

**BORUSAN BİRLEŐİK BORU FABRİKALARI
SANAYİ VE TİCARET ANONİM ŐİRKETİ AND
ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH INDEPENDENT AUDITORS
REPORT**



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

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Independent auditor's report

To the Shareholders of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group's activity is steel pipe sales.</p> <p>The reason why we focused on this issue is significance of revenue amounts in the consolidated income statement of the Group as of December 31, 2025. Accordingly, taking into consideration the importance of revenue in the consolidated financial statements, accounting of the revenue in the consolidated financial statements correctly is determined as the key audit matter.</p> <p>Please see Note 2 and 25 in the consolidated financial statements for accounting policies and amount of revenue held by the Group as of December 31, 2025.</p>	<p>We performed the following procedures in relation to the revenue recognition:</p> <p>Understanding the sales processes and evaluating the design and efficiency of the controls related to these processes,</p> <p>Evaluating of appropriateness of Group's accounting policy regarding the revenue recognition,</p> <p>Testing the customer invoices by sampling method and matching these invoices with shipments and customer collections,</p> <p>Performing analytical procedures on sales and related balance sheet items,</p> <p>Performing confirmation procedures for trade receivables,</p> <p>Evaluation of sales contracts made with customers and evaluation of the timing of receipt of revenue for delivery methods.</p>



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Key Audit Matter	How our audit addressed the key audit matter
Group Audit	
<p>The audit of subsidiaries that constitute a significant portion of the total assets and revenue amount before eliminations in the Group's consolidated financial statements was carried out by another independent audit firm.</p> <p>The reason for focusing on this issue is;</p> <p>The financial statements of the subsidiaries in question are of qualitative and quantitative significance in the Group's consolidated financial statements,</p> <p>It is one of the most important issues during audit work because it constitutes a significant portion of total assets and other comprehensive profits.</p>	<p>During our audit, the following audit procedures regarding the Group audit were applied;</p> <p>Regarding the audit of the subsidiaries in question, close communication was maintained with other audit companies and site visits were made during the planning and execution stages of the audit, including sending audit instructions to the independent audit teams, evaluating significant risks with the other auditor, participating in the determination of audit procedures,</p> <p>Independent auditors were contacted and file reviews were carried out,</p> <p>Independent auditor reports and other necessary working papers of the subsidiaries in question were received and examined,</p> <p>Significant auditing and accounting issues of the Group were discussed with the independent auditor, and the differences identified and uncorrected during the audit were understood,</p> <p>Various meetings were held with the management staff to better understand the risks, internal controls and important audit findings,</p> <p>The financials used in reporting were matched with the financials approved by the independent auditor.</p>



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Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

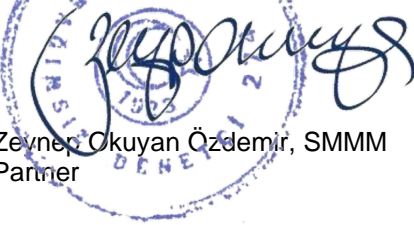
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The partner in charge of the audit resulting in this independent auditor's report is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Zeynep Okuyan Özdemir, SMMM
Partner

April 15, 2026
İstanbul, Türkiye

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2025**

(Amounts expressed in thousands of US Dollars unless otherwise stated)

		Audited	Audited
ASSETS	Note	31 December 2025	31 December 2024
Current assets		874.492	697.617
Cash and cash equivalents	5	127.437	66.784
Trade receivables	8	199.598	149.463
- Due from related parties	34	3	118
- Trade receivables from other parties		199.595	149.345
Other receivables	9	15.430	17.107
- Other receivables from related parties	34	108	20
- Other receivables from other parties		15.322	17.087
Derivative financial instruments	10	4.951	213
Inventories	11	450.786	352.757
Prepaid expenses	12	7.780	44.202
Current income tax assets	13,32	15.586	24.522
Other current assets	23	16.774	6.419
- Other current assets from related parties		9	42
- Other current assets from other parties		16.765	6.377
		838.342	661.467
Asset held for sale	31	36.150	36.150
Non-current assets		903.680	873.770
Financial investments	6	96.113	101.261
Property, plant and equipment	17	746.466	741.810
Right of use assets	16	20.201	18.503
Intangible assets	18	33.505	6.318
Prepaid expenses	12	2.665	240
Other non-current assets	23	4.730	5.638
TOTAL ASSETS		1.778.172	1.571.387

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

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2025

(Amounts expressed in thousands of US Dollars unless otherwise stated)

		Audited	Audited
LIABILITIES	Note	31 December 2025	31 December 2024
Current liabilities		741.224	538.891
Short-term borrowings	7	195.646	238.466
Short-term portion of long-term borrowings	7	41.895	21.978
- Bank Loans		36.589	17.561
- Lease Liabilities		5.306	4.417
Trade payables	8	208.066	158.839
- Due to related parties	34	3.138	3.309
- Trade payables to other parties		204.928	155.530
Employee benefit obligations	15	1.285	1.794
Other payables	9	28.961	23.951
- Other payables to related parties		461	-
- Other payables to other parties		28.500	23.951
Deferred revenue	14	228.190	56.156
Derivative financial instruments	10	600	-
Current income tax liabilities	32	1.437	2.107
Other current liabilities	23	35.144	35.600
Non-current liabilities		156.232	179.269
Long-term borrowings	7	71.783	87.000
- Bank Loans		55.275	72.261
- Lease Liabilities		16.508	14.739
Provisions for employee benefits	22	5.273	6.233
Other payables		-	14.167
Deferred tax liabilities	32	79.176	71.869
Total liabilities		897.456	718.160
EQUITY		880.716	853.227
Equity attributable to equity holders of the parent		880.716	853.122
Paid -in capital	24	68.997	68.997
Other comprehensive income not to be reclassified to profit/(losses)		268.891	273.950
-Investment revaluation reserves	24	68.929	73.385
-Revaluation and measurement gains (losses)	24	199.210	199.840
-Reserve for actuarial loss on employee termination benefits		752	725
Other comprehensive income to be reclassified to profit		(977)	(1.827)
-Currency translation differences		(871)	(1.987)
-Cash flow hedge reserve		(106)	160
Retained earnings		512.074	517.092
Net profit for the period		31.731	(5.090)
Non-controlling interest	24	-	105
TOTAL LIABILITIES AND EQUITY		1.778.172	1.571.387

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

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts expressed in thousands of US Dollars unless otherwise stated)

	Note	Audited 1 January - 31 December 2025	Audited 1 January - 31 December 2024
Revenue	25	1.796.125	1.689.466
Cost of sales (-)	25	(1.645.461)	(1.577.163)
Gross profit		150.664	112.303
General administrative expenses (-)	26-27	(72.079)	(72.309)
Marketing expenses (-)	26-27	(9.121)	(8.854)
Other operating income	28	16.193	25.307
Other operating expenses (-)	28	(9.018)	(1.738)
Operating profit		76.639	54.709
Income from investing activities	29	1.877	4.565
Operating profit before financial income and expense		78.516	59.274
Financial income	30	7.116	4.705
Financial expense (-)	30	(35.910)	(63.372)
Profit before tax from continued operations		49.722	607
Tax expense from continued operations		(17.991)	(5.729)
- Current tax expense (-)	32	(9.981)	(2.107)
- Deferred tax income	32	(8.010)	(3.622)
Profit for the period		31.731	(5.122)
Attributable to:		31.731	(5.122)
- Non-controlling interest	24	-	(32)
- Equity holders of the parent		31.731	(5.090)
Earnings per share	33	0,0022382	(0,0003591)

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

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts expressed in thousands of US Dollars unless otherwise stated)

	Note	Audited 1 January - 31 December 2025	Audited 1 January - 31 December 2024
PROFIT / (LOSS) FOR THE PERIOD		31.731	(5.122)
OTHER COMPREHENSIVE INCOME / (LOSS) :			
Items that will not be reclassified to profit or loss		(5.103)	11.254
Gain / (Loss) on revaluation of property, plant, and equipment	24	(674)	-
Gain / (Loss) arising from defined benefit plans		27	19
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	24	(4.456)	11.235
Items that will be reclassified to profit or loss		860	(542)
Currency translation differences		1.126	(702)
Cash flow hedging		(266)	160
OTHER COMPREHENSIVE INCOME		(4.243)	10.712
TOTAL COMPREHENSIVE INCOME		27.488	5.590
Attributable to:			
Non-controlling interest		-	(40)
Equity holders of the parent		27.488	5.630

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

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts expressed in thousands of US Dollars unless otherwise stated)

	Issued share capital	Other comprehensive income/expense not to be reclassified to profit or loss			Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
		Revaluation reserve	Investment revaluation reserve	Reserve for actuarial loss on employment termination benefits	Currency translation reserve	Cash flow hedge reserve				
Balance at 1 January 2024	68.997	229.044	62.150	706	(1.293)	-	487.888	847.492	145	847.637
Total comprehensive income / (loss) for the period	-	-	11.235	19	(694)	160	(5.090)	5.630	(40)	5.590
Transfer	-	(29.204)	-	-	-	-	29.204	-	-	-
Balance at 31 December 2024	68.997	199.840	73.385	725	(1.987)	160	512.002	853.122	105	853.227
Balance at 1 January 2025	68.997	199.840	73.385	725	(1.987)	160	512.002	853.122	105	853.227
Business Combinations Under Common Control (*)	-	44	-	-	(11)	-	72	105	(105)	-
Adjusted balance at 1 January 2025	68.997	199.884	73.385	725	(1.998)	160	512.074	853.227	-	853.227
Total comprehensive income / (loss) for the period	-	(674)	(4.456)	27	1.126	(266)	31.731	27.488	-	27.488
Capital increase	1	-	-	-	-	-	-	1	-	1
Transfer	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2025	68.997	199.210	68.929	752	(871)	(106)	543.805	880.716	-	880.716

(*) The business combination was completed on January 10, 2025, through the transfer of all assets and liabilities of BMB Holding A.Ş., as a whole, to Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. The transaction has been accounted for as a “business combination under common control.” Following the completion of the merger, the Company’s share capital was increased by USD 611,69.

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

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts expressed in thousands of US Dollars unless otherwise stated)

	Notes	Audited 1 January- 31 December 2025	Audited 1 January- 31 December 2024
Cash flows from operating activities:			
Period profit/(loss) from continuing operations		31.731	(5.122)
Reconciliation of profit from continuing operations before changes in working capital			
Depreciation and amortization expenses	16-17-18	49.979	43.276
Provision for employee termination benefits		2.079	2.605
Interest income	30	(7.116)	(4.705)
Interest expense	30	33.435	60.781
Adjustments in provision		(1.143)	(1.852)
Adjustments for fair value loss (gains) of derivative financial instruments		(4.535)	160
Gain on sale of property, plant and equipment and intangibles	29	(5)	(547)
Tax (income)/expenses adjustments		17.991	5.729
Currency translation differences		(1.253)	(20.391)
Dividend income	29	(1.872)	(1.919)
Other adjustments to reconcile profit (loss)	30	2.475	2.591
Operating profit before changes in working capital		121.766	80.606
Changes in working capital:			
Trade receivables		(50.205)	48.056
Inventories		(97.954)	185.686
Other current assets and liabilities, net		(8.278)	13.833
Trade payables		49.227	(134.179)
Other non-current assets and liabilities, net		211.234	(165.965)
Taxes paid		(1.732)	(8.252)
Employee benefit obligations paid		(1.931)	(1.231)
Net cash provided by/(used in) operating activities		222.127	18.554
Cash flow from investing activities:			
Cash inflows / outflows related to purchases to obtain control of subsidiaries		(15.000)	(20.000)
Purchase of property, plant and equipment and intangible assets	17-18	(70.742)	(75.316)
Proceeds from sale of property, plant and equipment and intangibles		5	547
Proceeds from sale of asset held for sale		-	63.901
Dividend received	29	1.872	1.919
Net cash provided by/(used in) investing activities		(83.865)	(28.949)
Cash flow from financing activities:			
Redemption of borrowings	7	512.448	698.234
Proceeds from borrowings	7	(554.921)	(692.529)
Payments of lease liabilities	7	(6.094)	(1.856)
Cash outflows from derivative instruments		(4.738)	250
Interest paid		(28.945)	(58.410)
Interest received	30	7.116	4.705
Other cash inflows/ (outflows)		(2.475)	(2.591)
Net cash (used in)/provided by financing activities		(77.609)	(52.197)
Net increase/(decrease) in cash and cash equivalents		60.653	(62.592)
Cash and cash equivalents at the beginning of the year	5	66.784	129.376
Cash and cash equivalents at the end of the period	5	127.437	66.784

The accompanying notes from an integral part of these consolidated financial statements

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of US Dollars unless otherwise stated)

1. CORPORATE INFORMATION

Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. (Borusan Birleşik Boru Fabrikaları) ("the Company") is a joint stock company incorporated in Turkey. The Company's shares are traded in İstanbul Stock Exchange since 1994. The Company is registered in Turkey and the address of the registered office is; İçerenköy Mah. Umut Sk. Quick Tower sitesi No:10 – 12 İç Kapı No: 51 Ataşehir / İstanbul

The number of personnel employed at the end of the period by category is as follows:

Period	Blue Collar	White Collar	Total
31 December 2025	1.772	520	2.292
31 December 2024	1.895	526	2.421

Consolidated financial statements covering accounting period of 1 January - 31 December 2025 are approved with Board of Directors' decision dated on February 26, 2026.

The ultimate parent of the Company is Borusan Holding A.Ş.

Business segments, the location and the Group's ultimate effective shareholding in its subsidiaries' equity are as follows:

Business Segment	Subsidiary	Location	31 December 2025	31 December 2024
Steel Pipe	Borusan Pipe US Inc "(Borusan Pipe US)"	USA	100,0%	100,0%
Holding	Borusan Berg Pipe Holding Corp. "(Berg Pipe)"	USA	100,0%	100,0%
Steel Pipe	Berg Pipe Mobile Corp.	USA	100,0%	100,0%
Steel Pipe	Berg Pipe Panama City Corp.	USA	100,0%	100,0%
Steel Pipe	Borusan Berg Pipe Logistics Corp. (**)	USA	100,0%	-
Holding	Borusan Pipe Holding BV "(BP Holding BV)"	Netherlands	100,0%	100,0%
Holding	Borusan Pipe Cooperative U.A. "(BP Coop)"	Netherlands	99,0%	99,0%
Steel Pipe	Borusan Vobarno Tubi SPA "(Vobarno)" (*)	Italy	100,0%	99,0%
Steel Pipe	Borusan Tube International GmbH "(Borusan Tube Germany)"	Germany	100,0%	100,0%
Steel Pipe	Borusan Tube Products S.A. "(Borusan Tube Romania)"	Romania	100,0%	100,0%
Steel Pipe	Borusan Pipe Espana SA "(BP Espana)"	Spain	99,0%	99,0%

(*) Following the transfer of all assets and liabilities of BMB Holding A.Ş. as a whole to Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. and the subsequent merger within Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş., the 1% stake in Borusan Vobarno Tubi SPA held by BMB Holding A.Ş. was transferred to Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. As a result of this transaction, Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş.'s ownership of Borusan Vobarno Tubi SPA shares reached 100%.

(**) Borusan Berg Pipe Logistics Corp. was established on December 9, 2025.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025**

(Amounts expressed in thousands of US Dollars unless otherwise stated)

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of preparation

2.1.1. Accounting policies

The consolidated financial statements of the Company as at 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company maintains its accounting records and prepares its statutory accounting reports in Turkish Lira (“TRY”) in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the Turkish Standard Chart of Accounts issued by the Ministry of Finance (collectively referred to as “Turkish statutory accounts” or “local GAAP”). The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These financial statements are based on the statutory records, which are maintained under historical cost convention, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

As the Company is listed in Borsa Istanbul and is subject to requirements of Capital Markets Board of Turkey, it also prepares and published consolidated financial statements in accordance with Turkish Financial Reporting Standards. Due to financial reporting requirements of Capital Markets Board of Turkey, companies need to conform to specified presentation formats for their primary financial statements and use Turkish Lira as their presentation currency. The Company has applied those presentation formats in presenting these consolidated financial statements prepared in accordance with IFRS.

2.2. Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Group’s presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The US Dollar is used to a significant extent, or has a significant impact on the operations of the Company and reflects the economic substance of the underlying events and circumstances. Therefore, the Company uses the US Dollar (USD) as functional currency. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in profit or loss as translation gain/(loss). Non-monetary items and equity balances (excluding profit or loss) that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

As at the reporting date, the assets and liabilities of the subsidiaries that operates in the foreign countries are translated into the presentation currency of the Group (USD) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation reserve. On disposal of such subsidiaries, the deferred cumulative amount recognized in equity relating to that particular subsidiary is recognized in the income statement.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Functional and presentation currency (Continued)

The functional currency of subsidiaries, except US subsidiaries, is Euro. In accordance with IAS 21, monetary items in the financial statements are converted via using prevailing Euro exchange rates at 31 December 2025 (1 Euro = 1,1737); income and expense and cash flows are converted with monthly average of the exchange rates (yearly average 1 Euro = 1,1296) (As of 31 December 2024, 1 Euro = 1,0413; 31 December 2024 yearly average exchange rate 1 Euro = 1,0822).

2.3. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are the companies which are controlled by the Group. The Group's control has been provided with exposure to variable returns from these companies, having rights in this return and directing of the power. Subsidiaries have been consolidated by the method of full consolidation from the date that controlling by the Group. Subsidiaries have been excluded from scope of consolidation as of disappearing of the Group's control.

The consolidation principles applied are as follows:

- (i) The balance sheets and statements of income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity accounts. Intercompany transactions and balances between the Company and its subsidiaries and unrealized gains and losses on transactions among them are eliminated.
- (ii) Subsidiaries are consolidated from the date on when control is transferred to the Company.
- (iii) Non-controlling share in the net assets of the consolidated subsidiaries is separately classified in the consolidated financial statements as non-controlling interest.

2.4 Significant Changes in Accounting Policies and Estimates

Changes of accounting policies resulting from the first time implementation of the IAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.5. New and Revised International Financial Reporting Standards ("IFRS")

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2025 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2025 and thereafter. The effects of these standards and interpretations on the the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2025 are as follows:

Amendments to IAS 21 - Lack of exchangeability

In August 2023, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a significant impact on the financial position or performance of the Group.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted

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

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, the Board issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognized on the ‘settlement date’. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Overall, the Group expects no significant impact on its balance sheet and equity.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

Annual Improvements to IFRSs – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter: These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
- IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition: The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.
- IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price: IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price'.
- IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.
- IAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

Improvements are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. IFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. IFRS 18 will be applied retrospectively. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, the Board issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19. The standard is not applicable for the Group.

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted. If an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and it translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, then it is required to apply the amendments from the beginning of the annual reporting period in which it first applies the amendments. In addition, it restates the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with IAS 29. Other entities will apply the amendments retrospectively. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Comparative information and restatements on prior year's financial statements

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates, if only for one period, are made in the current period; if they relate to future periods, are made in future period as well as in the period of change, are applied prospectively. The accounting policies applied in the preparation of these financial statements for the year ended at 31 December 2025 are consistent with those applied in the preparation of financial statements for the year ended at 31 December 2024.

Significant accounting estimations

The preparation of financial statements, require the Group's management to make judgments, estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those judgments, estimates and assumptions. Those estimates and assumptions are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. There has been no significant change in the accounting estimates of the Group in the current period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Trade receivables

Trade receivables are arised from product sales or service providing to the customers. If the expected time for the collection of trade receivables is one year or less, these receivables are classified as short-term receivables. Otherwise, they are classified as long-term receivables. The average collection period of trade receivables is 39 days (2024: 38 days). Trade receivables for which risks and rewards are transferred to third parties as part of factoring transaction are derecognized.

Related parties

If an entity has control over another entity or an entity has significant influence on another entity's financial and operational decisions, these two entities are considered as related parties. In consolidated financial statements, shareholders, available for sale investments and related parties of the shareholders are presented as related parties. Related parties also include the ultimate parent, key management personnel, board members and their families.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.6. Summary of Significant Accounting Policies (Continued)****Inventories**

Inventories are valued at the lower of cost and net realizable value after provision for obsolete stock. Cost is determined by using the monthly weighted average cost. Cost of work in progress and finished goods includes materials, direct labor and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. Provision for slow moving items is recognized in cost of sales at the time it is incurred. Obsolete inventories are written off accounting records.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. As of 31 December 2022, the Group's land, buildings, machineries and equipments were revalued based on expertise review by an independent valuation firm and as a result of this valuation the Group has adjusted its assets to the asset's fair values. Fair values were determined by the methods of imputed price, discounted cash flow, replacement cost, etc. The value increases or decreases were reflected to "revaluation gain/loss" account located in equity (Note 24). Depreciation of these assets are recognized over the fair value and related depreciation expenses are recognized in the income statement. All other tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings. Further, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is realized from the revaluation surplus to retained earnings on an annual basis as the asset is used by the Group.

The cost value of the tangible fixed asset consists of the purchase price, import taxes if any, non-refundable taxes and expenses made in order to make the tangible fixed asset ready to use. The repair and maintenance expenses, which arise after the tangible fixed asset is started to be used, are recorded as expense in the period they arise. If the expenses made, create an economic value increase for the tangible fixed asset in the future use, these expenses can be added to the cost of the asset.

Property, plant and equipment are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. For the assets which requires a significant amount of time to be used and ready to be sold, the borrowing costs are capitalised.

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

	Years	Method
Land improvements	10 - 50	Straight-line
Buildings	25 - 50	Straight-line
Machinery and equipment	12 - 20	Straight-line
Furniture and fixtures	5 - 17	Straight-line
Motor vehicles	5	Straight-line

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of the property, plant and equipment.

Intangible assets

Intangible assets comprising software licenses and rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses and intangible assets are amortized on a straight-line basis over the estimated useful life of the asset (5 years). Amortization expenses are recognized in general and administrative expenses in the consolidated income statement.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. If the impairment provision is not valid or has been decreased, the related impairment is reversed and recorded in income statements. Impairment loss related to the land, buildings and machinery and equipment which are carried at revalued amounts are treated as a revaluation decrease to the extent that impairment loss does not exceed the amount held in revaluation surplus.

As of December 31 December 2025, the Group is not exposed to any impairment risk for its subsidiaries. The Group has reached these assessments through the budgeted positive operational cash flows and the steadily increasing revenue growth over the years.

Finance leases

The Group recognises right-of-use assets at the commencement of the lease (i.e., the date of underlying asset is available for use), Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any revaluation of lease liabilities.

The cost of right-of-use asset includes:

- a) the amount of lease liabilities recognised,
- b) lease payments made at or before the commencement date less any lease incentives received,
- c) initial direct costs incurred

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

i) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. At the commencement date of the lease, the measurement of the lease liabilities includes:

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs,
- (c) The amounts expected to be paid by the Group under residual value guarantees
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate,

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The Group discounts the lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. After the commencement date, the Group measures the amount of lease liabilities as follows:

- (a) the amount of lease liabilities is increased to reflect the accretion of interest, and
- (b) reduced for the lease payments made

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Finance leases (Continued)

i) Lease Liabilities (Continued)

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group primarily has operational leasing agreements consisting of vehicle and warehouse rentals. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions, contingent assets and liabilities

i) Provisions

A provision is recognized when, and only when, the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. When present value method is used, the increase attributable to the current period is recorded in finance expense.

ii) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements but disclosed when an outflow of resources embodying economic benefits is not highly probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Income taxes

Tax expense is the aggregate amount of current and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 "Employee Benefits". The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. Provision for employee termination benefit is made for the present value of the defined benefit obligation calculated. All actuarial gains and losses are recognized in the other comprehensive income as incurred.

Revenue

Revenue from steel pipes is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates, and other similar allowances. Sales discounts are given as a constant percentage at the time of sale and deducted from revenue. Sales discounts given vary regarding the type of the sale.

i) Steel pipe sales:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

ii) Interest and dividend income:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized directly in the statement of income the period in which they are incurred.

Financial Instruments

Financial instruments are agreements that increase the financial assets of one enterprise and financial liabilities or capital instruments of another enterprise.

Financial Assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of “derivative instruments” in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group’s financial instruments at fair value through profit or loss consist of forward contracts, currency swaps and cross currency fixed interest rate swap.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of “financial assets” in the statement of financial position. Group carried these assets at their fair values. The fair value gains and losses are recognized in other comprehensive income after the deduction of impairment losses and foreign exchange income and expenses. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Financial Liabilities

Financial liabilities are recorded with their values after the transaction expenses are deducted from the financial debt amount received on the date of receipt. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with the effective interest rate on the following dates. The difference between the amount of the financial debt received (excluding transaction expenses) and the repayment value is recognized on the accrual basis in the consolidated statement of profit or loss. If the Group does not have unconditional right such as postponing the liability for 12 months from the balance sheet date, financial liabilities are classified as short-term liabilities.

Financial assets carried at fair value through other comprehensive income

The Group owns 11.78% of the shares of Borçelik Çelik Sanayi ve Ticaret A.Ş. (“Borçelik”). This financial investment is classified under financial assets at fair value through other comprehensive income and is measured at fair value. Changes in fair value are recognized in the consolidated statement of other comprehensive income.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in USD, which is the functional currency of the Group.

In preparing the financial statements of the Company and its subsidiaries, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are accounted in profit or loss in the period of occurred except the cases specified below:

- Exchange differences which related to assets under construction for future usage and the adjustment item to be considered as interest costs on debts shown in foreign currency and included in these cost of assets,
- Exchange differences arising from transactions carried out in order to provide financial protection against risks arising from foreign currency (accounting policies to providing financial protection against risks are described below).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in USD using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Earnings per share

Earnings per share disclosed in the consolidated statements of income is determined by dividing the net income by the weighted average number of shares in existence during the period concerned. The weighted average number of shares in circulation during the period have been calculated considering the shares issued without an increase in resources. However, in terms of legal records, calculating earnings per share is subject to local regulations and laws.

Events after balance sheet date

An explanation for any significant event between the balance sheet date and the publication date of the financial statements, which are disclosed and adjusted in the financial statements if necessary.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Statements of cash flows

Current period statements of cash flows are categorized and reported as operating, investing and financing.

Cash flows from operating activities show that cash flows provided from Group's pipe production and sales.

Cash flows from investing activities summarize the Group's cash flows used in or generated from investing activities (fixed and financial investments).

Cash flows from financing activities summarize the Group's cash flows from liabilities and the back payments of these liabilities benefited in financing needs of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Capital and dividends

Common stocks are classified as equity. Dividends paid are recorded at the Board's payment decision date retained earnings balance less the dividend amount paid.

Significant accounting judgements and estimations

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on the Group management's best information on the current events and transactions, actual results could differ from those estimates.

Significant accounting judgements that the Group makes in the application of accounting principles:

• Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from tax losses carried-forward and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors taken into consideration include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. If based on the weight of all available evidence, no provision has been made for deferred tax assets since the Group's future taxable profits are sufficient to cover all deferred tax assets.

• Employee termination benefits

The Group made actuarial calculation to calculate the amount of liability in accordance with IAS 19. The Group makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. The assumptions made by the Group management have been explained in Note 22.

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Significant accounting judgements and estimations (Continued)

- Revaluation of property, plant and equipment

The Group evaluates its land, buildings, machinery and equipment over its fair value within the scope of IAS 16 revaluation model. The fair values in financial statement as of 31 December 2025 are based on expertise reports prepared by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş., for machinery and equipment in Turkey and National Appraisal Partners LLP and Third Coast Appraisal, LLC. for machinery and equipment in USA and CBF S.r.l. for machinery and equipment in Italy. During valuation of tangible assets, market value was taken as basis.

- Fair value of financial assets

Group management estimated the fair value of the financial assets whose market is not active by utilizing commonly used valuation techniques.

The fair value of Borçelik is calculated by giving 50% weight to the discounted cash flows and market approach methods. In consideration of this calculation, holding sector beta and company dynamics, the cost of capital are calculated as 15.5% for 2026, 14.5% for 2027, 13.4% for other years and 2% growth rate. If the long-term growth rates were 100 basis points high / low and all other variables remained constant, the calculated fair value would be higher/lower by 4-3%. If the discount rates were 100 basis points high / low and all other variables remained constant, the calculated fair value would be lower/higher by 6-7%.

Significant changes and errors in the accounting policies

Significant changes in the accounting policies and errors are applied retrospectively; and the financial information of the prior periods are restated.

Going concern

The consolidated financial statements were prepared in accordance with the going concern assumption.

3. BUSINESS COMBINATION

None. (31 December 2024: None)

4. SEGMENT REPORTING

None. (31 December 2024: None)

BORUSAN BİRLEŞİK BORU FABRİKALARI SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash in hand	5	1
Cash at banks		
- Time deposits	99.704	54.746
- Demand deposits	27.728	12.037
	127.437	66.784

The details of time deposits as of 31 December 2025 and 2024 are as follows:

31 December 2025				
Currency	Interest Rate (%)	Maturity (days)	Original currency amount	Amount in USD
USD	1,75-2,88	2	97.446	97.446
TRY	35,00-39,00	2	96.763	2.258
				99.704
31 December 2024				
Currency	Interest Rate (%)	Maturity (days)	Original currency amount	Amount in USD
USD	3,56-3,89	2	51.156	51.156
TRY	47,00-48,50	2	126.656	3.590
				54.746

As of 31 December 2025, the Group does not have any blockages on cash and cash equivalents (31 December 2024:None).

6. FINANCIAL INVESTMENTS**a) Short-term financial investments**

None (31 December 2024: None).

b) Long-term financial investments

Financial investments as of 31 December 2025 and 2024 are stated below:

	31 December 2025		31 December 2024	
	Amount	Share (%)	Amount	Share (%)
Borçelik Çelik Sanayii Ticaret A.Ş. (Borçelik)	96.097	11,78	101.190	11,78
Other	16		71	
	96.113		101.261	

All financial assets are recorded at cost, except for Borçelik which is carried at fair value.

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7. BORROWINGS

a) Short-term borrowings

Currency	31 December 2025			31 December 2024		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	71.291	71.291	5,00-6,25	156.817	156.817	4,55-7,90
EURO	40.369	47.379	2,64-5,90	47.435	49.392	3,29-6,90
TRY	3.298.097	76.976	20,32-42,15	1.138.031	32.257	42,00-47,00
		195.646			238.466	

As of 31 December 2025, none of short-term borrowings of the Group are secured (31 December 2024: None).

b) Short-term portion of long-term borrowings

- Bank Loans

Currency	31 December 2025			31 December 2024		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	15.601	15.601	5,88	14.442	14.442	5,88
EURO	17.882	20.988	2,57-5,56	2.996	3.119	3,14-7,95
		36.589			17.561	

- Lease Liabilities

Currency	31 December 2025			31 December 2024		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
TRY	59.126	1.380	18,10 – 45,00	46.883	1.329	18,10 – 45,00
USD	3.906	3.906	2,49 – 7,40	3.035	3.035	4,30 – 7,40
EURO	17	20	3,00	51	53	3,00
		5.306			4.417	

c) Long-term borrowings

- Bank Loans

Currency	31 December 2025			31 December 2024		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	42.539	42.539	5,57-6,96	50.851	50.851	5,88-6,43
EURO	10.851	12.736	2,57-5,56	20.560	21.410	3,14-7,95
		55.275			72.261	

As of 31 December 2025, all of long-term loans of Borusan Pipe US, are secured by Borusan Pipe US' fixed assets, trade receivables and inventories. (December 31, 2024: All of Borusan Pipe's long-term loans were secured through its fixed assets, trade receivables, and inventories).

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7. BORROWINGS (Continued)

c) Long-term borrowings (Continued)

The payment schedule of the long-term borrowings for 31 December 2025 and 2024 are as follows:

	31 December 2025	31 December 2024
2026	-	25.711
2027	21.977	29.778
2028	30.248	14.575
2029	2.026	2.197
2030 ve sonrası	1.024	-
	55.275	72.261

- Lease Liabilities

		31 December 2025		31 December 2024		
Currency	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
TRY	61.590	1.437	18,10 – 45,00	34.666	982	18,1 – 45,0
USD	15.068	15.068	2,49 - 7,40	13.737	13.737	4,3 - 7,4
EURO	3	3	3,00	19	20	3,0
		16.508			14.739	

The movements of financial borrowing for periods 1 January - 31 December 2025 and 1 January - 31 December 2024 are as follows:

Bank Loans

	1 January - 31 December 2025	1 January - 31 December 2024
Opening	328.288	337.176
Borrowed during the period	512.448	698.234
Payments during the period	(554.921)	(692.529)
Change in interest accrual	2.897	1.497
Currency translation difference	(1.202)	(16.090)
Closing	287.510	328.288

Lease Liabilities

	1 January - 31 December 2025	1 January - 31 December 2024
Opening	19.156	11.586
Additions/(disposal), net	7.930	6.375
Change in lease contracts	(361)	2.463
Interest expense	1.594	873
Payment	(6.094)	(1.856)
Foreign exchange difference	(437)	(286)
Currency translation difference	26	1
Closing	21.814	19.156

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8. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	31 December 2025	31 December 2024
Trade receivables	199.916	149.631
Receivables from related parties (Note 34)	3	118
Allowance for doubtful receivables (-)	(321)	(286)
	199.598	149.463

The movement of the provision for doubtful receivables for the periods 1 January - 31 December 2025 and 1 January - 31 December 2024 are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening	286	467
Additions	-	284
Written off trade receivables	-	(430)
Currency translation differences	35	(35)
Closing	321	286

As of 31 December 2025, the Group has no long-term trade receivables (31 December 2024: None). Nature and level of the risks arising from trade receivables are disclosed in Note 35.

b) Trade Payables

	31 December 2025	31 December 2024
Trade payables	204.928	155.530
Due to related parties (Note 34)	3.138	3.309
	208.066	158.839

Within trade payables in 2025, the Group has USD 52.272 of letter of credits for use of purchases with the weighted average interest rate 5,66% for USD and the average maturity of the payables is 180-360 days (31 December 2024: USD 48.070 of letter of credits for use of purchases with the weighted average interest rate 6,72% for USD the average maturity of the payables is 180-360 days).

Detailed information about the nature and level of risks arising from trade payables are disclosed in Note 35. The Group has no long-term trade payables (31 December 2024: None).

9. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

	31 December 2025	31 December 2024
Receivables from tax authority	13.623	15.692
Deposits and guarantees given	321	-
Due from personnel	171	445
Other receivables from related parties (Note 34)	108	20
Other	1.207	950
	15.430	17.107

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9. OTHER RECEIVABLES AND PAYABLES (Continued)

b) Other payables

	31 December 2025	31 December 2024
Other payables to third parties	14.814	14.813
Taxes and charges payable	13.686	9.078
Other payables to related parties (Note 34)	461	-
Other	-	60
	28.961	23.951

10. DERIVATIVE FINANCIAL INSTRUMENTS

Forward transactions are being performed in order to reduce risks arising from foreign currency exchange rate fluctuations (GBP/USD), (EUR/USD), (USD/EUR) and (TRY/USD). As of 31 December 2025, the Group's derivative instruments consist of accrued income amounting to TRY 212,148 thousand and accrued expenses amounting to TRY 25,705 thousand arising from forward foreign exchange transactions (Note 35) (31 December 2024: accrued income of TRY 7,517 thousand arising from forward foreign exchange transactions).

	31 December 2025	31 December 2024
Income accrual from derivative financial instruments	4.951	213
Expense accrual from derivative financial instruments	600	-

11. INVENTORIES

	31 December 2025	31 December 2024
Raw materials	143.504	162.990
Work in progress	43.669	40.584
Finished goods	167.736	119.521
Trade goods	4.255	15.826
Goods-in-transit	91.622	13.836
	450.786	352.757

12. PREPAID EXPENSES

Details of short time and long term prepaid expenses of the Group as of 31 December 2025 and 31 December 2024 are as follows:

a) Short-term prepaid expenses

	31 December 2025	31 December 2024
Insurance fees	2.842	2.477
Prepaid finance expenses	1.453	3.069
Advance payments for raw materials	978	36.420
Other short term prepaid expenses (*)	2.507	2.236
	7.780	44.202

(*) Other short term prepaid expenses consists of prepaid expenses for production and export operations.

b) Long-term prepaid expenses

	31 December 2025	31 December 2024
Advance payments for fixed assets	1.344	9
Other long term prepaid expenses	1.321	231
	2.665	240

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13. CURRENT INCOME TAX ASSETS

As of 31 December 2025, current income tax asset is USD 15.586 (31 December 2024: USD 24.522).

14. DEFERRED REVENUE

As of 31 December 2025, and 2024, the short-term deferred income of the Group is as follows:

	31 December 2025	31 December 2024
Advances received	227.291	56.156
Deferred income - Contractual obligations	899	-
	228.190	56.156

15. EMPLOYEE BENEFIT OBLIGATIONS

As of 31 December 2025, accrued salaries of employees USD 1.285 (31 December 2024 USD 1.794).

16. RIGHT OF USE ASSETS

<u>Cost</u>	<u>Building</u>	<u>Vehicles</u>	<u>Total</u>
Opening (1 January 2025)	12.243	14.162	26.405
Change in contract	-	-	-
Currency translation differences	(185)	(82)	(267)
Addition	3.056	4.886	7.942
Disposal (-)	(1.160)	(2.267)	(3.427)
Balance at 31 December 2025	13.954	16.699	30.653

Accumulated Depreciation

Opening (1 January 2025)	2.902	5.000	7.902
Currency translation differences	528	(2)	526
Addition	1.289	4.159	5.448
Disposal (-)	(1.158)	(2.266)	(3.424)
Balance at 31 December 2025	3.561	6.891	10.452
Net Book Value	10.393	9.808	20.201

<u>Cost</u>	<u>Building</u>	<u>Vehicles</u>	<u>Total</u>
Opening (1 January 2024)	10.267	6.915	17.182
Transfer with business combination	233	-	233
Currency translation differences	(21)	(6)	(27)
Addition	2.673	9.149	11.822
Disposal (-)	(909)	(1.896)	(2.805)
Balance at 31 December 2024	12.243	14.162	26.405

Accumulated Depreciation

Opening (1 January 2024)	2.777	3.477	6.254
Currency translation differences	(15)	(1)	(16)
Addition	1.049	3.376	4.425
Disposal (-)	(909)	(1.852)	(2.761)
Balance at 31 December 2024	2.902	5.000	7.902
Net Book Value	9.341	9.162	18.503

The Group as a lessee included the right of use representing the right to use the underlying asset and the lease obligations representing the lease payments that it is liable to pay rent to its consolidated financial statements.

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17. PROPERTY, PLANT AND EQUIPMENT

	1 January 2025	Currency transaction differences	Additions	Disposals	Transfers	31 December 2025
Cost						
Land	155.782	108	-	-	(21)	155.869
Land improvements and leaseholds	21.872	3	-	-	(2.661)	19.214
Buildings	200.896	3.214	1	-	3.523	207.634
Machinery and equipment	515.443	3.190	-	(975)	18.159	535.817
Motor vehicles	4.603	76	-	(51)	6	4.634
Furniture and fixtures	30.688	274	-	-	1.336	32.298
Construction in progress	35.705	(1.014)	65.669	-	(46.294)	54.066
	964.989	5.851	65.670	(1.026)	(25.952)	1.009.532
Less: Accumulated depreciation						
Land improvements and leaseholds	3.176	2	383	-	(400)	3.161
Buildings	28.852	241	5.151	-	400	34.644
Machinery and equipment	164.958	(102)	34.417	(301)	(1.548)	197.424
Motor vehicles	3.924	21	160	(51)	-	4.054
Furniture and fixtures	22.269	84	1.430	-	-	23.783
	223.179	246	41.541	(352)	(1.548)	263.066
Net book value	741.810					746.466

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2024	Currency transaction differences	Additions	Disposals	Transfers	31 December 2024
Cost						
Land	155.811	(29)	-	-	-	155.782
Land improvements and leaseholds	19.513	(1)	-	-	2.360	21.872
Buildings	165.036	(1.362)	346	-	36.876	200.896
Machinery and equipment	439.503	(843)	2.091	-	74.692	515.443
Motor vehicles	4.302	12	71	(8)	226	4.603
Furniture and fixtures	27.115	(99)	997	(5)	2.680	30.688
Construction in progress	85.753	101	66.685	-	(116.834)	35.705
	897.033	(2.221)	70.190	(13)	-	964.989
Less: Accumulated depreciation						
Land improvements and leaseholds	1.555	-	1.621	-	-	3.176
Buildings	25.827	-	3.025	-	-	28.852
Machinery and equipment	134.049	-	30.909	-	-	164.958
Motor vehicles	3.697	-	230	(3)	-	3.924
Furniture and fixtures	20.824	-	1.449	(4)	-	22.269
	185.952	-	37.234	(7)	-	223.179
Net book value	711.081					741.810

As of December 31, 2025 and 2024, there is no capitalized borrowing cost.

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18. INTANGIBLE ASSETS

	31 December 2025	31 December 2024
Cost:		
Cost at 1 January	16.987	11.910
Transfer with business combination	25.101	-
Currency transaction differences	320	(49)
Additions	5.072	5.126
	47.480	16.987
Less: Accumulated depreciation		
Accumulated amortisation at 1 January	10.669	9.100
Currency transaction differences	316	(48)
Amortisation of current period	2.990	1.617
	13.975	10.669
Net book value	33.505	6.318

Intangible assets consist of brand and license fee.

19. GOODWILL

None (31 December 2024: None).

20. CONTINGENT ASSETS AND LIABILITIES

None (31 December 2024: None).

21. COMMITMENTS

a) Export Commitments

Export commitments amount to USD 216.136 as of 31 December 2025 (31 December 2024: USD 225.098).

b) Letters of credit

As of 31 December 2025, the Group has open letter of credit agreements for the future purchases from suppliers amounting to USD 66.129 (31 December 2024: USD 53.740).

c) Guarantees, Pledges and Mortgages

Guarantees, pledges and mortgages ("GPM") given by the Group as of 31 December 2025 and 2024 are as follows:

31 December 2025	USD	EUR	TRY	Total USD Equivalent
A. GPM's given in the name of its own legal personality	23.989	4.536	1.805.658	71.456
B. GPM's given on behalf of the fully consolidated companies	57.874	24.933	-	87.137
C. GPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other GPM's given	-	-	-	-
i. Total amount of GPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of GPM's given on behalf of other group companies which	-	-	-	-
iii. Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-	-
	81.863	29.469	1.805.658	158.593

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21. COMMITMENTS(Continued)

There are no GPMs that the Group is liable on its immediate parent company (31 December 2024: None)

31 December 2024	USD	EUR	TRY	Total USD Equivalent
A. GPM's given in the name of its own legal personality	32.271	5.463	982.032	65.795
B. GPM's given on behalf of the fully consolidated companies	95.168	33.161	-	129.697
C. GPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other GPM's given	-	-	-	-
i. Total amount of GPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of GPM's given on behalf of other group companies which	-	-	-	-
iii. Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-	-
	127.439	38.624	982.032	195.492

There is no other GPM given by the Group in favor of the main partner (31 December 2024: None). The ratio of other GPM's given by the Group to the Group's equity is 0% as of 31 December 2025 (31 December 2024: 0%).

22. PROVISIONS FOR EMPLOYEE BENEFITS

In accordance with the Turkish Labour Law, the Group is responsible for paying severance pay for staff who have completed one year of service and cut ties from the Group or retired, who have completed 25 years (for men) and 20 years (for women) of service and are entitled to a pension, who have been called up for military service or who die. The severance pay to be paid is equal to the employee's monthly wage for each year of service and this amount is limited to TRY 53.919,68 as of 31 December 2025 (TRY 41.828,42 as of 31 December 2024). It has been taken into account in the calculation of the severance pay provision of the Group, the amount of 64.948,77 TRY effective from 1 January 2025. (1 January 2024: TRY 46.655,43).

In accordance with IAS 19, an actuarial calculation is required to calculate the Group's liabilities. The Group has calculated the provisions for severance pay using the "Projection Method", based on the Group's experience regarding the completion of the period of service by the employee and being entitled to the severance pay, and has reflected these in the financial statements. Provisions for severance pay, calculated based on the current value of the possible liability that will need to be paid, are set aside in case of employees' retirement.

As of 31 December 2025 and 2024 the actuarial assumptions that are used in the calculation of liability are as follows:

	31 December 2025	31 December 2024
Discount rate	4,70%	4,50%
Probability of retirement	92%	92%

The movements of provision for employment termination benefits for the periods ended 31 December 2025 and 2024 are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening	6.233	5.836
Service cost	1.000	1.578
Finance cost	1.079	1.027
Actuarial loss	(37)	(26)
Paid during the period	(1.931)	(1.231)
Currency translation difference	(1.071)	(951)
Closing	5.273	6.233

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23. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2025	31 December 2024
VAT receivable	10.946	358
Income accruals	1.993	2.464
Deposits given	397	914
Other current assets from related parties	9	42
Other	3.429	2.641
	16.774	6.419

b) Other non-current assets

As of 31 December 2025, other non-current assets equal USD 4.730 (31 December 2024: USD 5.638).

c) Other short-term liabilities

	31 December 2025	31 December 2024
Accrued cost of sales expenses	18.090	19.540
Accrued export expenses	2.365	2.477
Other	14.689	13.583
	35.144	35.600

24. EQUITY

a) Paid-in share capital

The legal capital structure of the group as of 31 December 2025 and 2024 is as follows:

	31 December 2025		31 December 2024	
	TRY	Share (%)	TRY	Share (%)
Borusan Holding A.Ş.	102.135	72,04	-	-
Borusan Yatırım ve Pazarlama A.Ş.	12.877	9,08	-	-
BMB Holding A.Ş.	-	-	104.157	73,48
Public Share and Other	26.760	18,88	37.593	26,52
	141.772	100	141.750	100
USD Equivalent	68.997		68.997	

The merger transaction whereby all assets and liabilities of BMB Holding A.Ş. were wholly transferred to and absorbed by Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. was completed upon its registration with the trade registry on 10 January 2025. In connection with this transaction, the Company's share capital, amounting to TRY 141.750.000, was increased by TRY 21.582,28. Following the completion of the merger, the shares of BMB Holding A.Ş. were transferred to Borusan Holding A.Ş. and Borusan Yatırım ve Pazarlama A.Ş..

On December 3, 2025, a total of 7.65% of the shares (6.66% of shares acquired off-exchange and 0.99% of shares acquired on the stock exchange under a special transaction notification) in Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş., owned by Nükhet Özmen, Nurhan Kocabıyık, and Zeynep Hamedı, were acquired by Borusan Holding A.Ş. On the same date, a 0.0000082% non-traded share held by Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. was also acquired by Borusan Holding A.Ş. As a result of these transactions, Borusan Holding A.Ş.'s shareholding in the company increased from 64.40% to 72.04%.

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24. EQUITY (Continued)

a) Paid-in share capital (Continued)

As of 31 December 2025, there are 14.177.158.228 shares, each of which has 1 Kr nominal value. As of 31 December 2025, the paid-in capital of the group comprises Group A (10% of the total shares) and Group B (90% of the total shares) shares (31 December 2024: Group A 10%, Group B 90%). Also, the Group has 100 dividend shares that do not grant voting power (31 December 2024: 100 dividend shares).

Group A shareholders' rights are as follows:

- Half of the board of directors are selected among the candidates nominated by A Group Shareholders.
- Each of A Group shareholders has 5 voting rights at ordinary and extraordinary general assembly meetings.

b) Revaluation funds

As of 31 December 2025 and 31 December 2024 the movement of revaluation funds are as follows:

	1 January 31 December 2025		1 January 31 December 2024	
	Property, plant and equipment revaluation reserve	Investment revaluation reserve	Property, plant and equipment revaluation reserve	Investment revaluation reserve
Balance at 1 January	199.840	73.385	229.044	62.150
Business combinations under common control	44	-	-	-
Adjusted balance at 1 January	199.884	73.385	229.044	62.150
Current year revaluation on property, plant and equipment	-	-	-	-
Transfer	-	-	(29.204)	-
Current year revaluation of financial investments	-	(4.456)	-	11.235
Disposal	(674)	-	-	-
Closing at 31 December	199.210	68.929	199.840	73.385

i. Revaluation funds of property, plant and equipment:

Revaluation funds of property, plant and equipment arises from the revaluation of buildings, lands, machinery and equipments. In case of disposition of revalued land or buildings, the revaluation funds associated with the assets sold are transferred directly to retained earnings.

ii. Cash flow hedge reserve:

Cash flow hedge reserve arises as a result recognition in equity of the effective changes in the fair value of the derivate financial instruments subject to a cash flow hedge. Total deferred income/loss earned by protection against financial risk has been accounted in profit/loss when the effect of hedged transaction effecting to profit/loss.

iii. Investment revaluation reserve:

Investment revaluation reserve occurs as a result of valuation of the financial assets over their fair values. In the event of a disposal of a financial instrument that has been revalued over its fair value, the portion of the revaluation fund related to the disposed financial asset is transferred to retained earnings. If the revalued financial instrument is impaired, the portion of the revaluation fund related to the impaired financial asset is recognised directly as a profit or loss.

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24. EQUITY (Continued)

c) Retained earnings

As per the Capital Markets Board (CMB) Decision dated 27 January 2010, minimum dividend distribution obligation will not be applied for joint stock corporations whose shares are traded in the stock market, regarding the distribution principles of the profits acquired from the activities of 2009, and within this framework, the profit distribution shall be executed in pursuance with the principles stated under the Board's Communiqué Serial: IV, No: 27 on Principles Regarding Distribution of Dividends and Interim Dividends to be Followed by the Publicly Held Joint Stock Corporations Subject to Capital Market Law, and as per the provisions under the partnerships' Articles of Association and the dividend distribution policies disclosed to public by the companies.

In addition, the said Board Decision rules that, the companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period stated in the consolidated financial statements that will be prepared and announced to the public according to the Communiqué, Serial: IX, No: 29 as long as the profit are sufficient for dividend distribution on their statutory records.

d) Non-controlling interests

The movement of non-controlling interests for the periods as of 31 December 2025 and 31 December 2024 are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening	105	145
Business combinations under common control	(105)	-
Adjusted opening balance	-	145
Share in current year result	-	(32)
Currency translation difference	-	(8)
Closing	-	105

25. REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2025			1 January - 31 December 2024		
	Sales to Turkey	Sales outside Turkey	Total	Sales to Turkey	Sales outside Turkey	Total
Steel Pipe	271.782	1.524.343	1.796.125	328.000	1.361.466	1.689.466

b) Cost of sales

	1 January - 31 December 2025	1 January - 31 December 2024
Direct material	1.207.194	1.252.329
Repair, maintenance and other production expenses	207.238	152.625
Direct labor	177.776	132.728
Depreciation and amortization	43.743	38.650
Cost of trade goods sold	9.510	831
	1.645.461	1.577.163

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26. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2025	1 January - 31 December 2024
General administrative expenses	72.079	72.309
Marketing expenses	9.121	8.854
	81.200	81.163

27. EXPENSES BY NATURE

a) Marketing expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses	5.889	4.791
Sales expenses	1.210	1.341
Vehicle expenses	501	494
Transportation and travel	440	678
Consultancy	75	557
Other	1.006	993
	9.121	8.854

b) General administrative expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses	32.677	36.120
Consultancy	12.832	9.769
Depreciation and amortisation	6.236	4.626
Information technology	4.727	3.082
Insurance expenses	4.140	4.736
Outsourced services	2.783	3.103
Donations	2.018	1.743
Transportation and travel	1.173	1.507
Maintenance	844	735
Vehicle expenses	669	740
Tax and charges	649	1.111
Energy expenses	454	458
Communication	336	674
Other	2.541	3.905
	72.079	72.309

c) Depreciation and amortization expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Cost of sales	43.743	38.650
General administrative expenses	6.236	4.626
	49.979	43.276

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27. EXPENSES BY NATURE (Continued)**d) Personnel expenses**

	1 January - 31 December 2025	1 January - 31 December 2024
Cost of sales	177.776	132.728
General administrative expenses	32.677	36.120
Marketing expenses	5.889	4.791
	216.342	173.639

28. OTHER INCOME AND EXPENSE**a) Other income**

	1 January - 31 December 2025	1 January - 31 December 2024
Interest on credit sales	14.353	22.802
Scrap sales	543	926
Insurance indemnity income	-	187
Other	1.297	1.392
	16.193	25.307

b) Other expense

	1 January - 31 December 2025	1 January - 31 December 2024
Foreign exchange loss	6.162	852
Property usage expense	825	-
Compensation expense	563	-
Bad debt allowance (Note 8)	-	284
Other	1.468	602
	9.018	1.738

29. INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2025	1 January - 31 December 2024
Dividend income	1.872	1.919
Gain/(Loss) on disposal of plant, property and equipment	5	547
Gain on asset held for sale	-	2.099
	1.877	4.565

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30. FINANCIAL INCOME AND EXPENSE

a) Financial income

	1 January - 31 December 2025	1 January - 31 December 2024
Interest income	7.116	4.705
	7.116	4.705

b) Financial expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Interest expenses	28.129	55.128
Interest charges	5.306	5.653
Bank expense	2.475	2.591
	35.910	63.372

31. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2025 and 2024, the details of the Group's assets held for sale are as follows:

	31 December 2025	31 December 2024
Opening	36.150	99.283
Disposals	-	(63.133)
Classifications at the beginning (*)	-	-
	36.150	36.150

(*) The Group reclassified land and building amounting to USD 63.133 and machinery and equipment amounting to USD 36.150, which were previously recognized under property, plant and equipment in the financial statements for the year ended 31 December 2024, to assets held for sale as a result of the disclosure made on Public Disclosure Platform on 18 December 2023. The sale of the land and building with a cost value of 63.133 USD was completed in 2024.

32. INCOME TAX ASSETS AND LIABILITIES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed and accrued on a quarterly basis. Advance corporate income tax rate applied in 2025 is 25% (2024:25%).

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods. Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies.

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32. INCOME TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of taxes by applying effective tax rates to profit before tax provision as reflected in the consolidated income statement for the years ended 31 December 2025 and 2024 is as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Profit before tax	49.722	607
At statutory income tax calculated with rate at 25% (2024: 25%)	12.431	152
Disallowable expenses	3.345	998
Tax exempt income	(8.084)	(7.815)
The effect of the foreign companies that have different tax rates	10.299	12.394
Tax expense	17.991	5.729

Current income tax for the periods ended 31 December 2025 and 2024 are summarized below:

	31 December 2025	31 December 2024
-Turkey tax charge	-	-
-U.S.A. tax charge	9.981	2.107
-Italy tax charge	-	-
Total statutory income tax charge for the year	9.981	2.107
Prepaid taxes	(24.130)	(24.522)
Income taxes (asset) / liability	(14.149)	(22.415)

The Group accounts for deferred tax assets and liabilities considering the effects of temporary differences arising as a result of different assessments between IAS and tax legislation that are put into effect by the balance sheet of the balance sheet.

As of 31 December 2025 deferred tax rate used is %25 in Turkey, 21% (Borusan Pipe US) and %26 (Berg Pipe) in USA, 24% in Italy (31 December 2024: %25 in Turkey, %21 in the USA, %24 in Italy).

For the periods ended on these dates, deferred tax asset/(liability) calculated with temporary differences and effective tax rate is as follows:

	Temporary differences		Deferred tax asset/(liability)	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Net differences between the tax base and the amounts reported:				
-carrying value of tangible and intangible assets	(302.903)	(279.955)	(74.849)	(69.132)
-carrying value of lands	(125.249)	(124.710)	(23.484)	(23.383)
-carrying value of financial assets	(75.061)	(75.592)	(9.383)	(9.449)
-carrying value of stocks	9.158	17.027	2.335	4.246
Provision for employee benefits obligation	8.024	6.106	1.891	1.527
Temporary differences of trade receivables	3.001	415	750	104
Temporary differences of trade payables	-	51	-	13
Carry forward tax losses	119.557	99.581	21.091	21.117
Derivative financial instruments	(4.351)	(213)	(1.088)	(53)
Other provisions and accruals	14.856	14.249	3.561	3.141
Deferred tax liability, net	(352.968)	(343.041)	(79.176)	(71.869)

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32. INCOME TAX ASSETS AND LIABILITIES (Continued)

The expiry dates of unused previous year losses as of December 31, 2024 and 2024 are as follows:

	31 December 2025	31 December 2024
2025	-	500
2026	50.265	21.285
2027	22.009	10.788
2028	9.682	19.403
2029	16.346	47.605
2030	21.255	-
	119.557	99.581

The distribution of deferred tax assets/(liabilities) for the periods ended on 31 December 2025 and 2024 are as follows:

	31 December 2025	31 December 2024
Deferred tax liability	(79.176)	(71.869)
Deferred tax liability, net	(79.176)	(71.869)

Deferred tax liability for the periods ended on 31 December 2025 and 2024 are as follows:

	1 January – 31 December 2025	1 January - 31 December 2024
Opening	(71.869)	(60.784)
Currency translation reserve	(24)	92
Tax charge recognized in the statement of comprehensive income	727	(7.555)
Tax charge recognized in the statement of income	(8.010)	(3.622)
Closing	(79.176)	(71.869)

Since each company consolidated is a separate entity, the deferred tax assets / liabilities of these companies cannot be netted. Deferred tax assets /liabilities of the Company and its subsidiaries are as follows:

	31 December 2025		31 December 2024	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Borusan Birleşik Boru Fabrikaları	-	44.230	-	42.071
Borusan Pipe US	-	20.634	-	15.815
Berg Pipe	-	12.856	-	12.681
Vobarno	-	1.456	-	1.302
	-	79.176	-	71.869

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33. EARNINGS PER SHARE

Earning per share is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can increase their capital via transfers from retained earnings and revaluation funds; and distribute costless shares to shareholders in corresponding to the capital increases. Such shares are taken into account as dividend payments. Dividends that are included by the capital as they are distributed are also taken into consideration as shared granted as dividends. Thus, such shares are considered to be in circulation throughout the entire period; when the earnings per share is calculated.

The Group's earnings per share as of 31 December 2025 and 2024 is as follows:

	31 December 2025	31 December 2024
Average number of shares existing during the period	14.177.158.228	14.175.000.000
Net profit for the period attributable to equity holders of the parent	31.731	(5.090)
Earnings per share	0,00224	(0,00036)

34. RELATED PARTY BALANCES AND TRANSACTIONS

a) Receivables and Payables to Related Parties

	31 December 2025	31 December 2024
Trade receivables		
Borçelik Çelik Sanayii Tic. A.Ş. (3)	-	29
Other	3	89
	3	118

	31 December 2025	31 December 2024
Other receivables		
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Tic. A.Ş. (2)	31	20
Borçelik Çelik Sanayii Tic. A.Ş. (3)	73	-
Diğer	4	-
	108	20

	31 December 2025	31 December 2024
Trade payables		
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Tic. A.Ş. (2)	1.582	2.834
Borusan Holding A.Ş. (1)	731	226
Borçelik Çelik Sanayii Tic. A.Ş. (3)	735	158
Other	90	91
	3.138	3.309

Borusan Lojistik provides services to the Company, whereas Borçelik provides raw material. The average due for the purchases are 30-60 days, and no interest charges may apply. Furthermore, no securities and guarantees are provided for the purchases.

	31 December 2025	31 December 2024
Other payables		
Borçelik Çelik Sanayii Tic. A.Ş. (3)	461	-
	461	-

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34. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**b) Transactions with related parties**

	1 January- 31 December 2025	1 January- 31 December 2024
Material purchases		
Borçelik Çelik Sanayii Tic. A.Ş. (3)	4.638	2.630
	4.638	2.630
Service purchases		
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Tic. A.Ş. (2)	20.999	39.143
Borusan Holding A.Ş. (1)	4.000	4.014
Borçelik Çelik Sanayii Tic. A.Ş. (3)	1.779	-
Other	299	169
	27.077	43.326
Sales		
Borusan İstikbal Ticaret T.A.Ş. (2) (*)	-	12.067
Borçelik Çelik Sanayii Tic. A.Ş. (3)	-	114
	-	12.181
	1 January- 31 December 2025	1 January- 31 December 2024
Gain on sale of fixed assets		
Borçelik Çelik Sanayii Tic. A.Ş. (3)	-	2.099
	-	2.099
Dividend income		
Borçelik Çelik Sanayii Tic. A.Ş. (3)	1.849	1.919
Other	23	-
	1.872	1.919

(1) Ultimate partner

(2) Subsidiary of the ultimate partner

(3) Financial investment

(*) As of 28 June 2024, Borusan İstikbal Ticaret Türk A.Ş. has been merged under Borusan Holding A.Ş.

c) Payments to key management

	1 January- 31 December 2025	1 January- 31 December 2024
Salaries and short-term benefits provided to top management	2.271	3.938
Salaries and short-term benefits provided to board of directors	280	202
	2.551	4.140

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35. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

Group aims to maximize the profitability through the optimization of the debt and equity balance, while maintaining the continuity of its business operations. The capital structure of the Group consists of debt which includes the borrowings disclosed in Note 7 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 24.

The Management of the Group analyzes the cost of capital and the risks associated with each class of capital and aims to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

(b) Financial risk management objectives

The Group's finance department is responsible for maintaining a systematical access to international and local markets as well as monitoring and managing the Group's risk exposure using the in-house reports which analyze the level and extent of risks. Such risks consist of market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments such as foreign currency forwards during the period. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.1) Credit risk

<u>31 December 2025</u>	<u>Receivables</u>					
	<u>Trade receivables</u>		<u>Other receivables</u>		<u>Bank accounts</u>	<u>Derivatives</u>
	<u>Related parties</u>	<u>Other</u>	<u>Related parties</u>	<u>Other</u>		
Maximum credit risk exposed as of balance sheet date	3	199.595	108	15.322	127.432	4.951
- the part under guarantee with collaterals, etc.	-	79.391	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3	184.002	108	15.322	127.432	-
- the part under guarantee with collaterals, etc.	-	73.611	-	-	-	-
B. Net book value of overdue but not impaired	-	15.593	-	-	-	-
- the part under guarantee with collaterals, etc.	-	5.780	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
- Past due (gross carrying amount)	-	321	-	-	-	-
- Impairment (-)	-	(321)	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	4.951
31 December 2024						
Maximum credit risk exposed as of balance sheet date	118	149.345	20	17.087	66.783	213
- the part under guarantee with collaterals, etc.	-	75.186	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	118	141.026	20	17.087	66.783	-
- the part under guarantee with collaterals, etc.	-	70.121	-	-	-	-
B. Net book value of overdue but not impaired	-	8.319	-	-	-	-
- the part under guarantee with collaterals, etc.	-	5.065	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
- Past due (gross carrying amount)	-	286	-	-	-	-
- Impairment (-)	-	(286)	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	213

1) In determining the amounts, guarantees received and factors that increase credit reliability were not taken into account.

2) Guarantees consist of mortgages received from customers, letters of guarantee, credit insurance, bank guarantee and Direct Borrowing System.

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35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.1) Credit risk (Continued)

Disclosures regarding the quality of financial assets

The Group's credit risk primarily arises from its trade receivables. Such credit risk is managed by limiting the risk by the amount of the collaterals received. In managing credit risk, the Group uses four types of instruments which are Direct Debit System, letters of guarantee, mortgages and credit insurance. The Group monitors the customers' credit limits on a consistent basis and creditworthiness of the customers are systematically assessed based on the financial position, past experience and other factors.

Trade receivables are reviewed depending on the Group policies and procedures and they are carried at net amounts in the balance sheet subsequent to any provision for doubtful receivables.

In accordance to the internal evaluation;	31 December	31 December
	2025	2024
Group 1	4.374	2.228
Group 2	179.631	138.916
Group 3	15.593	8.319
Total trade receivables	199.598	149.463

- Group 1: Customers which have been performing trade activities with Group no longer than 6 months
 Group 2: Customers which have been performing trade activities with Group over 6 months, without any collection problems during the entire process
 Group 3: Customers which have been performing trade activities with Group over 6 months, with several collection problems

There is no trade receivables restructured, or that may be overdue in the case of being not restructured (31 December 2024: None).

As of 31 December 2025, the part of overdue trade receivables for which no impairment was calculated equals USD 15.593 (31 December 2024: USD 8.319). Below is the aging of such trade receivables:

	<u>31 December 2025</u>	<u>31 December 2024</u>
1-30 days overdue	9.579	4.217
1-3 months overdue	3.810	2.640
3- 12 months overdue	2.204	1.462
Total overdue receivables	15.593	8.319
The part under guarantee with collaterals	5.780	5.065

As of 31 December 2025, there is a letter of guarantee amounting to USD 2.458 and a trade receivables credit insurance of USD 3.322 for these receivables (31 December 2024: a letter of guarantee amounting to USD 2.603 and trade receivables credit insurance of USD 2.464).

b.2) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

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35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.2) Liquidity risk (Continued)

Liquidity risk tables

Conservative liquidity risk management requires maintaining sufficient cash on hand, availability of sufficient loan transactions and fund sources and ability to close market positions.

	Carrying value	Total cash outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
31 December 2025						
Non derivative financial liabilities						
Borrowings	287.510	302.502	127.307	114.343	60.852	-
Lease Liabilities	21.814	22.840	544	4.949	9.330	8.017
Trade payables	208.066	208.066	203.233	4.833	-	-
Other payables	28.961	29.147	14.147	15.000	-	-
Derivative financial liabilities						
Derivative	600	600	431	169	-	-
Total liabilities	546.951	563.155	345.662	139.294	70.182	8.017
31 December 2024						
Non derivative financial liabilities						
Borrowings	328.288	331.023	173.557	85.190	71.317	959
Lease Liabilities	19.156	20.796	1.322	3.366	7.670	8.438
Trade payables	158.839	158.839	158.794	45	-	-
Other payables	38.118	39.078	9.078	15.323	14.677	-
Total liabilities	544.401	549.736	342.751	103.924	93.664	9.397

The details of the committed outstanding future contracts as of 31 December 2025 and 2024 are as below;

	Average exchange rates		Buying Amount		Selling amount		Fair value	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
USD buy - TRY sell								
Between 1-3 months	46,845	-	6.000	-	281.068	-	(281)	-
Between 4-6 months	49,600	-	4.000	-	198.400	-	(168)	-
USD buy - GBP sell								
Between 1-3 months	0,757	0,798	1.459	1.002	1.105	800	(23)	(1)
Between 4-6 months	0,760	-	112	-	85	-	(2)	-
USD buy - EUR sell								
Between 1-3 months	0,858	0,920	16.661	4.857	14.302	4.466	(159)	214
EUR buy - USD sell								
Between 1-3 months	1,170	-	4.282	-	5.000	-	32	-
Cross Currency Swap Transactions	-	-	-	-	-	-	4.591	-

(c) Market risk

Market risk includes foreign currency risk, interest rate risk and price risk. The Group is exposed to risks deriving from exchange rates and interest rates. In order to manage these risks, the Group uses derivative financial instruments. Furthermore, market risk can also be assessed via sensitivity analyses. There are no significant changes in the methods that are being used by the Group in assessing the market risk and other risks.

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35. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign currency risk management

Transactions in foreign currencies results in foreign currency risk. Foreign currency risk is managed by using derivative financial instruments such as foreign currency forwards.

Foreign currency sensitivity

The Group is mainly exposed to EUR, TRY, and GBP foreign currency risk.

The following table details the Group's sensitivity to a 20% change in the EUR, TRY and GBP exchange rates. 20% (31 December 2024: 20% change) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The negative amount indicates the revaluation of EUR, TRY and GBP against USD.

	31 December 2025			
	Profit / (loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1 - EUR net assets / liabilities	(9.657)	9.657	2.844	(2.844)
2 - EUR hedged from risks (-)	-	-	-	-
3- EUR net effect (1+2)	(9.657)	9.657	2.844	(2.844)
4- TRY net assets / liabilities	5.589	(5.589)	-	-
5- TRY hedged from risks (-)	-	-	-	-
6- TRY net effect (4+5)	5.589	(5.589)	-	-
7- GBP net assets / liabilities	607	(607)	-	-
8- GBP hedged from risks (-)	-	-	-	-
9- GBP net effect (7+8)	607	(607)	-	-
TOTAL (3 + 6 + 9)	(3.461)	3.461	2.844	(2.844)

	31 December 2024			
	Profit / (loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1 - EUR net assets / liabilities	(10.230)	10.230	2.095	(2.095)
2 - EUR hedged from risks (-)	-	-	-	-
3- EUR net effect (1+2)	(10.230)	10.230	2.095	(2.095)
4- TRY net assets / liabilities	(883)	883	-	-
5- TRY hedged from risks (-)	-	-	-	-
6- TRY net effect (4+5)	(883)	883	-	-
7- GBP net assets / liabilities	129	(129)	-	-
8- GBP hedged from risks (-)	-	-	-	-
9- GBP net effect (7+8)	129	(129)	-	-
TOTAL (3 + 6 + 9)	(10.984)	10.984	2.095	(2.095)

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35. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign currency risk management (Continued)

The assets and liabilities in foreign currencies that are being held by the Group as of 31 December 2025 and 2024 are as follows, in the original currencies and amounts, and denominated in their USD equivalents:

	31 December 2025				31 December 2024			
	TRY	EUR	GBP	USD equivalents	TRY	EUR	GBP	USD equivalents
1 Trade receivables	1.078.580	37.226	2.191	71.805	926.810	37.579	814	66.419
2a Monetary financial assets (including cash and cash equivalents)	121.212	3.937	311	7.867	143.257	1.746	36	5.923
3 Other	1.547.146	357	-	36.529	539.108	299	-	15.592
4 Current Assets (1+2+3)	2.746.938	41.520	2.502	116.201	1.609.175	39.624	850	87.934
5 Trade receivables	-	-	-	-	-	-	-	-
6a Monetary Financial Assets	-	-	-	-	-	-	-	-
6b Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7 Other	8.488	258	-	501	5.783	9	-	174
8 Non-Current Assets (5+6+7)	8.488	258	-	501	5.783	9	-	174
9 TOTAL ASSETS (4+8)	2.755.426	41.778	2.502	116.702	1.614.958	39.633	850	88.108
10 Trade payables	486.386	14.263	21	28.120	393.032	16.234	9	28.135
11 Financial liabilities	3.357.217	58.269	-	146.743	1.187.080	50.482	-	86.151
12a Other monetary liabilities	414.325	1.659	219	11.911	255.812	1.452	34	8.806
13 Short-term liabilities (10+11+12)	4.257.928	74.191	240	186.774	1.835.924	68.168	43	123.092
14 Trade payables	-	-	-	-	-	-	-	-
15 Financial liabilities	61.572	10.855	-	14.176	34.771	20.580	-	22.413
16a Other monetary liabilities	-	-	-	-	-	-	-	-
17 Long-term liabilities (14+15+16)	61.572	10.855	-	14.176	34.771	20.580	-	22.413
18 TOTAL LIABILITIES (13+17)	4.319.500	85.046	240	200.950	1.870.695	88.748	43	145.505
19 Net asset and liability positions of derivatives out of statement of financial situation(19a-19b)	2.761.301	2.127	-	66.944	100.000	-	(800)	1.832
19a Total Hedged Assets	3.240.769	4.282	-	80.663	-	-	-	-
19b Total Hedged Liabilities	479.468	2.155	-	13.719	(100.000)	-	800	(1.832)
20 Net foreign currency Asset/ (Liability) position (9-18+19)	1.197.227	(41.141)	2.262	(17.304)	(155.737)	(49.115)	7	(55.565)
21 Monetary Items Net Foreign Currency Asset/(Liability) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(1.572.562)	(43.526)	2.262	(84.749)	(261.520)	(49.124)	807	(57.571)
22 Fair value of the financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23 Total Hedged Assets in Foreign Currency	479.468	2.155	-	13.719	100.000	-	(800)	1.832
24 Total Hedged Liabilities in Foreign Currency	3.240.769	4.282	-	80.663	-	-	-	-

From 1 January 2025 to 31 December 2025, the Group imported amounting to 99.801 USD, 12.179 EUR, 520 JPY and exported amounting to 90.951 USD, 122.768 EUR ve 8.727 GBP (From 1 January 2024 to 31 December 2024, the Group imported amounting to 130.731 USD, 10.018 EUR, 7.010 JPY and 349 CHF and exported amounting to 165.442 USD, 91.735 EUR ve 4.968 GBP)

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35. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The interest rates on the Group's financial liabilities are detailed in Note 7, Bank Borrowings, Short Term and Long Term.

The Group's exposure to interest rate risk is related to its financial liabilities. These risks are managed by the Group through the interest rate swap agreements and forward interest rate agreements and by maintaining an appropriate distribution between fixed and variable rated debts. Hedging strategies are evaluated regularly to be compatible with interest rate expectations and defined risk. Thus, the creation of optimal hedging strategy, revision of the balance sheet position both and to be kept under the control of interest expenditure at different interest rates have been intended. The interest rate is fixed for significant portion of the Group's borrowings when the borrowing is obtained. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the income and loss effect of variable rate borrowings in the financial statements would be immaterial.

(f) Price risk

The Group is exposed to price risks arising from the cost of raw material inventories and the steel price changes affecting the sales prices except pipeline projects. Projects has not been affected by change in steel prices due to fixed the raw materials prices at the beginning. There are no global derivative instruments to be utilized against the adverse price change effect on the sales margins. The Group optimizes inventory turnover rates by reviewing the sales-production-purchase balance on a consistent basis considering the steel price trend and reflects the changes on steel prices to the selling prices.

	Financial assets or liabilities measured with amortized cost method	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Carrying amount
31 December 2025				
<u>Financial assets</u>				
Cash and cash equivalents	127.437	-	-	127.437
Trade receivables	199.595	-	-	199.595
Due from related parties	3	-	-	3
Financial investments	16	96.097	-	96.113
Other receivables	15.322	-	-	15.322
Other receivables from related parties	108	-	-	108
Derivatives	-	-	4.951	4.951
<u>Financial liabilities</u>				
Borrowings	309.324	-	-	309.324
Trade payables	204.928	-	-	204.928
Due to related parties	3.138	-	-	3.138
Other payables	28.500	-	-	28.500
Other payables to related parties	461	-	-	461
Derivatives	-	184	416	600
31 December 2024				
<u>Financial assets</u>				
Cash and cash equivalents	66.784	-	-	66.784
Trade receivables	149.345	-	-	149.345
Due from related parties	118	-	-	118
Financial investments	71	101.190	-	101.261
Other receivables	17.087	-	-	17.087
Other receivables from related parties	20	-	-	20
Derivatives	-	-	213	213
<u>Financial liabilities</u>				
Borrowings	347.444	-	-	347.444
Trade payables	155.530	-	-	155.530
Due to related parties	3.309	-	-	3.309
Other payables	38.118	-	-	38.118

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36. FINANCIAL INSTRUMENTS

Below table is the reconciliation of fair values of financial assets and liabilities;

	Trading purpose	Derivative financial instruments	Financial investments	Total
31 December 2025				
Opening balance	-	213	101.190	101.403
Total gain or losses				
- Recognized in profit and loss	-	4.535	-	4.535
- Recognized in other comprehensive income	-	(397)	(5.093)	(5.490)
Closing balance	-	4.351	96.097	100.448
31 December 2024				
Opening balance	-	463	82.460	82.923
Total gain or losses				
- Recognized in profit and loss	-	(463)	-	(463)
- Recognized in other comprehensive income	-	213	18.730	18.943
Closing balance	-	213	101.190	101.403

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

31 December 2025	Level 1 USD	Level 2 USD	Level 3 USD
Permanent fair value measurements:			
Derivative financial instruments at fair value through comprehensive income statement	-	4.535	-
Financial investment	-	-	96.097
Property, plant and equipment	-	683.304	-
Non-permanent fair value measurements:			
Assets held for sale	-	36.150	-
31 December 2024	Level 1 USD	Level 2 USD	Level 3 USD
Permanent fair value measurements:			
Derivative financial instruments at fair value through comprehensive income statement	-	213	-
Financial investment	-	-	101.190
Property, plant and equipment	-	678.311	-
Non-permanent fair value measurements:			
Assets held for sale	-	36.150	-

38. SUBSEQUENT EVENTS

None.