

## RATING BİLDİRİM FORMU

**Derecelendirme Kuruluşu** : JCR AVRASYA DERECLENDİRME A.Ş.  
**Derecelendirilen Kuruluş** : MEGA METAL SANAYİ VE TİCARET A.Ş.  
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**Tarih** : 27.06.2025  
**Konu** : SPK Seri VIII, No 51 sayılı Esaslar Tebliğinin 26.maddesi

**SPK- Muhasebe Standartları Dairesi Başkanlığı'na**  
**Merkezi Kayıt Kuruluşu A.Ş.- Kamuyu Aydınlatma Platformu**

**"Mega Metal Sanayi ve Ticaret A.Ş."** JCR Eurasia tarafından değerlendirilmiştir.

- 2024 mali yılında birim fiyat ve satış hacmi büyümesi sayesinde sürdürülebilir gelirler ve 2025 mali yılının 1. çeyreğinde daha fazla artış gerçekleşmesi
- 2024 mali yılında ve 2025 mali yılının 1. çeyreğinde sağlam faiz karşılama durumu
- Analiz edilen dönem boyunca sağlam seviyede net işletme sermayesi ve faaliyetlerden sağlanan fonların sağladığı başarılı likidite yönetimi
- Önemli düzeyde yabancı para çevrim farklarına rağmen geçmiş yıl kârlarıyla desteklenen yeterli düzeydeki öz sermaye
- İncelenen dönemde makul nakit dönüşüm döngüsü
- Önemli bir ölçüde doğal koruma sağlayan döviz bazlı gelir akışı
- Kurumsal yönetim ilkelerine uyum göstermesi
- Yüksek kapasite kullanım oranları, geniş çaplı dağıtım ağı ve çeşitlendirilmiş ürün portföyü ile birlikte gümüş kaplamalı bakır tel üretimi sayesinde sektörde farklılaşması
- 2024 mali yılında devam eden yatırımlar nedeniyle net borç/FAVÖK çarpanında artış
- Sektörün doğası gereği sınırlı karlılık marjları ile birlikte 2024 mali yılında ve 2025 mali yılının 1. çeyreğinde faaliyet karlılığındaki azalma
- 2024 mali yılında negatif seviyede faaliyetlerden sağlanan nakit akışı ve serbest işletme nakit akışı
- Küresel çapta yumuşak inişe yönelik aksiyonlar önem kazanırken, küresel ticareti olumsuz etkileyebilecek kararların önemli bir belirsizlik yaratması

Esas itibarıyla yukarıdaki hususlar kapsamında **"Mega Metal Sanayi ve Ticaret A.Ş."** nin Uzun Vadeli Ulusal Kurum Kredi Rating Notu **"AA- (tr)"** seviyesinde teyit edilmiş olup diğer tüm notlar aşağıdaki şekilde oluşmuştur.

**Uzun Vadeli Ulusal Kurum Kredi Rating Notu** : **AA- (tr)** / (Stabil Görünüm)  
**Kısa Vadeli Ulusal Kurum Kredi Rating Notu** : **J1+ (tr)** / (Stabil Görünüm)  
**Uzun Vadeli Uluslararası Yabancı Para Kurum Kredi Rating Notu** : **BB** / (Stabil Görünüm)  
**Uzun Vadeli Uluslararası Yerel Para Kurum Kredi Rating Notu** : **BB** / (Stabil Görünüm)

**Not:** JCR AVRASYA DERECLENDİRME A.Ş. derecelendirmeleri, bir menkul kıymetin ve/veya ihracçının kredi itibarına ilişkin objektif ve bağımsız görüşler olup herhangi bir menkul kıymetin satın alınması, tutulması, satılması veya kredi verilmesi tavsiyesi olarak değerlendirilmemelidir. Derecelendirme raporları yayımlama tarihinden itibaren aksi belirtilmedikçe 1 yıl geçerlidir. Ara dönem gözden geçirmelerin geçerlilik tarihi, orijinal raporun geçerlilik tarihini aşamaz.

Saygılarımızla,  
**JCR AVRASYA DERECLENDİRME A.Ş.**

**Zeli Metin ÇOKTAN**  
Genel Müdür Yardımcısı

**Prof. Dr. Feyzullah YETGİN**  
Genel Müdür

## Corporate Credit Rating

☐ New ☒ Update

**Sector:** Metal Industry  
**Publishing Date:** 27/06/2025

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## RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

### EBITDA Margin (%)



### ROAE (%)



### Current Ratio (x)



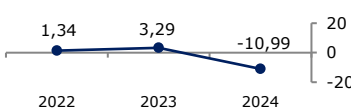
### Adj. Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### CFO/Capex (x)



## MEGA METAL SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Mega Metal Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as "AA- (tr)" and the Short-Term National Issuer Credit Rating as "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Ratings and outlooks of the Company have been assigned as "BB /Stable" as parallel to international ratings and outlooks of the Republic of Türkiye.

"Mega Metal Sanayi ve Ticaret A.Ş." (hereinafter referred to as "Mega Metal" or the "Company") was formally founded in 2004 in order to produce oxygen-free electrolytic copper wire production in Kayseri. Also, the Company manufactures and exports these products in international and domestic trade. Mega Metal's production plant is located in Kayseri, which has an indoor area of 45,000 square meters and a total area of 75,000 square meters. The Company's current capacity is 48,000 tons in copper wire production annually, considering the main production line. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 15 December 2023 and 23.68% of shares are publicly traded on the BIST with the ticker symbol "MEGMT" as of 1Q2025. The paid in capital and equity of Mega Metal stood at TRY 265mn and TRY 3.81bn, respectively at 1Q2025. Also, Mr. Cüneyt Ali Turgut has been the ultimate shareholder of "Mega Metal San. ve Tic. A.Ş." with a share of 36.44% as of the report date.

Mega Metal, which meets a notable portion of Türkiye's superfine copper wire production, exports to more than 30 countries all over the world particularly to the European Union countries. The Company serves in the energy production, power generation and distribution, electricity, electronics, communications, renewable energy, electrical appliances, white goods, special industrial applications (robotics), aviation and automotive sectors with its unique oxygen-free electrolytic copper wires.

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Sustained revenues thanks to unit price and sales volume growth in FY2024 and further improvement in 1Q2025
- Robust interest coverage status in FY2024 and 1Q2025
- Solid net working capital and FFO level ensuring satisfactory liquidity management over the analysed period
- Sufficient equity level underpinned by retained earnings despite the considerable level of foreign currency conversion adjustments
- Favourable cash conversion cycle in the examined period
- FX based income stream providing natural hedge in a certain extent
- Compliance with the corporate governance principles
- High-capacity utilization rates, widespread sales network and diversified product portfolio with differentiation in the sector owing to the production of silver-plated copper wire

### Constraints

- Increase in net debt/ EBITDA multiplier in FY2024 due to ongoing investments
- Limited profitability margins as a nature of the sector along with the decrease in operating profitability in FY2024 and 1Q2025
- Negative level of CFO and FOCF in FY2024
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been affirmed as "AA- (tr)". The competitive advantage obtained through its steady growth in revenue streams, maintained reasonable EBITDA generation, liquidity profile, diversified production and processing capacity, protection of asset quality, market efficiency in the inter/national market as well as increase in net debt to EBITDA multiplier, limited profitability margins, political tensions and other global downsides have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term and Short-Term National Issuer Credit Ratings are determined as "Stable". The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the prior issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored as well.

## 1. Rating Rationale

MEGA METAL INC was established on January 12, 2024 in the state of Connecticut, USA, for the purpose of manufacturing, exporting, importing, buying, selling and marketing all kinds of copper raw materials, copper concentrates, blister copper, anode/cathode copper and enameled ladein wire scraps, electrolytic copper, copper wire rod, copper wire and all kinds of copper by-products and products. The capital of the Group was USD 200,000 at FYE2024. Mega Metal Sanayi ve Ticaret A.Ş. owns 100% of MEGA METAL INC, therefore the financial tables for 1Q2025 and FYE2024 are presented on a consolidated basis of financial statements.

### **Sustained Revenues Thanks to Unit Price and Sales Volume Growth in FY2024 and Further Improvement in 1Q2025**

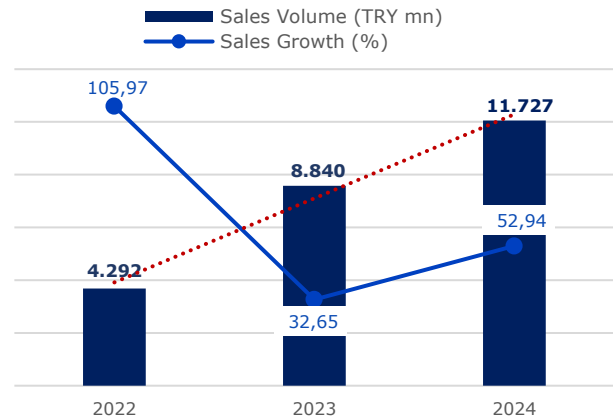
Even with the recessionary concerns throughout FY2024, the Company's sales revenues stood at TRY 17.94bn with a growth of 52.94% in FY2024 from TRY 11.73bn in FY2023 owing to the unit price and sales volume growth in the examined period. According to the information provided by the Company's management, Mega Metal realized a gross production of 45,650 tons this year in line with market demands in FY2024, which was 3.02% higher than the previous year (FY2023: 44,312 tons), support revenue growth to a certain degree.

In line with this, production from sales amounts received from the Company's Management for FY2024 – 2023 - 2022 are shown in the below table:

Sales Amount (ton)			
	2022	2023	2024
Stranded Wire	21,937	25,133	25,175
Multi-Wire Products	8,069	8,649	8,225
Coil	6,359	5,743	6,276
Mono Wire	3,070	2,885	2,399
Wire Rod	2,691	130	4
Medium- Thick Wire	1,514	1,320	3,105
Scrap	609	452	465
<b>Total Amount</b>	<b>44,249</b>	<b>44,312</b>	<b>45,650</b>

*Figures provided by the Company's Management*

In addition, according to the limited financial statements as of 31.03.2025, the Company's sales revenues were TRY 5.04bn in 1Q2025 (1Q2024: TRY 4.42bn).



Mega Metal sells its products to various sectors including automotive OEM, aviation and space, energy generation and distribution, electricity, electronics, communication, renewable energy, electrical household appliances, white goods, special industrial applications and defense industry.

According to Mega Metal's growth strategy, starting from oxygen-free copper wire in these special products and diameters and then going down to thin diameters significantly increases the conductivity, flexibility and resistance to breakage of the wires that Mega Metal produces compared to competing production processes. Besides, the Company commences the production of silver-plated copper wire from September 2022 therefore Mega Metal will be almost the only company in Türkiye that produces silver-plated copper wire between China and America since then.

### **Robust Interest Coverage Status in FY2024 and 1Q2025**

EBITDA interest coverage ratio indicates how many times a company can pay upcoming interest expenses by dividing its earnings before interest, taxes, depreciation, and amortization (EBITDA) by its interest expenses.

The Company's adjusted net interest received amount realized as TRY 193.48mn in FY2024 and TRY 99.80mn in 1Q2025, which was in a positive position that indicates the interest income is higher than its interest expenses in the examined period. Thus, this has a positive impact on the EBITDA to adjusted interest paid indicator, which is one of the important coverage indicators of the Company.

In addition to EBITDA, which growth by 11.79% in FY2024 compared to the previous period and realized as TRY 955.35mn, interest surplus position also

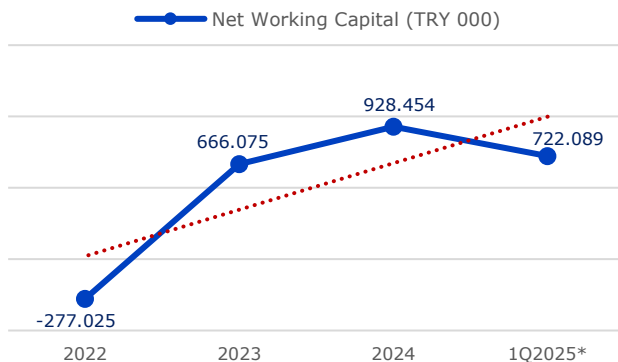
ensured the Company's interest coverage indicators to improve.

	1Q2025	FY2024	FY2023
EBITDA / Adjusted Interest (x)*	IS	IS	4.23

IS: interest surplus (interest received is more than interest paid)

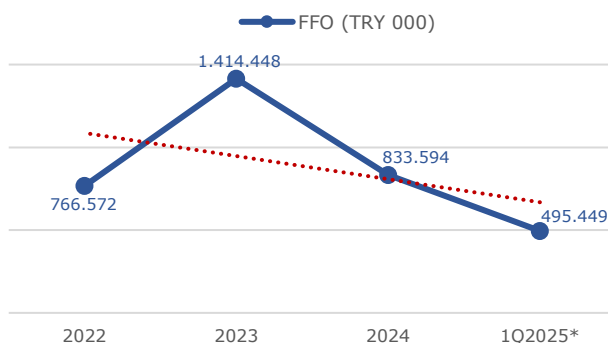
### **Solid Net Working Capital and FFO Level Ensuring Satisfactory Liquidity Management Over the Analyzed Period**

The principal liquidity ratios; current ratio, liquidity ratio and FFO debt service coverage were 1.20x, 0.15x and 0.26x respectively, at FYE2024. Also, Mega Metal's net working capital stood at TRY 928.45mn at FYE2024 (1Q2025: TRY 722.09mn based on limited financial statements) therefore the Company still has sufficient networking capital. Whereas, the total financial borrowings of the Company rose to TRY 3.96bn at FYE2024 from TRY 2.37bn at FYE2023, due to the exchange rate difference since most of the bank loans were in foreign currency.



\*Based on limited financial statements as of 1Q2025

Likewise, the Company's FFO stood at TRY 833.59mn in FY2024, which also supports the liquidity position to a certain extent (1Q2025: TRY 495.45mn based on limited financial statements).

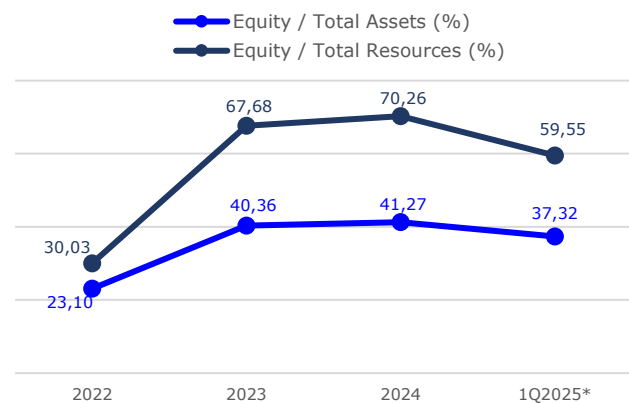


\*Based on limited financial statements as of 1Q2025

### **Sufficient Equity Level Underpinned by Retained Earnings Despite the Considerable Level of Foreign Currency Conversion Adjustments**

Mega Metal's paid in capital and equity stood at TRY 265mn and TRY 3.65bn, respectively at FYE2024. In line with this, in 2024 and 2023, 42.25% and 38.42% of the equity came from foreign currency conversion adjustments, respectively. Since the functional currency is USD, a large part of the equity in the balance sheet is considered as non-cash contribution of foreign currency conversion adjustments in equity. At this point, FX translation differences included directly or indirectly (stemming from net profit) in equity do not represent a cash inflow from the main activities. Therefore, the equity displays a relatively lower organic growth through internal resource generation from core operations when FX translation differences excluded. On the other hand, as of FYE2024, Mega Metal's paid-in capital was TRY 265mn, which stood in a same level compared to the previous period.

In addition, equity to total liabilities ratio improved to 70.26% at FYE2024 from 67.68% at FYE2023. Likewise, equity to total assets ratio rose to 41.27% at FYE2024 from 40.36% at FYE2023. Thus, the Company still has a sufficient equity level as of FYE2024. Also, most of the previous year's profits were added to the capital instead of being distributed to the partners as dividends, which also strengthens the capital structure of the Company to a certain extent.



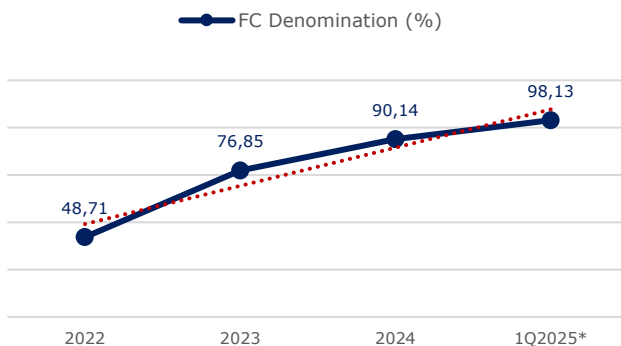
\*Based on limited financial statements as of 1Q2025

### **Favorable Cash Conversion Cycle in the Examined Period**

A shorter cash conversion cycle is better than a longer one because it means a business is operating more efficiently. When a company collects outstanding payments quickly, correctly forecasts inventory needs, or pays its bills slowly, it shortens the cash conversion cycle. Thus, a shorter cash conversion cycle means the Company operates more efficiently than long cash conversion cycle. Mega Metal does not have an issue for getting the payments due to majority of sales are realized via cash advance in the analysed period. Also, the Company's cash conversion cycle was 41 days in FY2024, which was 29 days in FY2023, which signifies an effective cash conversion cycle.

### **FX Based Income Stream Providing Natural Hedge in a Certain Extent**

Currently, Mega Metal executes about 50-55% of its sales to abroad. The Company is aimed to increase export revenues, which have an important level in total revenues, in the upcoming period. For this purpose, the Company is planned to improve its production activities in abroad and international sales in the North American and European markets, and increase the Company's market share in foreign sales, especially in North America and Europe.

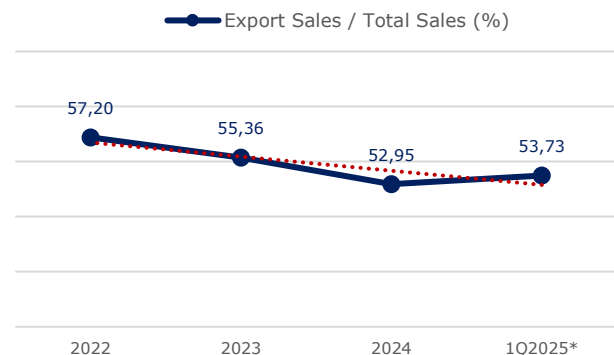


\*Based on limited financial statements as of 1Q2025

Also, MEGA METAL INC was established on January 12, 2024 in the state of Connecticut, USA, for the purpose of manufacturing, exporting, importing, buying, selling and marketing all kinds of copper raw materials, copper concentrates, blister copper, anode/cathode copper and enameled ladein wire scraps, electrolytic copper, copper wire rod, copper wire and all kinds of copper by-products and products in abroad. The capital of the Group is USD 200,000. With this investment, the Company will strengthen its presence in the North

American market and contribute to the regional supply chain.

Furthermore, Mega Metal's sales revenues have been increasing over the years since 2016 and, likewise the Company's international revenues to total revenues stood at 52.95%, which constitutes more than half of the revenues in FY2024 (1Q2025: 53.73% based on limited financial statements). Mega Metal has a considerable market share in Europe and America. Besides, the Company exports mostly to Italy, Germany, France, Mexico, Czechia, Slovakia, Poland, USA and Austria, respectively.



\*Based on limited financial statements as of 1Q2025

### **Compliance with the Corporate Governance Principles**

Mega Metal has been listed on the Borsa Istanbul since 15 December 2023 with a ticker-name of "MEGMT". Depends on listed status, the Company complies with corporate governance practices and regulations of the Capital Markets Board of Türkiye (CMB), as well as it has a well-established internal control system through the integrated organizational structure namely Audit Committee, the Early Risk Detection Committee, Sustainability Committee and the Corporate Governance Committee. The Company's Board comprises of 9 members, 3 of whom are independent.

The Company's website is highly transparent and provides information about the history, vision and mission, board of directors and senior management, organizational chart and shareholders structure and operating fields, investor relations' information. Detailed financial and operational information is provided including annual report and audit reports, corporate governance principles compliance reports.



### **High-Capacity Utilization Rates, Widespread Sales Network and Diversified Product Portfolio with Differentiation in the Sector Owing to the Production of Silver-Plated Copper Wire**

"Mega Metal San. ve Tic. Ltd. Şti." was established in 2004 by Cüneyt Ali Turgut and Abdullah Turgut. As of FY2017, the Company changed its title to "Mega Metal San. ve Tic. A.Ş.". Currently, Mega Metal continues its activities with the production of electrolytic copper wire, bare and tinned mono wire, twisted wires and coil wires in its factory with a 45,000 m<sup>2</sup> closed area and a total area of 75,000 m<sup>2</sup> in Kayseri. The Company's current capacity is 48,000 tons in copper wire production annually, considering the main production line. According to this, Mega Metal realized a gross production of 45,650 tons this year in line with market demands with 97% capacity utilization rate as of FYE2024 (FYE2023: 44,312 tons). The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 15 December 2023 and 23.68% of shares are publicly traded on the BIST with the ticker symbol "MEGMT" as of 1Q2025.

It must be noted that single wire diameters up to 50 microns can be produced thanks to Mega Metal's ability to produce very thin copper wire. Therefore, the Company is positioned in a very special area in the market. In this way, its oxygen-free copper production is directly preferred in the production of cables with very special uses, from robotic products to medical products.

In addition to the Mega Metal's existing value-added (fine and niche) products, the Company initiates the production of silver-plated copper wire from September 2022. With this product, Mega Metal will be almost the only company in Türkiye that produces silver-plated copper wire between China and America, so it will contribute to both the profitability of the Company and the country's economy with high exports. This production will generally be made for export purposes. With this investment, Mega Metal expects to become among the limited number of companies in the world that produce silver-plated copper wire.

Mega Metal, which meets more than half of Türkiye's superfine copper wire production according to the information provided by the Company, exports to more than 30 countries all over the world particularly to the European Union countries and thus 60% of Mega Metal's sales are comprised of export sales. The Company serves in the energy production, power

generation and distribution, electricity, electronics, communications, renewable energy, electrical appliances, white goods, special industrial applications (robotics), aviation and automotive sectors with its unique oxygen-free electrolytic copper wires. According to the Istanbul Chamber of Industry every year, Mega Metal ranked 114<sup>th</sup> in the ISO 500 list in 2024 and also ranked 129<sup>th</sup> in 2023.

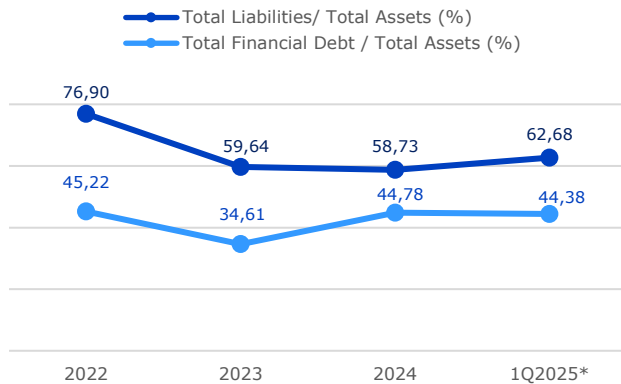
### **Increase in Net Debt/ EBITDA Multiplier in FY2024 Due to Ongoing Investments**

Mega Metal's total financial borrowings amounted to TRY 3.96bn at FYE2024 -including IFRS 16- (TRY 2.37bn at FYE2023), which equated to nearly 22.10% of sales revenues. This increase in financial liabilities is related to ongoing investments in 2024. In this context, the Company has decided to establish a company with the decision of the Board of Directors numbered 03 dated January 12, 2024, to initially conduct sales and marketing activities in the state of Connecticut, USA, as a 100% subsidiary, based on the 12.01.2024 PDP (Public Disclosure Platform) announcement. Also, the Company has made an investment decision for a 50% capacity increase as an additional production facility next to its factory location in Kayseri based on the 18.04.2024 PDP announcement. Besides, The Company has received an investment incentive certificate of TRY 243.01mn approved by the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Industry and Technology of the Republic of Türkiye, for use in its new production facility based on the 22.08.2024 PDP announcement.

On the other hand, when cash and cash equivalent items were excluded from total financial borrowings, net debt amounted to TRY 2.32bn at FYE2024 in comparison to the reported EBITDA of TRY 955.35mn in FY2024.

The debt ratio, that of total liabilities to total assets, stood in a relatively low position considering the Company's position and activities, 58.73% as of FYE2024, indicating a decay from the level of 59.64% at FYE2023 even with the increase in financial loans.

Also, the total financial debt to total assets ratio rose to 44.78% at FYE2024 from 34.61% at FYE2023, which still stands in relatively low level, compared the Company's size and operations.



\*Based on limited financial statements as of 1Q2025

However, the Company's net debt-to-EBITDA increased to 2.43x in FY2024 from 0.88x in FY2023, stemming from the increase in bank loans due to ongoing investments. Also, the Company's net debt-to-equity multiplier stood at 0.63x at FYE2024 (FYE2023: 0.27x).

	1Q2025	1Q2024	2024	2023
Net Debt / EBITDA (x)	2.10	1.18	2.43	0.88
Net Debt / Equity (x)	0.70	0.49	0.63	0.27

\*Includes IFRS 16 lease liabilities

\*\*Based on limited financial statements as of 1Q2025

\*\*\*As of 1Q2025 and 1Q2024, net financial debt to EBITDA was calculated by considering the EBITDA of the last 12 months.

Furthermore, financial liabilities constituted 76.25% of the total liabilities at FYE2024 with a growth by 18.21% compared to FYE2023. Related to this, Mega Metal's financial liabilities were mostly composed of less than one-year maturity bracket with a rate of 85.58% at FYE2024. As of December, 2024, financial debt due in next 12 months amounts to TRY equivalent of 3.39bn, which includes lease liabilities. However, when cash and cash equivalent items, which were totalled TRY 1.65bn, were excluded from total current financial borrowings, the Company had TRY 1.75bn short-term financial net debt at FYE2024. Short maturity profile of the funding exerts pressure on liquidity management through renewal risk of borrowings. Whereas the total EBITDA of the Company will be expected to be over TRY 955mn which is efficiently capable to overcome the short-term debt as of FYE2025.

Total Financial Borrowings Repayment Schedule:

Financial Borrowings Repayment Schedule (TRY 000)	FYE2024*	FYE2023
Less than 1 year	3,391,865	1,977,200
1-5 years	567,843	390,254
More than 5 years	3,729	6,261
<b>Total Financial Liabilities</b>	<b>3,963,437</b>	<b>2,373,715</b>

(\*) Based on audited consolidated financial statements and independent audit report (01.01.2024-31.12.2024)

As of FYE2024, TRY 477mn of the Company's financial borrowings consist of IFRS 16 lease obligations.

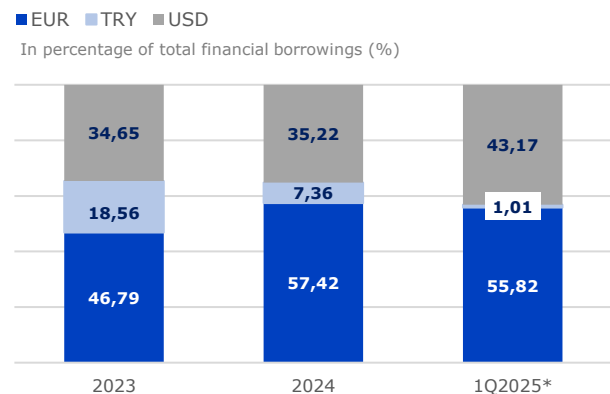
On the other hand, when the USD-based reporting is taken as a basis, as of FYE2024, Mega Metal's total financial liabilities augmented to USD 112.14mn at FYE2024 from USD 80.49mn at FYE2023.

USD-based financial statements as of FYE2024:

(USD 000)	1Q2025	FYE2024	FYE2023	FYE2022
Financial Liabilities	119,602	112,140	80,489	86,004
Less: Cash & Cash Equivalents	(50,057)	(47,701)	(56,755)	(12,651)
<b>Net Debt</b>	<b>69,545</b>	<b>64,439</b>	<b>23,733</b>	<b>73,353</b>

\*Includes IFRS 16 lease liabilities

As of FYE2024, the currencies of all the both short-term & long-term loans of the Company were in EUR, USD and TRY, the effective interest rates were 7.05%, 6.86% and 25.43% respectively, per year (FYE2023: 9% & 10% & 41%). Besides, financial borrowings, mainly consisting of EUR denominated debt, accounted for 57.42% of the total financial obligations (1Q2025: 55.82%), followed by USD denominated financial liabilities with 35.22% (1Q2025: 43.17%) at FYE2024.

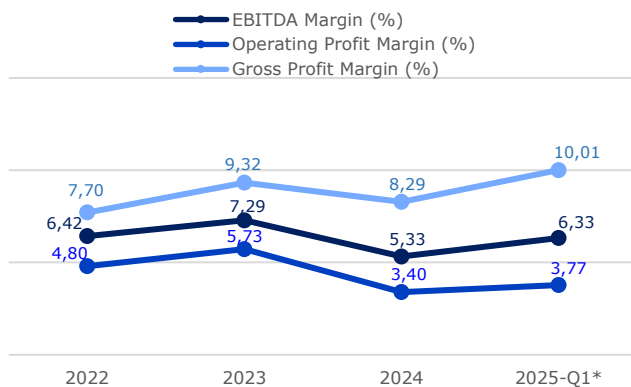


\*Based on limited financial statements as of 1Q2025

### **Limited Profitability Margins as a Nature of the Sector Along with the Decrease in Operating Profitability in FY2024 and 1Q2025**

Regarding the copper sector in which the Company operates; since copper is found in almost all regions of the world, it can be produced on a large scale. It is the metal that conducts electricity best among all other metals after silver, and it has high industrial importance, such as brass, bronze, etc. It has a wide range of uses due to reasons such as making alloys. Today, copper is the third most consumed metal after iron and aluminum.

Although copper provides advantages with its unique properties in the areas where it is used, it is a substitutable metal and many different materials can be used instead. Copper can be replaced with various non-ferrous metals or non-metallic materials. These are substituted for automobile radiators, cooling and freezing pipes, aluminum for electronic equipment and power cables, titanium and steel for heat exchangers, fiber optics for telecommunications applications, water lines and waste drains, and plastic for plumbing accessories. However, high energy prices and rising copper prices suppress the development and profitability margins of the sector. Copper cutoff is included in both sales revenues and COGs. Therefore, even if gross profit increases, the profitability margin is suppressed as the copper prices increase.

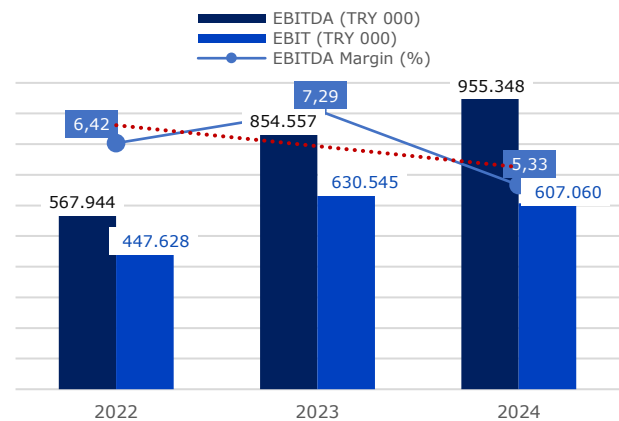


\*Based on limited financial statements as of 1Q2025

Raw material and commodity prices are based on LME (London Metal Exchange), and the increase in raw material prices mainly affects the turnover of the Company. However, Mega Metal's profitability margins stayed in a relatively favorable bandwidth in the analyzed period due to a consistent price increase over reference prices, despite the contraction in margins in FY2024.

Mega Metal's EBITDA generation capacity is in an upward trend and totaled TRY 955.35mn in FY2024, increased by 11.79% from TRY 854.56mn in FY2023. Likewise, the Company's EBITDA margin stood at 5.33% in FY2024 (FY2023: 7.29%).

Also, it must be noted that the Company has a sustainable EBITDA generation capacity in the examined period even with the contraction in margins.



As well, Mega Metal's principle financial indicators for the last two-years and 1Q2025-1Q2024 period including JCR-ER's adjustments are shown as in the table below.

TRY (000)	1Q2025*	1Q2024	2024**	2023
EBIT***	202,333	227,974	607,060	630,545
Depreciation & Amortization	116,545	78,663	348,288	224,012
EBITDA****	318,878	306,637	955,348	854,557
Net Financial Debt*****	2,672,897	1,447,725	2,316,931	754,668
EBITDA/Interest Paid (x)	IS	IS	IS	4.23
Net Financial Debt/EBITDA (x)	2.10	1.18	2.43	0.88

\*Based on limited financial statements as of 1Q2025

\*\*Based on audited consolidated financial statements and independent audit report (01.01.2024-31.12.2024)

\*\*\*EBIT= Gross Profit - OpEx (SG&A, Marketing and R&D expenses)

\*\*\*\*EBITDA= EBIT + Depreciation & Amortization

\*\*\*\*\*Net Financial Debt = Total Financial Liabilities (including IFRS 16 lease liabilities) - Cash & Cash Equivalents - Financial Investments (exchange rate protected deposits)

\*\*\*\*\* As of 1Q2025-1Q2024, net financial debt to EBITDA was calculated by considering the EBITDA of the last 12 months.

NM: not meaningful

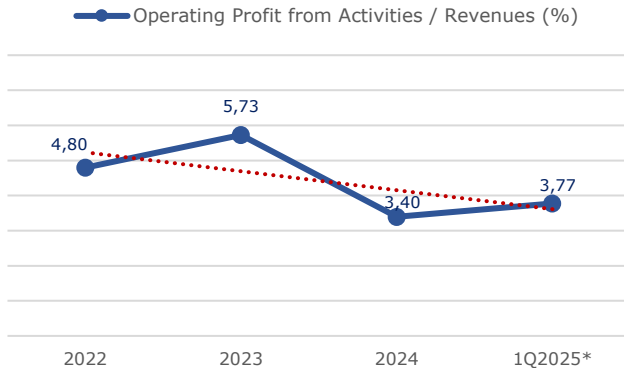
IS: interest surplus

According to the Company's Management EBITDA calculation, when other income and expenses from main activities are taken into account in the calculation, the EBITDA of Mega Metal was TRY 957.27mn in FY2024. Thus, the EBITDA margin stood at 5.34% in FY2024.

Mega Metal has maintained its positive profitability indicators throughout FY2024-2021 particularly due to the FX rate growths and reflecting increasing costs to its products in a certain extent. However, in FY2024, the Company's operating profit from principal activities diminished to TRY 608.98mn from TRY 671.55mn in FY2023. Thus, operating profit margin decreased to 3.40% in FY2024 from 5.73% in FY2023 mainly due to



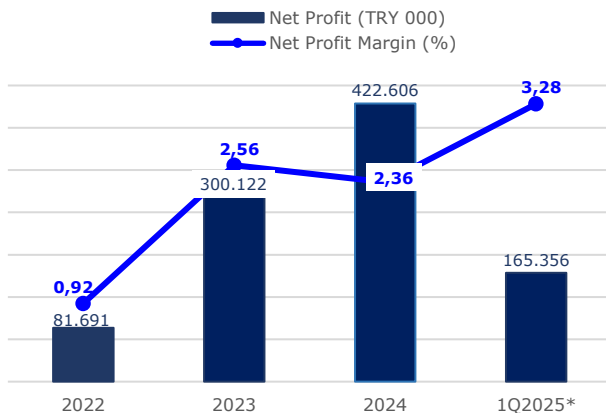
the increasing personnel expenses (1Q2025: 3.77% based on limited financial statements).



\*Based on limited financial statements as of 1Q2025

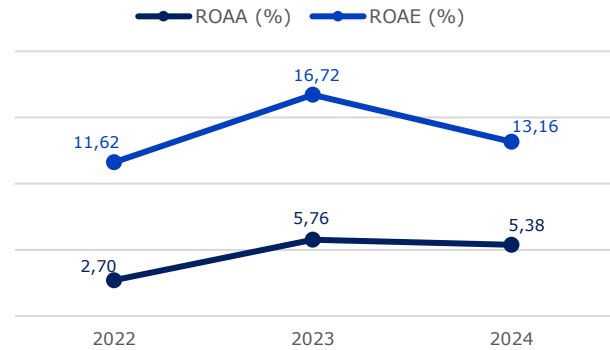
Due to sharp increase in commodities across the board with the resumption of economic activities, higher raw material prices support better profits for Mega Metal even with the sensitivity to global prices in revenue base, as indicated by the increase in revenues according to audited financial statements.

As of FY2024, Mega Metal's net profit augmented to TRY 422.61mn from TRY 300.12mn in FY2023 (1Q2025: TRY 135.36mn based on limited financial statements). Also, the Company's net profit margin stood at 2.36% in FY2024 (FY2023: 2.56%).



\*Based on limited financial statements as of 1Q2025

On the other hand, profitability metrics of the return on average assets (ROAA) and equity (ROAE), which are calculated using Mega Metal's net profitability attained values of 5.38% and 13.16% in FY2024 (5.76% and 16.72% in FY2023).



### **Negative Level of CFO and FOCF in FY2024**

Operating cash flow (CFO) of the Company decreased considerably to negative level of TRY 1.06bn in FY2024 from TRY 1.19bn in FY2023. Therefore, continuing negative CFO level and capex investments causing negative FOCF level as well and FOCF was TRY -1.15bn in FY2024 (FY2023: TRY 830.57mn). As a result of the negative CFO and FOCF, the external financing continues as of the report date.

(TRY 000)	FYE2024*	FYE2023
<b>Funds from Operations (FFO)</b>	<b>833,594</b>	<b>1,414,448</b>
Changes in Working Capital	(1,890,945)	(220,800)
<b>Cash Flow from Operations (CFO)</b>	<b>(1,057,351)</b>	<b>1,193,648</b>
Net Cash Flows used in/ from Investing Activities	(96,222)	(363,075)
<b>Free Operating Cash Flow (FOCF)</b>	<b>(1,153,573)</b>	<b>830,573</b>

(\*) Based on audited consolidated financial statements (01.01.2024-31.12.2024)

As it was mentioned above, a company named "Mega METAL INC." has been established as a 100% subsidiary to operate in the USA market. The Company's current capital is USD 5 million and has been fully paid. The total investment amount is approximately USD 34 million and it will initially operate in an 8,500 m<sup>2</sup> closed area, with an annual production capacity of 24,000 tons and employment for 135 people. Production activities are targeted to begin in the last quarter of 2025.

In addition, the investments related to SPP projects, these 3 projects, which will be implemented in Kütahya and Bilecik, were commissioned in the first half on 2025, and the project planned to be implemented in Tunceli is planned to be commissioned in the 4<sup>th</sup> quarter of 2025. When the 3 projects come into operation, the average annual electricity production amount will be 57 Mwatt (Megawatt) and 85% of the electricity consumption will be met through offsetting; savings in electricity costs can be provided.

Also, an investment decision was made to establish an additional production facility that will increase production capacity by 50% next to the current factory location in Kayseri, and the construction process has been initiated. The construction is planned to be completed in the last quarter of 2025 and production to begin in the same period. The construction cost of USD 2.5mn incurred within the scope of this investment was financed with the Company's equity. In relation to this investment, it is planned to make an investment in machinery, equipment and other materials in the range of 10-15 million USD, and deliveries are expected to start in the second half of 2025.

**As Actions for a Global Soft Landing Gain Prominence, Decisions with the Potential to Adversely Affect Global Trade are Engendering Considerable Uncertainty**

Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks hiked rates at the most rapid pace in near history and net lending standards tightened as well within a period of approximately 1 year from the second half of 2022. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% to 50% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. As such, export-focused growth policies of China loom as a threat to domestic exports, who also face a slow growth in key markets and significant production costs.

While the first easing step came from ECB in June, 2024, Fed followed ECB on September's FOMC meeting with the aim to achieve a soft-landing. Financial conditions, which have remained tight for an extended period, are expected to continue easing further compared to the past two years with the monetary easing steps. The CBRT also joined the global monetary expansion cycle at the last meeting of 2024, reducing its the policy rate, which had been at 50% for a prolonged period, by 250bp in each of three consecutive meetings to 42.5%. However, in response to recent market fluctuations, the CBRT introduced several macroprudential measures to bolster Turkish lira liquidity and adopted a tighter monetary stance by increasing the policy interest rate to 46% and using the

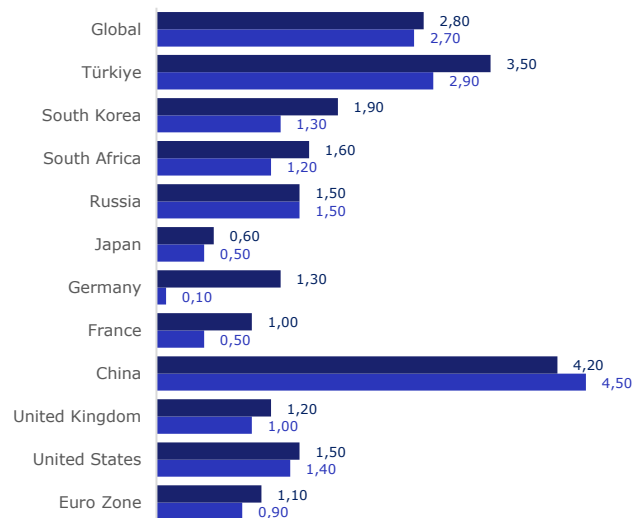
overnight lending channel at 49% to increase weighted average funding rate.

The announcement by the Trump administration in the US that it would impose additional tariffs on many countries, primarily China, disrupted global growth expectations, while the potential price pressures from these tariffs shaped expectations regarding the monetary policies to be implemented by central banks.

Although tariff negotiations have continued, the situation remains uncertain, and leading indicators point to a slowdown in economic activity in the US.

Accompanied by tightening financial conditions, a weak growth outlook emerged in 2023, especially in Europe. Despite initiated monetary easing steps as of half of 2024, while the Eurozone ended 2024 with a growth rate of 0.9%, below its pre-pandemic average, the German economy where economic activity deteriorated contracted by 0.2% in 2024. According to the second estimate, the US economy unexpectedly contracted in the first quarter of 2025, with the surge in imports—driven by tariff-related uncertainty—playing a key role in the slowdown. Following the release of the Q1 growth data, year-end growth forecasts were also revised downward. Global growth forecasts are also being revised downward amid ongoing tariff-related uncertainty. Meanwhile, the Euro Area economy recorded a quarterly growth of 0.6% in the same period, supported by a positive contribution from Germany, signalling some resilience within the region according to revised data.

**GDP Outlook for 2025-26** (Annual Average Growth, %)  
**2025 2026**

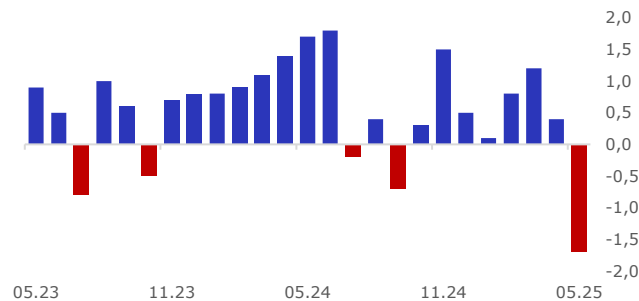


Source: Refinitiv Datastream, Reuters Poll (Median Forecast)  
 \*As of 10-06-2025

Following post-pandemic reopening, China took full advantage of its massive and integrated manufacturing sector, government subsidies to boost exports. On the other hand, domestic consumption is still weak after decades of investment/manufacturing focused policies. Therefore, for Chinese economy, the way forward is through shifting manufactured goods abroad, its long-term and global implications notwithstanding. In this sense, China was anticipated to double-down on any obstacle to its exports, as boosting domestic consumption requires a long and painful adjustment whereas boosting investment and consumption is more straightforward in the short run. In fact, as export indicators for China deteriorated, China announced monetary and fiscal stimulus measures, recently as we expected. Therefore, Turkish companies face significant export competition from a global powerhouse. On the other hand, the impact of the tariffs on global trade, particularly Chinese goods surplus and actions by the Chinese administration.

This strong commitment to supporting exports were coupled with freight rates which had normalized in 2023. This reversion of freight costs had helped Chinese manufacturers to compete more easily with exporters close to their trade partners geographically.

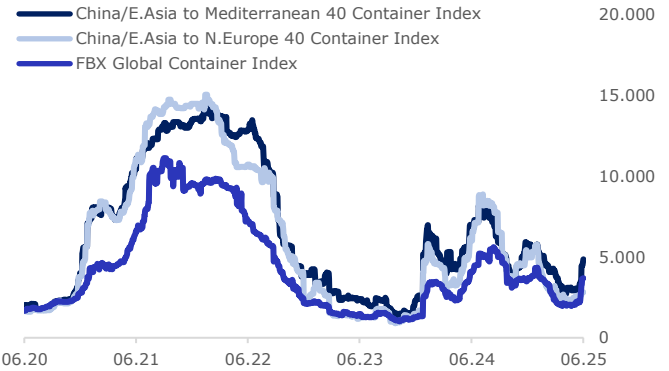
**China Manufacturing PMI**  
 (Deviations from threshold value)



Source: Refinitiv Datastream

Recently, geopolitical tensions have been rising again in the Middle East. On the other hand, there has been no concrete development regarding a possible ceasefire between Russia and Ukraine. The potential effects of these ongoing developments on global supply chains will be closely monitored.

**FBX Global Container Index**

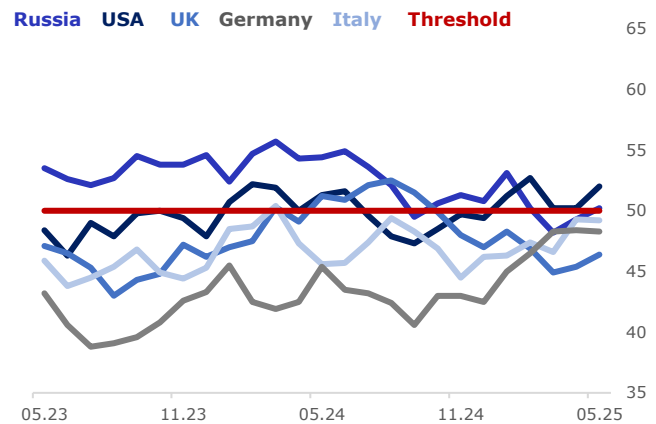


Source: Refinitiv Datastream

### Global slowdown's impact on Türkiye

Türkiye's exports has exhibited recovery signs for first half of 2024 and it made a positive contribution to growth after a long break. In 2024, Turkish exports to EU realized as USD 108.5bn which was USD 104.3bn in FY2023. As of 4M2025, Turkish exports to EU realized as USD 37.4bn with an annual increase of 6.5%.

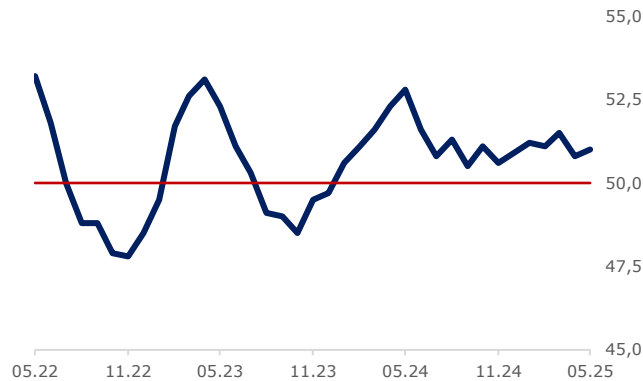
**Top Export Market's Manufacturing PMI**



Source: Refinitiv Datastream

According to the ICI, in January, 2024, ICI Türkiye Export Climate Index rose above threshold for the first time since July 2023. In May 2024, the index reached to its highest value of last thirteen months with 52.8 and still stood above threshold.

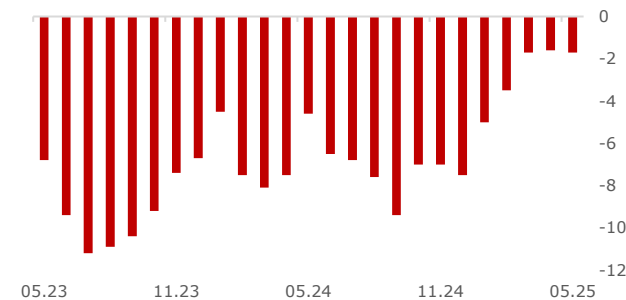
### ICI Türkiye Export Climate Index Threshold



Source: The Istanbul Chamber of Industry (ICI)

The manufacturing industry in Germany, our largest trading partner, has been contracting for over a year. While the monetary easing steps taken have not yet had an impact on German manufacturing industry, the outlook has been improving in other European countries with the exception of major economies. On the other hand, export to Middle East has remained robust since 2024.

### Germany Manufacturing PMI (Deviations from threshold value)



Source: Refinitiv Datastream

Although the pace of contraction has moderated, given the weakness manufacturing industry in our largest trading partner, Germany, and China's aggressive stimulus policies as well as aggressive trade policy that adversely affect global trade export developments will be closely monitored.

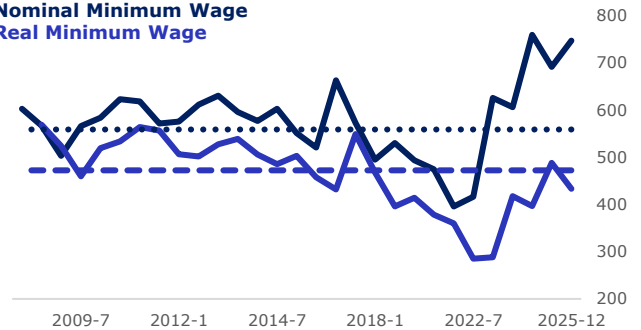
Further pressurizing the Turkish exporters are cost factors, mainly in terms of wages and energy prices. Minimum wage increased to TRY 30,621.48 including total costs to the employer (gross: TRY 26,005.50, net: TRY 22,104.67) for 2025. The latest increase in minimum wage pushed the total cost to employers to USD 747, using expected average USDTRY for the

forementioned year. Therefore, the expected level of minimum wage would realize above the average and would pressurize small scale businesses with labor intensive manufacturing and domestic focus. On the other hand, adjusting for US CPI, real minimum wage in USD terms is actually below the average, implying export focused companies should be able to manage these levels of increasing minimum wage.

### Türkiye Minimum Wage

(Total cost to employer, USD, dashed lines 2007-2023 average)

**Nominal Minimum Wage**  
**Real Minimum Wage**



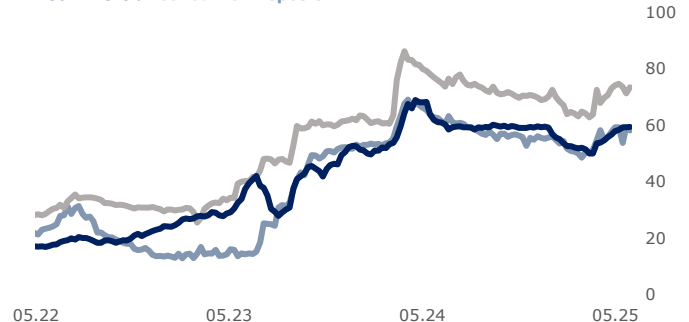
Source: Ministry of Labor and Social Security, Refinitiv, JCR-ER Research  
 Nominal minimum wage for 2025 is calculated using expected average USDTRY for the given year. Real wage for 2025-12 is based on our US CPI and USDTRY forecasts.

### Historically tightened domestic financial conditions have started to ease slightly, particularly in credit costs

Current economic program entails high interest rates at a level that would curb leveraged consumption and inventory hoarding as carrying costs rise. On the fiscal side, tax regulations and additional tightening measures aim to support the efforts to limit consumption. Moreover, long list of previously announced macroprudential regulations in the banking system are lifted, liberating banks to pursue more independent asset-liability management. This resulted in much higher credit interest rates.

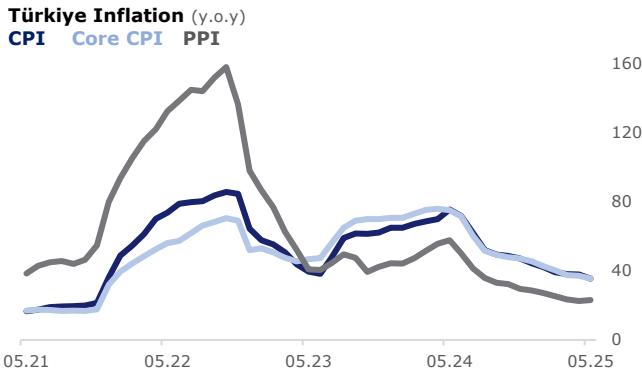
### TRY Lending and Deposit Rates (%)

**Commercial** **Consumer** **Deposit**



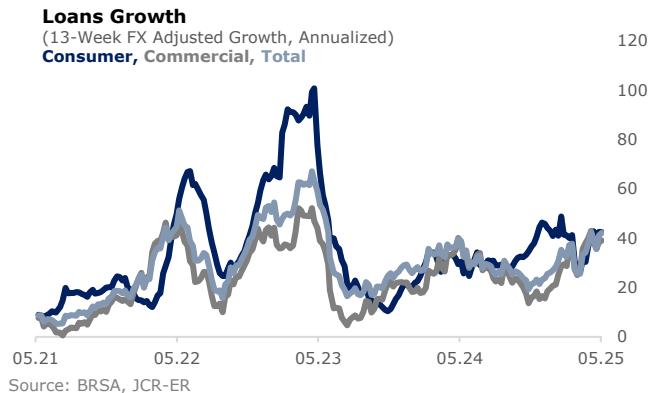
Source: CBRT, JCR-ER

As a result of tight monetary policy, the Consumer Price Index (CPI) growth rate has followed a consistent downward trend since June 2024, reaching 35.4% as of April 2025.

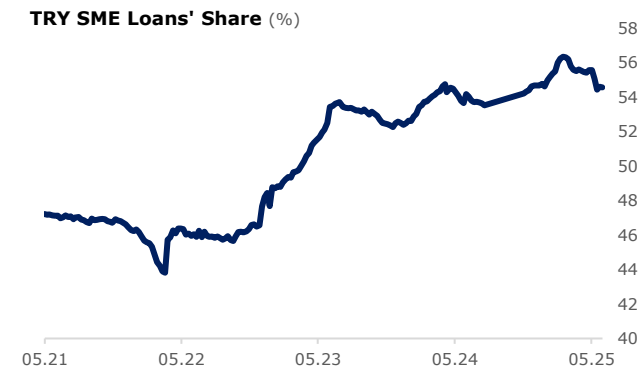


Source: Turkstat

Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration.

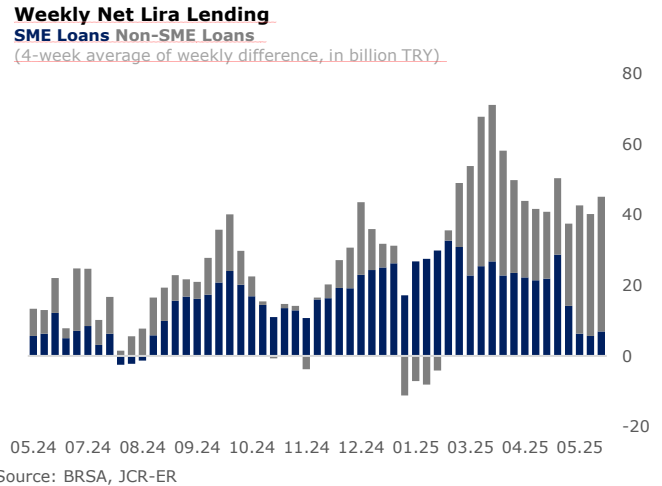


Source: BRSA, JCR-ER

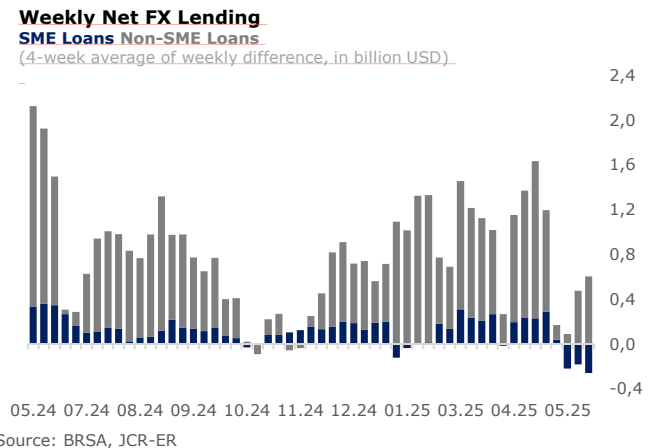


Source: BRSA, JCR-ER

Due to high TRY loan interest rates, lending in local currency had slowed quite notable particularly in early 2Q2024, substituted for FX lending by large firms with access. As a result, CBRT had imposed monthly lending limits to FX lending. In March, 2025, the monthly growth limit for FX commercial loans has been reduced from 1% to 0.5% by CBRT. Recently, Lira lending has gained a bit more strength though in real terms the lending volume is still quite restrictive compared to the 2023.



Source: BRSA, JCR-ER



Source: BRSA, JCR-ER

Access to finance and the cost of financing are still substantial topics affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech have resulted in a divergence in financial conditions. Recently, in order to facilitate access to financing for high value-added export firms, the CBRT increased the daily limits of rediscount credits from TRY 3bn to TRY 4bn. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other, real appreciation of Lira



as intended to support disinflation is a headwind for exporters particularly in highly competitive sectors.

On the other hand, in January, 2025, CBRT announced changes on macroprudential framework on behalf of SMEs. Accordingly, monthly growth limit for SME loans has been increased from 2% to 2.5%, whilst reduced monthly growth limit for other commercial loans from 2% to 1.5%. Furthermore, it was announced that TRY SME loans granted through the Small and Medium Enterprises Development Organization or funded by international development finance institutions to promote sustainability will be exempt from the loan growth limit.

Within the scope of reducing of inflation, tightening financial conditions has been contributing to a weakening of demand, as expected, and exerting pressure on economic activity. While leading indicators clearly illustrate the impact of the economic slowdown, a further deterioration in activity is expected. In this context, as mentioned before, the CBRT reduced its the policy rate, which had been at 50% for a prolonged period, to 42.5% in order to facilitate a soft landing for the economy.

Recently, in addition to the ongoing global economic pressures exacerbated by trade tensions impacting interest and exchange rates, CBRT implemented a series of additional policy interventions in response to the sharp rise in both the level and volatility of exchange rates observed in March. In this context, the CBRT increased the policy rate from 42.5% to 46% in an effort to stabilize the currency market and mitigate further volatility. The effects of future policy adjustments in domestic and global side on economic activity will be closely monitored.

With respect to the factors mentioned above, JCR Eurasia Rating has affirmed the Long-Term National Issuer Credit Rating of **"Mega Metal Sanayi ve Ticaret A.Ş."** as **"AA- (tr)"** and the Short-Term National Issuer Credit Rating as **"J1+ (tr)"** in JCR Eurasia Rating's notation system which denote investment grade category with very high credit quality.

In addition, the Long Term International Foreign and Local Currency Issuer Credit Ratings were assigned as **"BB"** as parallel to international ratings of the Republic of Türkiye.

## 2. Rating Outlook

JCR Eurasia Rating has assigned a **"Stable"** outlook on the National Long- and Short-Term Issuer Credit Rating perspectives of the Company, taking into consideration of its steady growth in revenue streams, maintained reasonable EBITDA generation, liquidity profile, diversified production and processing capacity, protection of asset quality, market efficiency in the inter/national market as well as increase in net debt to EBITDA multiplier, limited profitability margins, political tensions and other global downsides.

The Company reflects an agile differentiated operation diversity through its services and competitive structure which are expected to strengthen its market position.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspective of the Company has been assigned as **"Stable"** in line with the sovereign rating outlooks of the Republic of Türkiye.

Significant factors that may be taken into consideration for any future change in ratings and outlook status.

### Factors that Could Lead to an Upgrade

- Ongoing improvement in new customer acquisition and/or in total sales,
- Maintenance of leading positions in core markets with EBITDA/margin growth,
- Material reduction in net debt level and enhancement in leverage indicators,
- Increase in geographical diversification of operating activity into various markets with steady operational efficiency,
- Upgrades in Türkiye's sovereign ratings and economic growth prospects.

### Factors that Could Lead to a Downgrade

- Contraction of sales performance, cash generation and notable decline in operating profitability,
- Severe deterioration in indebtedness metrics,
- Increase in cost of sales leading to reduction in gross profit margin,
- Degradation in operational efficiency due to high operating expenses,
- Worsening of asset and receivables quality,
- Downgrades in Türkiye's sovereign ratings and economic growth prospects.

JCR Eurasia Rating will monitor the Company's revenue generation performance, profitability, leverage profile, liquidity and cash flow metrics as well as macroeconomic indicators at national and international markets along with market conditions and legal framework about the sector in the upcoming periods.

### 3. Projections

In 2025, total revenue generation depended on developments about the demand conditions, commodity prices, political tensions, protectionist measures, etc. On the other hand, sales volume in TRY terms depend on additional factors such as raw material prices, a function of FX rates and tax policies. The Company is expected to maintain adequate debt service coverage and the Company can scale its activities depending on the market conditions.

<b>Mega Metal San. ve Tic. A.Ş.</b> <b>(TRY 000)</b>	<b>1Q2025</b>	<b>1Q2024</b>
Revenue	5,037,803	4,420,091
Gross Profit	504,251	425,030
Operating Profit	189,984	223,399
Net Profit	165,357	138,407
Gross Profit Margin (%)	10.01	9.62
Operating Profit Margin (%)	3.77	5.05
Net Profit Margin (%)	3.28	3.13

(\*) Based on limited audit report as of 1Q2025

It is expected that cash flow generation of Mega Metal from operations and the Company's sector experience and export power are sufficient to support the planned Capex without increasing leverage. In addition to the existing value-added (fine and niche) products, investment in silver-plated copper wire is expected to be done. In this way, it is planned to contribute to the profitability of the Company and to the country's economy as there is no substitute for this investment in Türkiye. With this investment, the Company will also operate in the aviation sector, too.

As stated in the SPP projects, these 3 projects, which are implemented in Kütahya and Bilecik, were commissioned in the first half on 2025, and the project planned to be implemented in Tunceli is planned to be commissioned in the 4<sup>th</sup> quarter of 2025. When the 3 projects come into operation, the average annual electricity production amount will be 57 Mwatt (Megawatt) and 85% of the electricity consumption will be met through offsetting; this amount of savings can be achieved in electricity costs. With the commissioning of all 3 projects, it is expected that the profit from the electricity expenses involved in the Company's

production and activities will have a positive impact on the Company's EBITDA and net profitability in proportion to the savings to be made.

Thus, taking into consideration the Company's past growth and operating performance and future projections relating to the FY2025e period, we, as JCR Eurasia Rating, are of the opinion that the Company shall fulfil the obligations in a timely manner and without distress as long as it preserves its current market share and efficiency along with no deterioration in the general macro-economic context and sector dynamics.

### 4. Company Profile & Industry

#### a. History and Activities

The Company was established with the title of "Dost Telekomünikasyon Hizmetleri Tic. Ltd. Şti." in Istanbul / Eminönü on 10.05.2004 by Cüneyt Ali TURGUT and Abdullah TURGUT to operate in telecommunication, electronics and computer business. With the registration dated 03.09.2004, the Company had updated its logo and all corporate identity as "Mega Metal San. ve Tic. Ltd. Şti." and changed its field of activity to sectors such as copper, aluminum, plastic raw materials and electrical materials.

As of FY2017, the Company has changed its title to "Mega Metal San. ve Tic. A.Ş.". On 15.02.2019, Ömer Faruk TURGUT, one of the partners, transferred his shares to his brothers and left the partnership and the current partnership structure was formed. Currently, Mega Metal continues its activities with the production of electrolytic copper wire, bare and tinned mono wire, twisted wires and coil wires in its factory with a 45,000 m<sup>2</sup> closed area in Kayseri. The Company's current capacity is 48,000 tons in copper wire production annually, considering the main production line. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 15 December 2023 and 23.68% of shares are publicly traded on the BIST with the ticker symbol "MEGMT" as of 1Q2025.

Mega Metal, which meets more than half of Türkiye's superfine copper wire production, exports to more than 30 countries all over the world particularly to the European Union countries. The Company serves in the energy production, power generation and distribution, electricity, electronics, communications, renewable energy, electrical appliances, white goods, special industrial applications (robotics), aviation and

automotive sectors with its unique oxygen-free electrolytic copper wires.

The Company carries out energy-intensive production at its production facility located in Kayseri Organized Industrial Site. The Company has realized a total electricity consumption of approximately 60-64 Mw for its production activities. Currently, there is a rooftop solar system with an installed power of 5 Mw located on the roof of the Company's production facility. The Company provides approximately 8-9% of its annual energy needs from solar energy, which is a renewable energy source.

With the principle of sustainable production, Mega Metal plans to increase its installed solar power up to 57 Megawatt in order to meet the energy needs in production processes with a lower cost and environmentally friendly way. The Company plans to use 10% of the net fund it will obtain from the public offering to finance the said renewable energy investment.

Also, in line with Mega Metal's growth strategy, the Company's existing value added (fine and niche) products has been planning to invest in silver plated copper wire since FY2022. In this way, it is planned to contribute to the profitability of the Company, as well as to the country's economy since this investment has no substitute in Türkiye. With this investment, Mega Metal will be positioned in the high advanced products with sectors such as robotics, medical robotics, advanced computer systems, space, aviation as well. Note that this product is planned to be exported and pre orders from main customers are started to be received.

Mega Metal has 1 commercial office in İstanbul and a production factory in Kayseri, respectively with 735 employees as of 31.03.2025 (FYE2024: 715). Also, the Company has two warehouses, located in İstanbul, Çatalca and Kayseri. Mega Metal has developed itself in the production of copper wire, and single wire diameters up to 50 microns can be produced. Therefore, Mega Metal is positioned in a very special area in the market compared to its competitors. In this way, oxygen-free copper production is directly preferred in the production of cables with very special uses, from robotic products to medical products, from automotive to white goods.

Mega Metal has been listed on the Borsa İstanbul since 15 December 2023 with a ticker-name of "MEGMT". Depends on listed status, the Company complies with

corporate governance practices and regulations of the Capital Markets Board of Türkiye (CMB), as well as it has a well-established internal control system through the integrated organizational structure namely Audit Committee, the Early Risk Detection Committee, Sustainability Committee and the Corporate Governance Committee. The Company's Board comprises of 9 members, 3 of whom are independent.

The Company's website is highly transparent and provides information about the history, vision and mission, board of directors and senior management, organizational chart and shareholders structure and operating fields, investor relations' information. Detailed financial and operational information is provided including annual report and audit reports, corporate governance principles compliance reports.

Also, in the upcoming period, the Company wants to focused more on potential markets in Europe and America. Related to this, Mega Metal especially established its own production facility in the USA, which is MEGA METAL INC. It is expected to be reflected in foreign sales by the end of 2025. Likewise, Mega Metal evaluates potential purchase opportunities in the European region.

## b. Shareholders, Subsidiaries & Affiliates

Cüneyt Ali TURGUT is the ultimate shareholder of the Company as of FYE2024. Mega Metal's paid in capital and equity stood at TRY 265mn and TRY 3.65bn, respectively at FYE2024. The Company has been quoted on the Borsa İstanbul Stock Exchange (BIST) since 15 December 2023 and 23.68% of shares are publicly traded on the BIST with the ticker symbol "MEGMT" as of 1Q2025.

The following table shows the shareholder structure of Mega Metal:

Shareholders Share of %	1Q2025	FYE2024	FYE2023
Cüneyt Ali TURGUT	36.44	36.44	36.44
Abdullah TURGUT	22.90	22.90	22.90
Fatma DÖNMEZ	8.48	8.48	8.48
İhsan Ahmet TURGUT	4.25	4.25	4.25
Mehmet Emin TURGUT	4.25	4.25	4.25
Publicly traded*	23.68	23.68	23.68
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Share Capital/ TRY (000)</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000**</b>

(\*) As of 15 December 2023, 23.68% of Mega Metal's shares are in circulation in Borsa Istanbul (BIST)

(\*\*) The Company's shares with a nominal value of TRY 40 million, which will be increased due to the increase in its issued capital from TRY 225 million to TRY 265 million, and the portion of its existing shares with a nominal value of TRY 22.5 million, will be sold at TRY 28.30 per share on 7 and 8 December 2023. It was offered to the public with the "Fixed Price Book Building" method at a price of TRY, and all of the shares offered to the public were sold on the relevant dates. From the sale of the shares with an increased nominal value of TRY 40 million, an issue premium of TRY 1,047 million was obtained after the public offering expenses. This capital increase was published in the Trade Registry Gazette dated January 29, 2024.

MEGA METAL INC was established on January 12, 2024 in the state of Connecticut, USA, for the purpose of manufacturing, exporting, importing, buying, selling and marketing all kinds of copper raw materials, copper concentrates, blister copper, anode/cathode copper and enameled ladein wire scraps, electrolytic copper, copper wire rod, copper wire and all kinds of copper by-products and products. The capital of the Group was USD 200,000 at FYE2024. Mega Metal Sanayi ve Ticaret A.Ş. owns 100% of MEGA METAL INC, therefore the financial tables for 1Q2025 and FYE2024 are presented on a consolidated basis of financial statements.

As of 1Q2025, Mega Metal has 1 subsidiary which has been provided in the table below.

Related Parties	Country	Nature of Operations
MEGA METAL INC	USA	Manufacturing, exporting and marketing all kinds of copper raw materials

Board of the "Mega Metal San. ve Tic. A.Ş." consists of 9 members and 3 of them are independent board members. The members of the Board of Directors are listed below as the report date.

#### Board of Directors 1Q2025

Cüneyt Ali TURGUT	Chairman
Abdullah TURGUT	Vice Chairman
Mehmet Emin TURGUT	Board Member
İhsan Ahmet TURGUT	Board Member
Mehmet Gültekin YILDIZ	Board Member
Enis Turan ERDOĞAN	Board Member
Mehmet Fatih KERESTECİ	Independent Board Member
Özlem FİDANCI	Independent Board Member
Nihal MASHAKİ SEÇKİN	Independent Board Member

Cüneyt Ali TURGUT, who is the Chairman of the Board of Directors of Mega Metal San. ve Tic. A.Ş., founded the Company in 2004 and has been the Chairman of the Board of Directors of the Company more than 15 years.

## c. Industry Assessment

### Metal Industry

The steel industry has long held a strategic place in the global economy, fostering innovation, growth, and employment. Steel is closely linked to numerous industrial sectors such as automotive, construction, electronics and renewable industries.

According to data from the World Steel Association, global crude steel production recorded an increase of 0.12% in 2023 compared to the previous year, reaching a total of 1,892.6mn tons. The leading producer, China, accounted for 54% of the world's total production by manufacturing 1,019.1mn tons. Following China, India and Japan ranked second and third, respectively, in terms of crude steel production in FYE2023. Before 2022 Türkiye was Europe's largest steel producer, however, after 2022 Türkiye placed in the 8<sup>th</sup> position and lost its status to Germany. Türkiye's crude steel production decreased by 4.0% compared to the previous year and realized 33.7mn tons in FYE2023. Brazil followed Türkiye, with a production of 31.9mn tons. As of the first eleven months of 2024, total world production reached 1,694.6mn tons. China contributed 929.2mn tons, while Türkiye's production rose to 33.9mn tons, marking a 11.2% increase compared to the same period last year.

#### Crude Steel Production (mn ton)

Country	2021	2022	2023	2024
<b>World</b>	<b>1,962.51</b>	<b>1,889.25</b>	<b>1,897.90</b>	<b>1,883.89</b>
China	1,035.24	1,017.96	1,022.47	1,005.09
India	118.20	125.38	140.76	149.42
Japan	96.34	89.23	87.00	84.01
United States	85.79	80.54	81.39	79.46
Russia	77.02	71.47	76.03	71.01
South Korea	70.42	65.85	66.68	63.48
Germany	40.24	36.86	35.40	37.23
<b>Türkiye</b>	<b>40.36</b>	<b>35.13</b>	<b>33.71</b>	<b>36.89</b>
Brazil	36.07	34.09	32.03	33.74
Iran	28.32	30.59	30.70	31.36

Source: Worldsteel Association

China has been the world's largest steel producer for years. Although there is a relative decrease in production figures in 2021 due to the effect of the



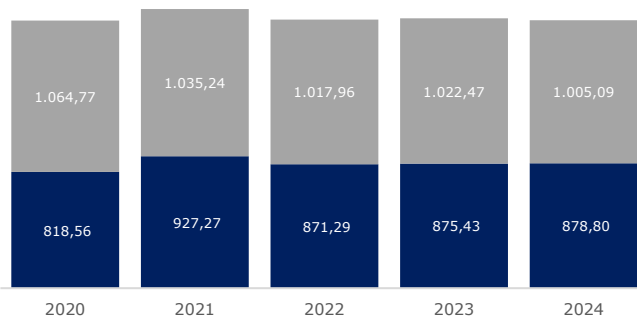
Covid-19 pandemic, the industry has still been dominated by China.

Following post-pandemic reopening, China took full advantage of its massive and integrated manufacturing sector, government subsidies to boost exports. On the other hand, domestic consumption is still weak after decades of investment/manufacturing focused policies. Therefore, for Chinese economy, the way forward is through shifting manufactured goods abroad, its long-term and global implications notwithstanding.

In this sense, China was anticipated to double-down on any obstacle to its exports, as boosting domestic consumption requires a long and painful adjustment whereas boosting investment and consumption is more straightforward in the short run. In fact, as export indicators for China deteriorated, China announced monetary and fiscal stimulus measures, recently as we expected. Therefore, Turkish companies face significant export competition from a global powerhouse.

#### World Crude Steel Production (million tons)

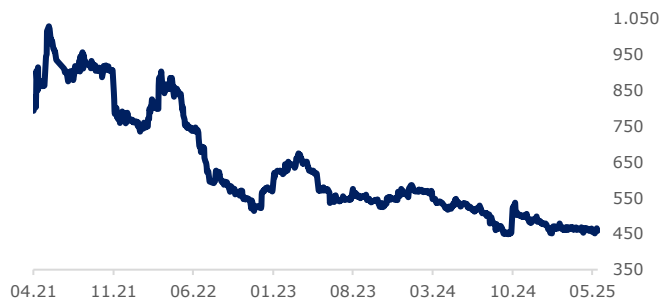
Rest of the World China



Source: Worldsteel Association, JCR-ER

This strong commitment to supporting exports were coupled with freight rates which had normalized in 2023. This reversion of freight costs had helped Chinese manufacturers to compete more easily with exporters close to their trade partners geographically.

#### China HRC Prices



Source: Refinitiv, JCR-ER

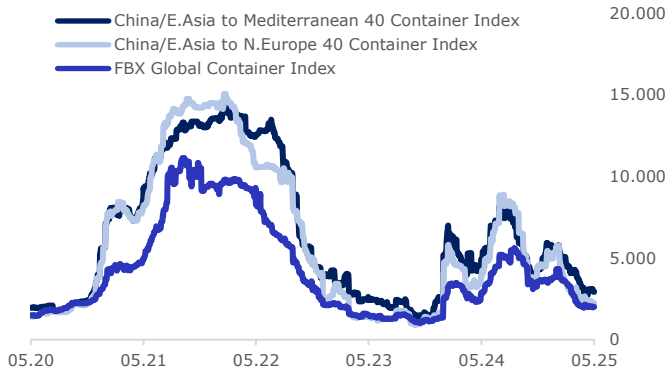
The effects of the pandemic caused steel prices to increase in 2020. Although prices experienced a decline towards the end of the year as part of the normalization process, a crisis between Russia and Ukraine in February 2022 led to an upward trend. The tension between Russia and Ukraine resulted in increased energy prices, and the ultra-expansive monetary and fiscal policies implemented post-pandemic have contributed to global inflationary pressures. Persistent inflation and high interest rates in most economies limited the recovery of steel demand in 2023, despite positive factors like China's reopening, Europe's resilience in the face of the energy crisis, and the easing of supply chain bottlenecks. As of 2023, economies have tightened financial conditions to combat inflation. These tightening financial conditions have resulted in disruptions in the economic growth outlook, particularly affecting commodity prices, including base metals.

While the first easing step came from ECB in June, 2024, Fed followed ECB on September's FOMC meeting with the aim to achieve a soft-landing. Financial conditions, which have remained tight for an extended period, are expected to continue easing further compared to the past two years with the monetary easing steps. The CBRT also joined the global monetary expansion cycle at the last meeting of 2024, reducing its policy rate, which had been at 50% for a prolonged period, by 250bp in each of three consecutive meetings to 42.5%. However, in response to recent market fluctuations, the CBRT introduced several macroprudential measures to bolster Turkish lira liquidity and adopted a tighter monetary stance by increasing the policy interest rate to 46% and using the overnight lending channel at 49% to increase weighted average funding rate.

Recent statements from the US, indicating that additional tariffs will be imposed on many countries, including China. The adoption of a more aggressive trade policy by countries, especially China, in response to the US will cause global trade to be reshaped on the negative side. This may adversely impact global growth in the near future. On the other hand, the concerns that these tariffs will exert pressure on prices in the upcoming period also play a role in shaping the expectations of central banks. Although tariff negotiations have recently been on the agenda, the situation remains uncertain, and leading indicators point to a slowdown in economic activity in the US. Additional decisions that could negatively affect global trade may lead China to adopt a more aggressive strategy. Therefore, the escalating trade war will be closely monitored by JCR-ER.



### FBX Global Container Index



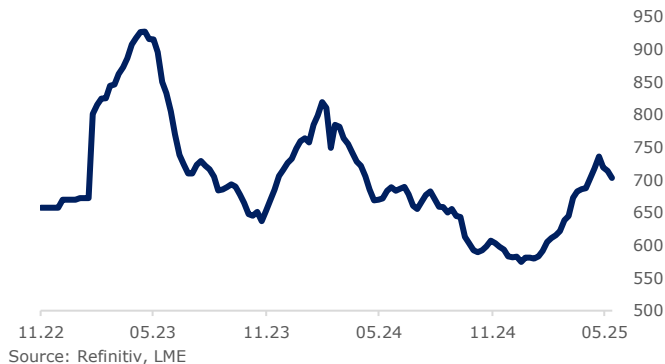
Source: Refinitiv, JCR-ER

At the same time, attacks on ships in the Red Sea by U.S. forces and Houthi groups, which initially occurred in 2024, came back into focus in February 2025. The expansion of U.S. operations in Yemen, along with ongoing threats from the Houthis against Israeli vessels, has raised security risks along key trade routes. This has led to growing concerns about supply safety and put upward pressure on oil prices.

Furthermore, despite a ceasefire announced on November 2024 between Iran/Lebanon and Israel, Israel attacked Hamas once again at the beginning of 2025. Also, despite ongoing ceasefire talks between Russia and Ukraine, long-standing conflict continues to keep geopolitical risks at the forefront. Therefore, the potential effects of these ongoing developments on global supply chains will be closely monitored.

### Europe HRC Prices

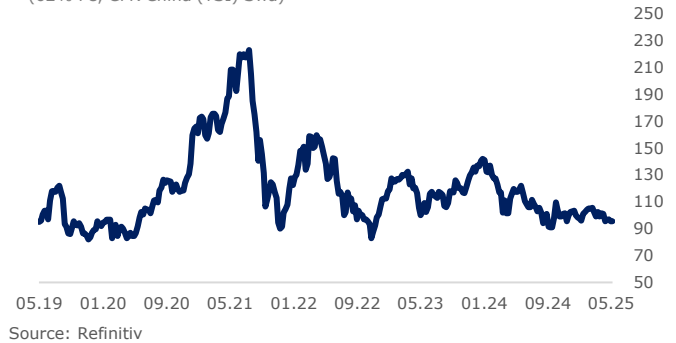
(LME Steel HRC NW Europe (Argus) Closing Prices)



Source: Refinitiv, LME

### Iron Ore Prices

(62% Fe, CFR China (TSI) Swa)



Source: Refinitiv

### Steel Industry in Türkiye

Finished steel output is divided into two broad categories – long and flat products. In addition, finished steel output also includes alloy steel. Flat steel products accounted for roughly half of the total production followed by long steel products and alloy steel which contributed in the range of roughly 40-45% and 5-10% respectively. Long products are generally used for construction, mechanical engineering and energy industries. Flat products are supplied in Hot Rolled, Cold Rolled or in coated conditions depending upon the requirement. Flat products are generally used for automotive and truck wheel frames and body parts, heavy machinery, pipes and tubes, construction, packaging and appliances.

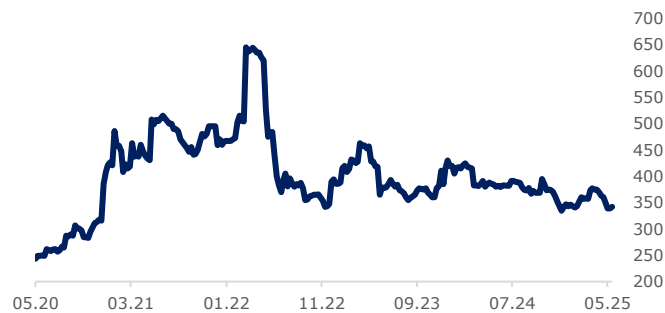
All steel manufacturing companies operating in Türkiye are privately owned and technological developments in the global marketplace are constantly monitored. While 75% of the world's steel production is produced in basic oxygen furnace facilities; contrary to the World, Türkiye's crude steel production is largely carried out in Electric Arc Furnace (EAF) -based plants. These manufacturers that use scrap metal in the production process, meet their intermediate goods from foreign markets. Consequently, Türkiye is one of the biggest scrap importers in the world.

The increasing demand for scrap, which is the raw material for steel products obtained through recycling in the context of green transformation, has led to the European Union's request to include scrap on the critical raw materials list, as well as India's progressive increase in demand for scrap as part of their green transformation efforts. Therefore, it is vital to take necessary measures to ensure the sector does not encounter difficulties in accessing scrap, emphasizing the importance of addressing potential challenges in scrap accessibility.

On the other hand, energy tariffs remain a cost pressure component for Türkiye's steel industry. At the end of September 2023, the Economic Coordination Board in Türkiye decided to raise electricity prices for industrial users by 20%. Also, as of October 1, 2023, natural gas prices for industrial users and power plants in Türkiye was increased by 20%. According to BOTAŞ, which stated that the rising tariffs were due to market conditions, the country's economic conditions, market price stability and costs. However, the electricity price increase for industrial users has not been implemented as of the report date. Access to affordable, fossil-free electricity is critical for the Turkish steel sector to remain globally competitive.

#### Türkiye Steel Scrap Prices

(LME Steel Scrap CFR Turkey (Platts) Closing Prices)



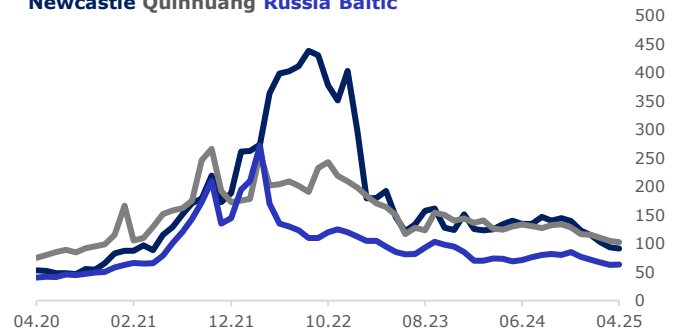
Source: Refinitiv

Iron and steel production in Türkiye are generally performed through electric arc furnaces while integrated facilities are engaged in production worldwide. Iron and steel industries maintain to be dominated by long products production. Over 50% of hot-rolled coil (HRC) production capacity utilizes EAFs instead of BOF facilities in Türkiye.

Energy cost is one of the major costs of steel production in the basic oxygen furnace facilities, mainly coal, petroleum coke and hard coal are used. Following the downward trend in energy prices, it is expected that steel production costs will decrease, leading to increased profit margins for companies.

#### Coal Prices (USD/ton)

Newcastle Quinhuang Russia Baltic



Source: Refinitiv

Electricity and natural gas are mainly used in steel production facilities with Electric Arc Furnaces. The increase in electricity prices has also affected the steel industry negatively.

According to Turkish Steel Producers' Association (TÇÜD) as of FYE2024, Türkiye's steel exports realized as 13.4mn tons, reflecting an increase of 27.6% compared to the previous year. In the mentioned period, although there was a decline of 4.0% in production per ton, both consumption and imports increased by 17.1% and 15.5% respectively.

Turkish Steel (mn tons)	2022	2023	2024	Chg* (%)
Production	35.1	33.7	36.9	9.4
Consumption	32.5	38.1	38.3	0.6
Export	15.1	10.5	13.4	27.6
Import	14.8	17.1	17.4	1.7

Source: Turkish Steel Producers Association (TÇÜD), JCR-ER

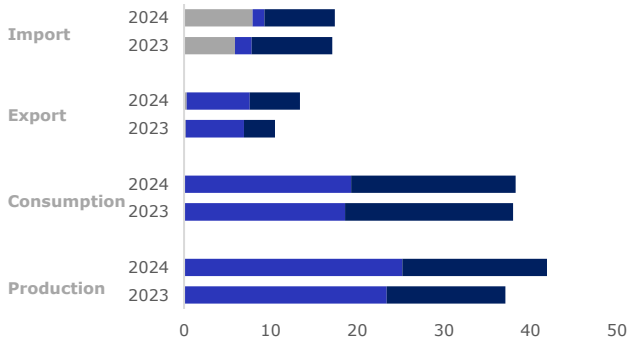
\*Change between FYE2024 and FYE2023

The most exported steel products by Türkiye mainly consisted of long and flat products with a share of 46.5% and 24.3% respectively as of FYE2023. Even though Türkiye exports long-type steel, Türkiye also imports flat-type steel.

The construction sector in Türkiye had been shrinking from 2018 to 2022 however, the sector grew by 7.2% in 2023. Additionally, reconstruction activities in the earthquake zone and urban transformation projects in other provinces are expected to boost domestic demand for the construction materials in the coming periods.

## Turkish Steel (mn tons)

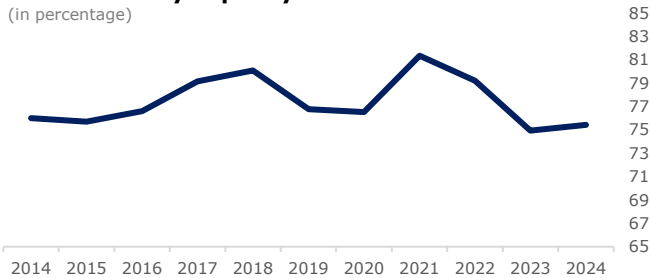
Long Flat Semi-finished (Billet+Slab)



Source: Turkish Steel Producers Association (TÇÜD), JCR-ER

The capacity utilization rate in the main metal industry peaked at 81.85% as of FYE2021, after challenges such as the trade war between China and USA in 2018 and the Covid-19 pandemic. However, the capacity utilization rate was realized as 74.94% as of FYE2023 and 75.42% as of FYE2024.

## Metal Industry Capacity Utilization Rate (in percentage)



Source: CBRT, EVDS, JCR-ER

Green transformation issues, which closely concern the sector, are at the top of the main metal industry's agenda. The additional taxes to be imposed on steel and aluminum products within the scope of the EU's Carbon Border Adjustment Mechanism will negatively affect the competitiveness of companies. Metal industry companies need to adapt to the green transformation and focus on minimizing their carbon footprint. In this context, it is important for companies to rapidly develop and take action on their sustainability strategies in order to maintain their competitiveness.

Development in energy prices will also be important for the industry in the upcoming period. On the other hand, the fact that steel production takes place mainly in electric arc furnace facilities creates high scrap demand. Rising scrap prices are another factor that puts pressure on costs.

As global demand conditions have not fully recovered, along with tightening financial conditions, and the economic activity of China, which also face a slow growth in the industry and significant production costs. Therefore, these developments pose a potential risk in the sector in the upcoming period, and JCR-ER will be monitoring the process.

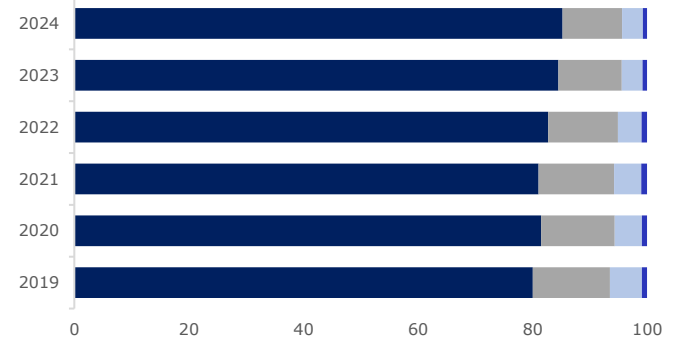
## Stainless Steel Industry

Stainless steel, which contains a minimum %10.5 chromium in it, is the generic name for several different plates of steel used primarily for their corrosion resistance. Stainless is stain-proof material and these properties can be made stronger by adding different elements to steel. The most widely used element is nickel and another very common element is molybdenum. A combination of all these elements makes stainless steel stronger in corrosion resistance in hard environments. Stainless steel is a type of steel with wide use and is mainly used in metal products and mechanical engineering.

As of FYE2024, global stainless-steel production reached a total of 62.54mn tons, with Asia accounting for 85.3% of the overall output. Notably, China emerged as the leading producer both in the region and World. During the same year, China's contribution to Asian production stood at 74.0%, while its global share amounted to 63.1%.

## Stainless Steel Production by Area (% share)

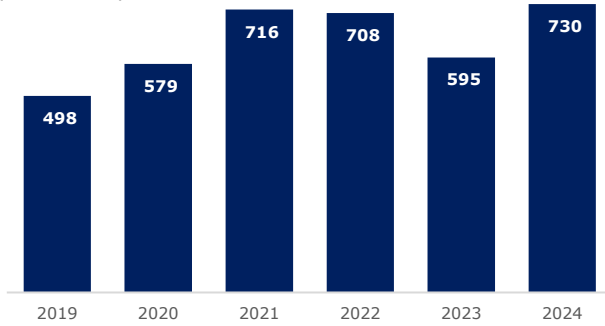
Asia Europe America Africa



Source: Refinitiv, JCR-ER

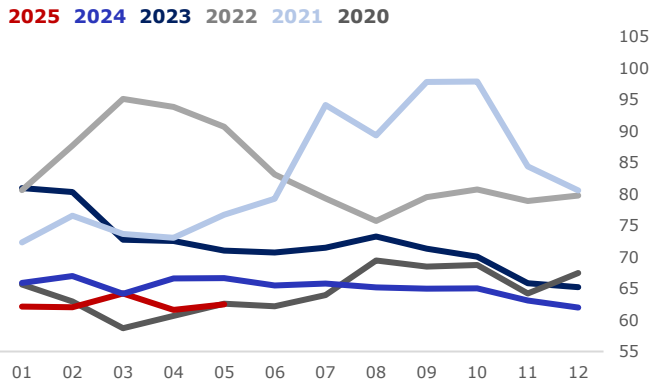
Türkiye's capacity in stainless steel, which is a product with high added value, is insufficient and there is a need for investment. Türkiye's stainless-steel products' demand was covered by imports. As of FYE2024, Türkiye's stainless steel consumption was realized as 595k tons while the World's total consumption was 52.85mn tons. The mentioned figures rose to 730.13k tons and 54.37mn tons respectively as of FYE2024.

### Türkiye's Stainless Steel Consumption (thousand tons)



Source: Refinitiv, JCR-ER

### Stainless Steel Price Index (Shanghai Steelhome Information Technology (SHM))

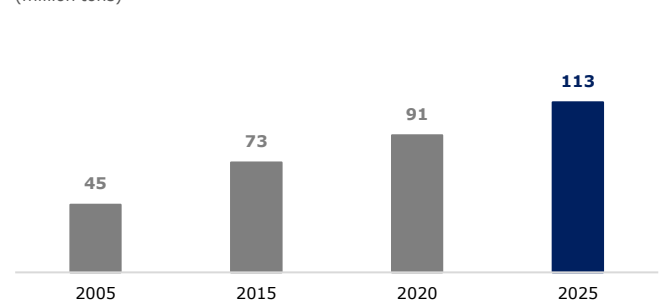


Source: Refinitiv, JCR-ER

### Aluminum Industry

Aluminum, which is light and suitable for 100% recycling, is increasing day by day, especially in the construction, automotive, packaging, defense and aviation sectors. In addition to sectors that have gained more importance recently such as health and energy, it is frequently used especially in new-generation vehicles and structures. Aluminum has a wide-range usage thanks to its resistance to corrosion. The metal does not react with air because it has a thin protective coating of aluminum oxide preventing further oxidation thus this is why aluminum is used in most household appliances. When mixed with other metals, aluminum helps make them more lightweight, resulting in an increase in use in the aerospace and transportation industries in particular. It is also used as a substitute for copper in electrical wiring as it is a good conductor of electricity. The World aluminum usage trend is seen below with an ongoing rise.

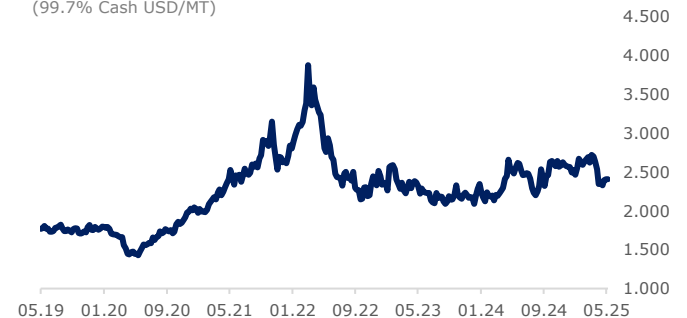
### World Aluminum Consumption (million tons)



Source: MBR The Global Aluminum Industry Outlook to 2025, World Bank  
 \*2025 figures are the World Bank's forecast

Aluminum futures are mostly traded on the London Metal Exchange (LME), the New York Mercantile Exchange (COMEX) and the Shanghai Futures Exchange. According to the LME aluminum prices reached to the highest level in February 2022. The crisis between Russia and Ukraine triggered the aluminum prices upwards due to high energy costs. However, the normalization in energy prices caused the decrease in aluminum prices, starting from April to the first half of 2022, prices decreased to USD 2,100-2,500 levels. From February 2024 to May 2024, the prices surpassed USD 2,500 level and increased to USD 2,600 level due to increased demand in the USA and China. However, as of March 2025, the U.S. has implemented a 30% tariff on steel and aluminum products imported from China. This ongoing trade war between U.S. and China may put pressure to aluminum prices. Therefore, the developments on the trade war will be closely monitored due to the global demand conditions.

### LME Aluminium Prices (99.7% Cash USD/MT)



Source: Refinitiv

According to the Istanbul Ferrous and Non-Ferrous Metals Exporters' Association (IDDMIB), in 2024, the proportion of Aluminum sector exports in the Iron and Non-Ferrous Metals sector was 39%, and a total of USD 4.93 bn of exports were conducted during that period. During FYE2024, Türkiye's Aluminum exports have demonstrated an increase in both quantity and value

when compared to the corresponding period in the previous year. As of FYE2024, a total of 1,171.98mn tons and USD 4,935.56mn worth of exports have been carried out which indicates a 7.30% increase in amount and 0.87% increase in value compared to the previous year. As of FYE2024 Türkiye's total export rates were realized as 34.9% in bar-profile exports, 20.8% in sheet-strip exports, 10.9% in foil exports, and 9.3% in construction equipment exports. In the first four months of 2025, Türkiye exported 386.84mn kilograms and 1.71bn USD of aluminum. The quantity of Türkiye's exports increased by 5.33% and the value of exports increased by 14.02% compared to the same period in the previous year.

Türkiye's Top 5 Aluminum Export Destinations in World				
Country	FYE2023		FYE2024	
	Amount (kg mn)	Value (USD mn)	Amount (kg mn)	Value (USD mn)
Germany	170.52	803.87	164.37	722.87
Iraq	58.68	274.77	69.36	322.88
Poland	65.07	270.75	78.85	305.77
USA	75.69	335.45	72.28	297.98
Italy	54.44	209.71	71.40	260.90

Source: turkishmetals.org, Istanbul Ferrous and Non-Ferrous Metals Exporters' Association

Türkiye's Top 5 Aluminum Export Destinations in World				
Country	Jan-Apr 2024		Jan-Apr 2025	
	Amount (kg mn)	Value (USD mn)	Amount (kg mn)	Value (USD mn)
Germany	51.29	219.52	53.65	248.53
Poland	24.73	90.18	28.58	120.61
USA	25.16	101.18	28.10	116.40
Iraq	21.14	97.36	22.92	102.85
Italy	22.94	77.83	24.97	101.66

Source: turkishmetals.org, Istanbul Ferrous and Non-Ferrous Metals Exporters' Association

The Aluminum Industry is dependent on foreign sources as raw material sources. 90% of the primary aluminum that Türkiye needs is supplied from abroad. In 2024, 2.18 billion tons of primary aluminum was imported and USD 6.11 billion was paid in return.

Green transformation issues, which closely concern the sector, are at the top of the main metal industry's agenda. The additional taxes to be imposed on steel and aluminum products within the scope of the EU's Carbon Border Adjustment Mechanism will negatively affect the competitiveness of companies. Metal industry companies need to adapt to the green transformation and focus on minimizing their carbon footprint. In this context, it is important for companies to rapidly develop and take action on their sustainability strategies in order to maintain their competitiveness.

## Copper Industry

Copper, which is widely used in the industry thanks to its conductivity feature, has a wide usage area in electricity and electronics, energy, transportation, automotive, construction, jewellery, ornaments, chemistry sectors. Thanks to its high conductivity, it is used in voltage power cables, generators and transformers. In addition to its wide usage area, Copper is a valuable commodity that is also traded in financial markets. In today's world, where concepts such as innovation, value-added product production and brand come to the fore with economic and technological developments, the need for copper has increased and it is frequently encountered in daily life. Copper and copper alloys are the basic input of mobile phones, computers and network cables.

As of FYE2024 Türkiye's exports in the copper industry increased in both value and quantity by 7.61% and 4.57% respectively compared to the previous year. A total of 223.02 thousand tons of copper was exported, worth USD 2.23bn. During the January-April period of 2025, Türkiye's copper exports increased in both value and quantity by 22.88% and 16.59% respectively compared to the same period of the previous year. Thus, Türkiye exported a total of 90.14 thousand tons of copper which was worth USD 901.05mn.

When the product distribution of Türkiye's total copper exports is examined, as of FYE2024, the highest share was attributed to copper wires (USD 823.05mn; 81.85K tons) and copper ropes (USD 594.50mn; 56.11K tons). In the January-April period of 2025, the highest share was attributed to copper wires (USD 324.10mn; 31.97K tons) and copper ropes (USD 208.70mn; 19.41K tons).

Türkiye's Copper Exports by Products				
Products	FYE2023 (thousand tons)	FYE2024 (thousand tons)	Jan-Apr 2025 (thousand tons)	2024-2023 Change (%)
Bar & Profiles	17.44	16.24	7.07	-6.88
Wires	82.78	81.85	31.97	-1.12
Ropes	58.02	56.11	19.41	-3.29
Plates	29.04	27.10	9.71	-6.68
Scrap	5.14	8.17	3.28	58.95
Other	20.86	33.54	18.70	60.79
<b>Total</b>	<b>213.27</b>	<b>223.02</b>	<b>90.14</b>	<b>4.57</b>

Source: turkishmetals.org, Istanbul Ferrous and Non-Ferrous Metals Exporters' Association

Italy is the leading destination for Türkiye's exports, with a total value of USD 365mn as of FYE2024. In the 12 months of 2024, Türkiye's copper exports have reached 223.0mn kilograms in quantity and USD



2,227.5mn in value. Upon comparing these statistics with the same period of the previous year, Türkiye's exports were 213.3mn kilograms and USD 2,070.1mn respectively. As of FYE2024, Türkiye's top five export destinations were Italy, Bulgaria, Germany, UK and France. During the four months period of 2025, Türkiye's top five export destinations were Italy, Bulgaria, Germany, France and Serbia.

<b>Türkiye's Top 5 Copper Exports</b>				
<b>Country</b>	<b>FYE2023</b> (mn USD)	<b>FYE2024</b> (mn USD)	<b>Jan-Apr 2025</b> (mn USD)	<b>2024-2023 Change (%)</b>
Italy	358.12	364.62	193.80	1.82
Bulgaria	282.44	315.04	124.80	11.54
Germany	159.08	143.39	51.80	-9.86
UK	111.78	116.56	35.07	4.28
France	112.98	109.41	47.65	-3.16
<b>Total</b>	<b>2,070.06</b>	<b>2,227.51</b>	<b>901.05</b>	<b>7.61</b>

Source: turkishmetals.org, Istanbul Ferrous and Non-Ferrous Metals Exporters' Association

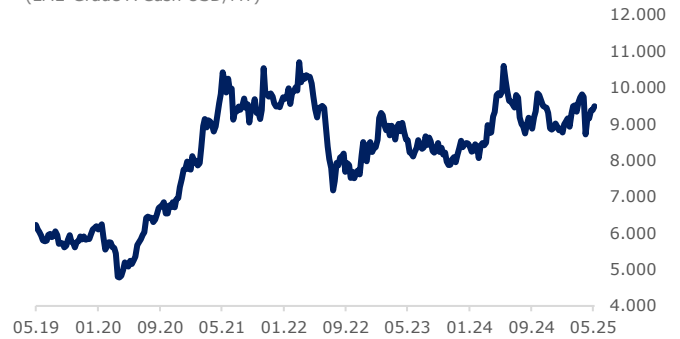
\* After the geopolitical developments occurred in Gaza, Türkiye decided to suspend trade with Israel.

In the sector where raw materials are intensively utilized, there are challenges arising from escalating costs and acquiring new customers. Moreover, the sector has been adversely affected by the sluggishness and inadequate demand in global markets, exacerbated by trade wars. Besides, as renewable energy usage continues to surge, particularly the growing adoption of solar energy, there is a projected increase in the demand for copper, which holds substantial importance in solar panel manufacturing.

Green transformation issues, which closely concern the sector, are at the top of the main metal industry's agenda. The additional taxes to be imposed on steel and aluminum products within the scope of the EU's Carbon Border Adjustment Mechanism will negatively affect the competitiveness of companies. Metal industry companies need to adapt to the green transformation and focus on minimizing their carbon footprint. In this context, it is important for companies to rapidly develop and take action on their sustainability strategies in order to maintain their competitiveness.

## Copper Prices

(LME-Grade A Cash USD/MT)

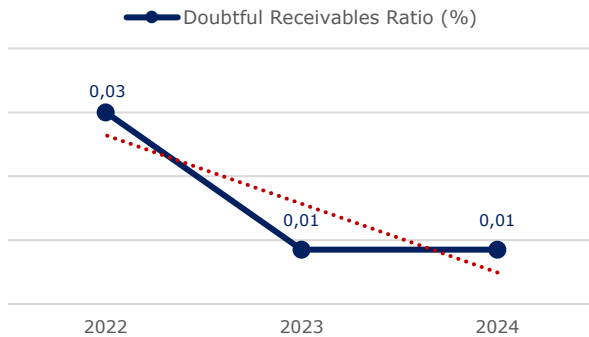


## 5. Additional Rating Assessments

### Credit Risk

As stated in the audit report, trade receivables, receivables from related parties, other receivables, deposits held in banks and financial investments are the major items exposed to credit risk. The total monetary value of the items carrying credit risk amounted to TRY 3.10bn as of December 31, 2024 indicating a growth of 20.80% in absolute terms in comparison to FYE2023. In addition, items exposed to credit risk comprised 35% (FYE2023: 37.39%) of total asset and 84.81% (FYE2023: 92.63%) of equity at FYE2024. When excluding the receivables from related parties and regulated financial markets, the Company's real credit risk exposure would be TRY 1.45bn and constituted 16.39% of the total assets and 39.72% of the total equity as of FYE2024.

In addition, various guarantees are received from related customers, mainly on receivable insurance and letter of guarantee and these risks on customer basis are monitored regularly and managed proactively. Also, it must be noted that foreign receivables are guaranteed within the scope of receivables insurance, and no risk is taken beyond the established limit. Besides the Company allows full provision for its impaired receivables that minimizes the negative effects of non-collected receivables on the equity.



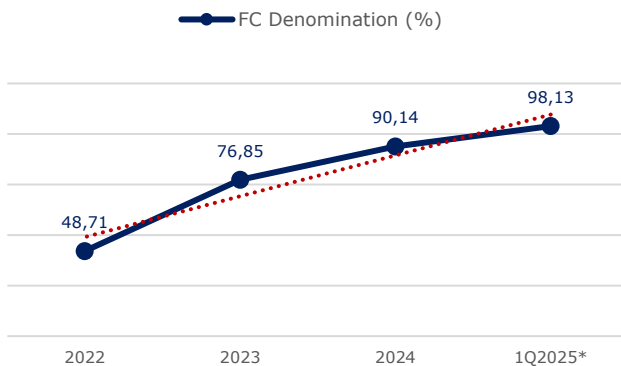
### **Market Risk**

In the scope of market risk, Mega Metal is principally exposed to foreign exchange, interest rate and financial risk due to its activities in the scope of market risk.

### **Foreign Currency Risk:**

The Company is exposed to foreign exchange risk through the impact of rate changes on translation into TRY of foreign currency denominated assets and liabilities. These risks are monitored and limited by analysis of the foreign currency position.

Regarding the FX risk, the Company had a net short position in EUR and USD and total net foreign currency position equivalent to negative level of TRY 538.02mn at FYE2024, stemming from mostly EUR denominated financial liabilities and financial assets. Foreign currency risk is minimized by natural and financial hedging.



\*Based on limited financial statements as of 1Q2025

Furthermore, at FYE2024, if 10% appreciation/loss of USD against TRY with all other variables held same, profit before income taxes would have been TRY 162.55mn (FYE2023: TRY 131.53mn) lower/higher. Also, at FYE2024, if EUR gains/losses 10% against TRY with all other variables held same, profit before income

taxes would have been TRY 219.91mn (FYE2023: TRY 110.19mn) lower/higher.

### **Interest Rate Risk:**

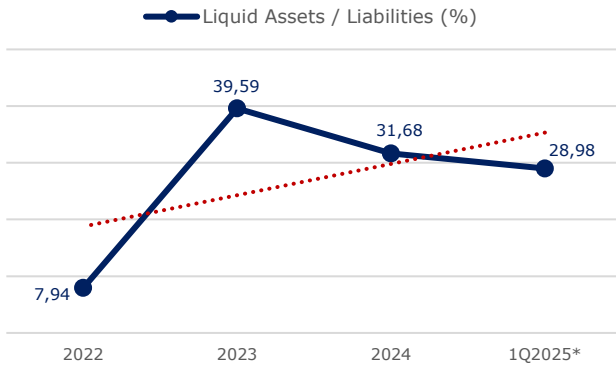
Fluctuations may occur in the values of financial instruments due to changes in market prices. Aforementioned fluctuations may result from changes in the price of securities or factors specific to the issuer of such security or factors affecting the entire market. Since the Company does not have financial instruments with variable interest rates, there is no interest rate risk as of FY2024.

### **Liquidity Risk**

The Board established an appropriate liquidity risk management policy for Mega Metal's short, medium and long-term funding requirements. Realized cash flows are monitored regularly along with the matching of the maturities of financial assets and liabilities to ensure continuity of funds and sufficient debt reserves. The Company has afforded cash credit opportunities from the banking system and trade receivables. The Company's liquidity management consists of matching the maturities of financial assets and liabilities and closely monitoring the cash flows generated from its operations.

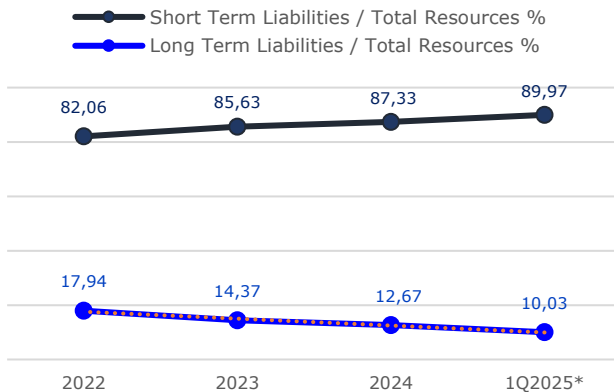
Additionally, the Company has access to funding sources from financial institutions and a certain level of assets in cash and cash equivalents is retained for daily operations of the firm. The funding risk of the loan requirements is managed by maintaining the availability of a sufficient number and high quality of lenders. The Company steadily evaluates the liquidity risk by monitoring changes in funding.

As displayed below, liquid assets to total liabilities (excluding equity) ratio stood at 31.68% at FYE2024 (FYE2023:39.59%). According to this, Mega Metal's liquids assets were in a moderate level when the growth and the complexity of the Company's business is considered.



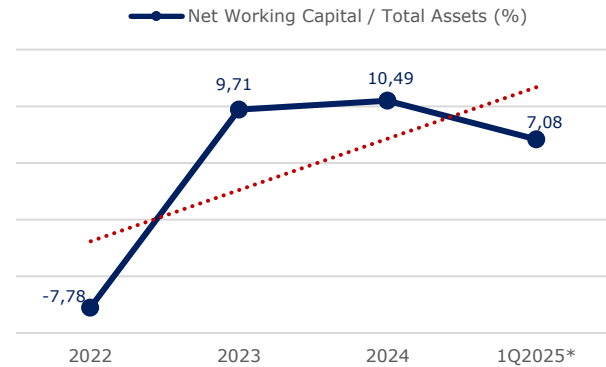
\*Based on limited financial statements as of 1Q2025

Mega Metal's maturity composition of funding structure has been constituted of both short and long-term liabilities while that of short-term borrowings has remained within a high range of 87.33% as of FYE2024.



\*Based on limited financial statements as of 1Q2025

The Company's net working capital amounted to TRY 928.45mn at FYE2024, indicating a growth from the negative level of TRY 666.08mn at FYE2023 (1Q2025: TRY 722.09mn based on limited financial statements). Thus, the Company's net working capital to total assets ratio augmented to 10.49% at FYE2024 from 9.71% at FYE2023. Therefore, it must be noted the Company has a sufficient net working capital in order to maintain its operations.



\*Based on limited financial statements as of 1Q2025

On the other hand, as per to the Risk Center Report of the Banks Association of Türkiye, dated 02 May 2025, Mega Metal's total cash credit lines (including intermediated loans) which were TRY 10.22bn and TRY 5.81bn have been drawn upon, with free total cash lines amounting to 43% of the granted credit lines. The free lines specify the financial strength and capability of the Company with respect to accessing credit lines when necessary.

### **Operational, Legal Regulatory & Other Risks**

Türkiye imports 60% of iron ore, 70% of scrap and 90% of coking coal which are main raw materials used in the production of steel since Türkiye lack of raw material sources. Hence, both the industry and the Company is facing raw material price fluctuations and inventory risks. Scrap metal is the main raw material used in production and since the scrap in the domestic market is not sufficient, facilities operating in the same sector that produce liquid steel from the arc furnace, import most of the scrap. Scrap supplier countries are developed countries that have already completed their industrialization and USA, UK and EU are among the largest scrap exporter countries. The private sector in Türkiye focused on arc furnace facility investments due to limited iron ore resources in Türkiye, investment cost and technological advantages of arc furnaces compared to blast furnaces. Therefore, Türkiye has become one of the biggest scrap importers in the World.

The bargaining power of scrap suppliers is relatively high due to the restricted number of international scrap suppliers and Türkiye's high demand in raw materials. Additionally, some large steel producing countries such as China, who mainly produce from iron ore, cause price fluctuations in iron ore and coking coal used in blast furnaces and this in turn from time to time affect the scrap prices as well. Raw material prices

periodically varied depending on the demand and production in the global steel industry. Plants with arc furnaces produce much lower carbon emissions than those that produce from blast furnaces and are more advantageous in terms of carbon emissions. This situation provides a competitive advantage to producers in Türkiye compared to countries such as China in case of carbon trade requirements might be required within the framework of future climate agreements. Large international scrap companies are the important suppliers of the Company. In Türkiye, generally, US, Canadian and European origin scraps are imported by ships.

Metal prices have experienced a significant decline in 2023 due to weak demand in major economies. The ongoing weakness in the real estate sector has had a significant impact, particularly in China, which accounts for nearly 60% of global metal consumption. It is expected that metal prices will decrease further in 2024, and that prices will recover in 2025 as China's real estate sector stabilizes and the demand for metals such as copper and nickel used in green transformation increases. A larger-than-expected decline in China's real estate sector has the potential to pose a significant downside risk for metal prices.

In order to minimize or avoid operational risks and their probable adversities, the Company implements policies regarding occupational safety, ethical and business standards, segregation of duties, compliance with legal and regulatory requirements, risk mitigation and documentation of processes as well as development of policies regarding the definition, measurement and control of operational risks. The principal responsibility for the improvement and implementation of controls to manage operational risk is given to top management within each business unit. This responsibility is supported by the development of overall Company standards. When the Company makes risk assessment and account issues such as income, expense currencies distribution, funding strategy, liquidity, cash flow and maturity mismatches are considered, and also derivative transactions are actively used in actions taken.

The list of some of the product-system documents that Mega Metal has received for many years as a result of both national and international standards/commitments are; ISO 9001: 2015 – Quality Management System, ISO 45001: 2021- Occupational Health and Safety Management System and ISO

27001: 2013 Information Security Management System (RINA) certifications.

On the other hand, the Company has also not reported any losses resulting from system failures & errors or human related factors.

## MEGA METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

Balance Sheet (000' TRY)

	1Q2025*	2024	2023	2022
<b>TOTAL ASSETS</b>	<b>10.196.316</b>	<b>8.850.113</b>	<b>6.857.856</b>	<b>3.562.881</b>
<b>CURRENT ASSETS</b>	<b>6.471.740</b>	<b>5.468.040</b>	<b>4.168.104</b>	<b>1.971.499</b>
Cash and Cash Equivalents	1.852.096	1.646.506	1.619.047	217.493
Trade Receivables	2.041.940	1.392.805	880.094	618.974
Trade Receivables from Third Parties	2.041.940	1.392.805	880.094	618.974
Other Receivables	60.765	57.993	174.528	279.300
Other Receivables from Related Parties	0	0	7.569	151.175
Other Receivables from Third Parties	60.765	57.993	166.959	128.125
Inventories	2.096.225	1.924.844	1.345.349	745.904
Prepaid Expenses	349.665	302.899	126.782	101.136
Other Current Assets	67.741	132.295	590	8.692
<b>FIXED ASSETS</b>	<b>3.724.576</b>	<b>3.382.073</b>	<b>2.689.752</b>	<b>1.591.382</b>
Financial Investments	38.326	36.390	30.012	19.063
Investment Properties	480.078	428.560	374.220	265.515
Tangible Fixed Assets	2.761.987	2.510.068	2.179.045	1.296.306
Land	155.521	123.805	103.304	32.482
Land Improvements	1.444	1.408	1.216	868
Buildings	426.135	400.398	341.531	215.415
Machinery, Equipment and Installations	1.784.667	1.651.279	1.475.917	920.643
Vehicles	122.161	125.544	101.655	57.505
Furniture and Fixtures	169.503	138.357	109.119	62.961
Special Costs	10.141	11.108	10.969	3.781
Construction in Progress	92.415	58.169	35.334	2.651
Right-of-Use Assets	23.007	116.182	17.565	9.237
Intangible Fixed Assets	4.809	4.936	3.614	1.233
Prepaid Expenses	240.949	171.098	85.296	28

(\*) Based on limited financial statements as of 1Q2025

- Including JCR Eurasia Rating's adjustments where applicable



**MEGA METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ**

Balance Sheet (000' TRY)

	1Q2025*	2024	2023	2022
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10.196.316</b>	<b>8.850.113</b>	<b>6.857.856</b>	<b>3.562.881</b>
<b>SHORT TERM LIABILITIES</b>	<b>5.749.651</b>	<b>4.539.586</b>	<b>3.502.029</b>	<b>2.248.524</b>
Short Term Borrowings	3.729.490	3.333.334	1.777.062	891.673
Short Term Portion of Long Term Borrowings	250.763	58.531	200.138	410.721
Trade Payables	1.029.891	594.343	1.071.587	710.988
Trade Payables to Third Parties	1.029.891	594.343	1.071.587	710.988
Employee Benefits	60.396	34.179	20.965	9.885
Other Payables	37.900	37.900	37.894	254
Other Payables to Third Parties	38	38	59	254
Derivative Instruments	0	0	0	1.304
Deferred Income	580.519	413.455	367.874	208.619
Short Term Provisions	44.101	33.928	20.373	12.823
Other Short Term Liabilities	16.591	19.860	6.136	2.257
<b>LONG TERM LIABILITIES</b>	<b>641.142</b>	<b>658.353</b>	<b>587.780</b>	<b>491.427</b>
Long Term Borrowings	544.740	571.572	396.515	308.630
Deferred Income	29.084	19.065	136.022	110.376
Long Term Provisions	67.318	67.716	33.611	20.398
Deferred Tax Liabilities	0	0	21.632	52.023
<b>EQUITY</b>	<b>3.805.523</b>	<b>3.652.174</b>	<b>2.768.047</b>	<b>822.930</b>
Controlling Interest	3.805.523	3.652.174	2.768.047	822.930
Share Capital	265.000	265.000	265.000	225.000
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss	6.068	-25.950	-7.716	2.806
Other Accumulated Comprehensive Income (Expenses) to be Reclassified to Profit or Loss	1.499.093	1.543.119	1.063.363	494.635
Restricted Reserves	12.921	12.921	3.567	3.567
Previous Years Profits or Losses	810.295	387.689	96.922	15.231
Net Profit or Loss	165.357	422.606	300.122	81.691

(\*) Based on limited financial statements as of 1Q2025

- Including JCR Eurasia Rating's adjustments where applicable

## MEGA METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

Income Statement (000' TRY)

	1Q2025*	2024	2023	2022
Revenue	5.037.803	17.935.639	11.726.940	8.840.193
Cost of Sales	-4.533.552	-16.449.425	-10.633.580	-8.159.087
<b>GROSS PROFIT (LOSS)</b>	<b>504.251</b>	<b>1.486.214</b>	<b>1.093.360</b>	<b>681.106</b>
General and Administrative Expenses	-163.914	-382.418	-169.120	-58.785
Marketing Expenses	-138.004	-496.736	-293.695	-174.693
Other Operating Income	52.424	31.603	84.970	9.144
Other Operating Expenses	-64.773	-29.685	-43.970	-32.854
<b>OPERATING PROFIT (LOSS)</b>	<b>189.984</b>	<b>608.978</b>	<b>671.545</b>	<b>423.918</b>
Income from Investment Activities	8.267	33.689	86.073	137.826
Expenses from Investment Activities	-860	-19.925	-50.214	-1.154
<b>OPERATING PROFIT (LOSS) BEFORE FINANCING ACTIVITIES</b>	<b>197.391</b>	<b>622.742</b>	<b>707.404</b>	<b>560.590</b>
Financing Income	129.633	641.054	87.535	18.196
Financing Expenses	-168.448	-954.050	-541.536	-431.859
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>158.576</b>	<b>309.746</b>	<b>253.403</b>	<b>146.927</b>
<b>Tax Income Expense from Continuing Operations</b>	<b>6.780</b>	<b>112.860</b>	<b>46.719</b>	<b>-65.236</b>
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>165.356</b>	<b>422.606</b>	<b>300.122</b>	<b>81.691</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>165.356</b>	<b>422.606</b>	<b>300.122</b>	<b>81.691</b>
Distribution of Profit (Loss) for the Period	165.356	422.606	300.122	81.691

(\*) Based on limited financial statements as of 1Q2025

- Including JCR Eurasia Rating's adjustments where applicable,

## MEGA METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

### Key Ratios & Metrics

	2024	2023	2022
<b>PROFITABILITY</b>			
EBITDA Margin (%)	5,33	7,29	6,42
EBIT Margin (%)	3,38	5,38	5,06
CFO Margin (%)	-5,90	10,18	6,71
Return on Average Assets (ROaA) (%)	5,38	5,76	2,70
Return on Average Equity (ROaE) (%)	13,16	16,72	11,62
Net Profit Margin (%)	2,36	2,56	0,92
Operating Profit Margin (%)	3,40	5,73	4,80
Gross Profit Margin (%)	8,29	9,32	7,70
<b>LIQUIDITY</b>			
FFO Debt Service Coverage (x)	0,26	0,65	0,45
Current Ratio (x)	1,20	1,19	0,88
Net Working Capital / Assets (%)	10,49	9,71	-7,78
<b>LEVERAGE</b>			
FFO / Adjusted Net Debt (%)	35,98	187,43	55,01
Adjusted Net Debt / EBITDA (x)	2,43	0,88	2,45
FOCF / Adjusted Net Debt (%)	NM	110,06	10,77
Adjusted Debt / Capital (%)	52,04	46,17	66,19
Adjusted Short-Term Net Debt / EBITDA (x)	1,83	0,42	1,91
<b>EFFICIENCY</b>			
RoC (Return on Capital) = EBIT / Avg. Capital (%)	9,52	16,65	22,51
Working Capital Turnover Ratio (x)	22,50	60,29	-65,63
Operating Ratio (%) = OPEX / Net Sales	4,90	3,95	2,64
Equity Turnover (x)	5,59	6,53	12,57
Cash Conversion Cycle (days)	41	29	26
Account Receivables Turnover (x)	15,78	15,65	15,07
Inventory Turnover (x)	10,06	10,17	11,17
Payables Turnover (x)	19,75	11,93	11,81
<b>COVERAGE</b>			
EBITDA / Adjusted Interest (x)	IS	4,23	1,37
FFO Interest Coverage= (FFO) / Adjusted Interest Paid (x)	IS	7,01	1,85
CFO / Capex (x)	NM	3,29	1,34
<b>GROWTH</b>			
Sales Growth (%)	52,94	32,65	105,97
EBITDA Growth (%)	11,79	50,47	83,11
Asset Growth (%)	29,05	92,48	43,79

NM: not meaningful

IS: interest surplus (Interest received is more than interest paid)

- Including JCR Eurasia Rating's adjustments where applicable

## Rating Info

**Rated Company:** MEGA METAL SANAYİ VE TİCARET A.Ş.  
Meclis-i Mebusan Cad. Fındıklı Han No:63 K:2 34427 Fındıklı Beyoğlu İstanbul  
TEL: 0212 243 54 54

**Rating Report Preparation Period:** 24.05.2025-26.06.2025

**Rating Publishing Date:** 27.06.2025

**Rating Expiration Date:** 1 full year after publishing date, unless otherwise stated

**Audited Financial Statements:** FYE2024-FYE2023-FYE2022/ 1Q2025 | Consolidated

**Previous Rating Results:** June 27, 2024 / Long Term National Scale / 'AA- (tr)' | 'Stable'

**Rating Committee Members:** Ç. Küçükbakırcı (Manager) [cigdem.kucukbakirci@jcrer.com.tr](mailto:cigdem.kucukbakirci@jcrer.com.tr), D. Ustabas (Manager) [deniz.ustabas@jcrer.com.tr](mailto:deniz.ustabas@jcrer.com.tr), S. E. Savaş (Team Leader) [elif.savas@jcrer.com.tr](mailto:elif.savas@jcrer.com.tr)

## Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on [www.jcrer.com.tr](http://www.jcrer.com.tr)

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This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

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