

# **EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.**

## **SHARE BUY-BACK PROGRAM**

### **FIRST PART**

#### **Purpose, Scope, Grounds and Definitions**

##### **Purpose and Scope**

**ARTICLE 1 – (1)** The purpose of this Share Buy-Back Program (“Buy-Back Program” or “Program”) for the shares representing the capital of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. being bought back from the Borsa İstanbul (“Exchange”) by Ereğli Demir ve Çelik Fabrikaları T.A.Ş. is to set down the procedures and principles relating to the acquisition of its own shares by Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (the “Company” or “Erdemir”) and the disposal of the shares that have been bought.

##### **Grounds**

**ARTICLE 2 – (1)** This Program has been prepared taking into consideration Article 379 of the Turkish Commercial Code (“TCC”), Articles 22, 48, 101, and 108 of the Capital Markets Law No. 6362 (“CML.”) and the II-22.1 “Buy-Back Shares Communiqué” (“Communiqué”) of the Capital Markets Board (“CMB”), published in the Official Gazette of January 03, 2014, no. 28871.

##### **Definitions**

**ARTICLE 3 – (1)** In this Program, the following terms shall have the following meaning:

- a. Exchange: Borsa İstanbul A.Ş.,
- b. Buy-Back: The acquisition of the company’s shares by Erdemir itself from the Exchange under this Communiqué,
- c. Buy-Back program: Program the procedures and principles prepared within the frame outlined in this Communiqué and approved by the Erdemir general assembly with respect to the acquisition of Erdemir shares,
- ç. Bought-back shares: Erdemir’s own shares acquired by Erdemir itself under the Communiqué,
- d. Law, CML: the Capital Markets Law no. 6362,
- e. Board, CMB: Capital Markets Board,
- f. Communiqué: II-22.1 “Buyback Shares Communiqué” of the Capital Markets Board, published in the Official Gazette of January 03, 2014, no. 28871,
- g. TAS/TFRS: the Turkish Accounting Standards/Turkish Financial Reporting Standards and their supplements and interpretations put into force by the Public Oversight, Accounting and Auditing Standards Authority,
- ğ. TCC: the Turkish Commercial Code no. 6102 dated 13/1/2011.

## **SECOND PART**

### **General Principles and Authorization Relating to Buy-Back Program**

#### **Authorization relating to buy-back program**

**ARTICLE 4 –** (1) Erdemir may acquire its own shares pursuant to and under this Communiqué only if and when its general assembly authorizes its board of directors in connection therewith. Said authorization is given through approval in the general assembly meeting of this Buy-Back Program hereby prepared by the board of directors. Upon authorization through approval of the Buy-Back Program in the general assembly meeting, the board of directors may exercise such power itself, or delegate such authorization to natural persons or legal entities to be designated by itself.

Following the approval of the General Assembly, the Board of Directors is fully authorized to carry out the Buy-Back Program, throughout the duration of the buy-back period. In case the economic and commercial conditions, market conditions, trading volume in the Exchange and/or the financial situation of the Company, etc. are not convenient, the board of directors may not initiate the Buy-Back Program at all, or it is entitled to terminate the ongoing Buy-Back Program. One or more buy-backs can be performed at different times during the course of the Buy-Back Program.

(2) In the general assembly meeting convened for the approval of Buy-back Program, the meeting and decision quorums specified in Article 418 of the Turkish Commercial Code are applied.

#### **Duration of the Buy-Back Program**

**ARTICLE 5 –** (1) The duration of the Buy-Back Program is maximum three years as of the date of the general assembly where such Buy-Back Program is approved.

#### **The components of Buy-Back Program:**

**ARTICLE 6 –** (1) The components of the Buy-Back Program are set forth as follows:

##### **a. The purpose of the buy-back:**

The Company Value arising from Erdemir's price movements in the Exchange may remain below the "actual" Company Value as required by the actual performance results at certain periods due to the negative impact of external factors. The acquiring of its own shares may become a better investment option than any other investment alternative during such certain periods. The objective is to monitor the price movements that will take place in the Exchange throughout the duration of the Buy-Back Program and to be able to invest by acquiring the Company's own shares from the Exchange when the conditions are fulfilled, with the power granted by the general assembly.

##### **b. The duration of Buy-Back Program, if any:**

The duration of the Buy-back Program is 3 (three) years as of the date of the general assembly where such Buy-Back Program is approved.

##### **c. Maximum number of shares to be acquired:**

Nominal value of shares of Company buy-backed within the frame of Article 9 of the II-22.1 "Buy-Back Shares Communiqué" of the Capital Markets Board, cannot exceed ten percent of issued capital of Company, also including the previous acquisitions.

##### **ç. The program will be terminated when the maximum number of shares to be acquired is reached:**

The buy-back program is terminated in case the maximum number of shares that constitute the subject of the buy-back is reached.

**d. Proportionate or fixed lower and upper price limits determined for the shares to be acquired by indexing with a particular indicator, and in the case of transactions requiring a price correction, how such transactions will be taken into consideration:**

The “lower price limit” for the buy-back of the shares is 1 (one) kurus.

The “upper price limit” when buying back the shares is 25% more of the “share book value” to be calculated by dividing the equity amount in the most recent consolidated financial statement disclosed to the public in the Public Disclosure Platform by the issued capital of the Company.

In the event that the transactions requiring the correction of the share price are realized, the lower and upper price limits specified will be corrected within the framework of Borsa İstanbul (BIST) regulations.

**e. Selling (disposal and/or redemption) principles of bought-back shares throughout the program, if specified:**

The sale of the bought-back shares can be made on the dates determined by the Board of Directors within the program period. The Board of Directors is authorized to terminate the sales without disposing all of the shares back.

**f. Total amount and source of the fund set aside for buy-back:**

In buy-back transactions, revenues from Company assets or cash flows can be used. Nominal value of shares of Company buy-backed within the frame of Article 9 of the II-22.1 “Buy-Back Shares Communiqué” of the Capital Markets Board, cannot exceed ten percent of issued capital of Company, also including the previous acquisitions.

However, total acquisition value of buy-backed shares cannot exceed total amount of sources which may be subject to profit distribution within the frame of pertinent regulations of the Board. It is the responsibility of the board of directors to assure compliance with the said condition through the recent yearly financial statements prepared in accordance with pertinent regulations of the Board and approved by the general assembly, prior to the acquisition transaction to be effected within the frame of buy-back program.

**g. The number, and the ratio to capital, of the bought-back shares and those not disposed of yet, and results of the previous program, if any:**

This Share Buy-Back Program is the first share buyback program to be implemented by Erdemir.

**ğ. Explanations on probable effects of Buy-Back Program on the Company’s financial situation and on the results of its activities:**

In line with the purpose of the buy-back, it is assessed that the buy-back program will not have a significant impact on the Company's financial status and the activity results, other than the Company's existing funds being used more efficiently.

**h. Information on subsidiaries which may buy-back shares, if any, within the scope of the Buy-back Program:**

None.

**i. Information on the highest, lowest and weighted average share prices of the last year and the last quarter:**

As of 28.02.2020, the information regarding the lowest, highest and weighted average share price (Turkish Liras) in the last three months and yearly is as follows:

(a) Yearly;

Lowest share price: 6,11

Highest share price: 9,86

Weighted average share price: 7,96

(b) Last 3 months;

Lowest share price: 8,02

Highest share price: 9,86

Weighted average share price: 8,96

**i. Benefits to be obtained by related parties, if any, from this transaction:**

There are no special benefits that the related parties will obtain from this transaction.