat product sales of the Group reached to the level of 1.8 million tonnes in the first quarter of 2021. The domestic flat product sales reached 1.6 million tonnes 9% upper than the same period of 2020. Long product sales have decreased 23% (Y.O.Y.) and went down to 205 thousand tonnes. Domestic long product sales have been decreased by 22% to the level of 193 thousand tonnes.

Group also exported 201 thousand tonnes of flat products to 20 countries and 12 thousand tonnes of long products to 4 countries. Total amount of 213 thousand tonnes of the Group's export sales is 11% of total sales.

Group continues to deliver shipments in line with its objectives in industries such as metal packaging, automotive or steel pipe. Because of its customer-oriented strategy, Group has added 4 new customers to long product portfolio and 5 new customers to flat product portfolio totaling 9 new customers in 2021.

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

10. Sales (quantity)

Final Products (000 Tonne)	1 January - 31 March 2021	1 January - 31 March 2020
Flat Products	1.806	1.656
Long Products	205	267
Iron and Magnesite Sales (*)	581	449

(*) 493 thousand tonnes of raw material sales are to Group Companies as of 31 March 2021 (31 March 2020: 409 thousand tonnes).

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F - Risks and Evaluation of the Board

1. Risk Management Policy

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

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

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

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

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

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

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2. Committee of Early Risk Detection

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

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

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

G - Other Information

1. Organizations Out of the Headquarters

None.

2. Information for Shareholders

None.