



**BORUSAN  
BORU**

**2023  
ANNUAL REPORT**



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# 01

## PRESENTATION



**WE ARE PREPARING FOR  
THE FUTURE BY INCREASING  
STAKEHOLDER VALUE**

# BORUSAN BORU IN BRIEF

## A GLOBAL PLAYER AT HOME IN LOCAL MARKETS

**Borusan Boru grew out of Borusan Boru Sanayi AŞ, a company originally established in 1958 by Asım Kocabıyık as the first industrial venture of what has since become the Borusan Group. Its legal name was changed to Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret AŞ (“BBB”) on 23 November 2023. Borusan Boru today is one of the world’s leading manufacturers of steel pipe.**

Shares in the company have been quoted on the İstanbul stock exchange (Borsa İstanbul) since 1994 and trade there under the symbol “BRSAN”. (Public float: 19.85%)

In 1998, the company partnered with Mannesmannröhen Werke AG, the world’s leading pipe manufacturer, and changed its name to BMB Holding AŞ (“BMBH”). Having adopted a global growth strategy, the company made its first overseas acquisition in Italy in 2001. The Vobarno-headquartered pipemaker, now called Borusan Vobarno Tubi SpA, is a respected European provider of high-quality products and services.

Borusan Boru made its first entry into the US market in 2014 with a USD 150 million investment undertaken by its Houston-based subsidiary Borusan Pipe US Inc (BPU). The investment became operational in the third quarter of the same year and was soon a major supplier of pipe to the petroleum and natural gas industry. Besides being one of Europe’s leading pipe manufacturers, this facility positioned Borusan Boru as a Turkish company with manufacturing operations of its own in the United States.

Continuing to pursue its “Global Player at Home in Local Markets” strategy, Borusan Boru acquired US-based Berg Europipe Holding Corp, making it a wholly-owned subsidiary at

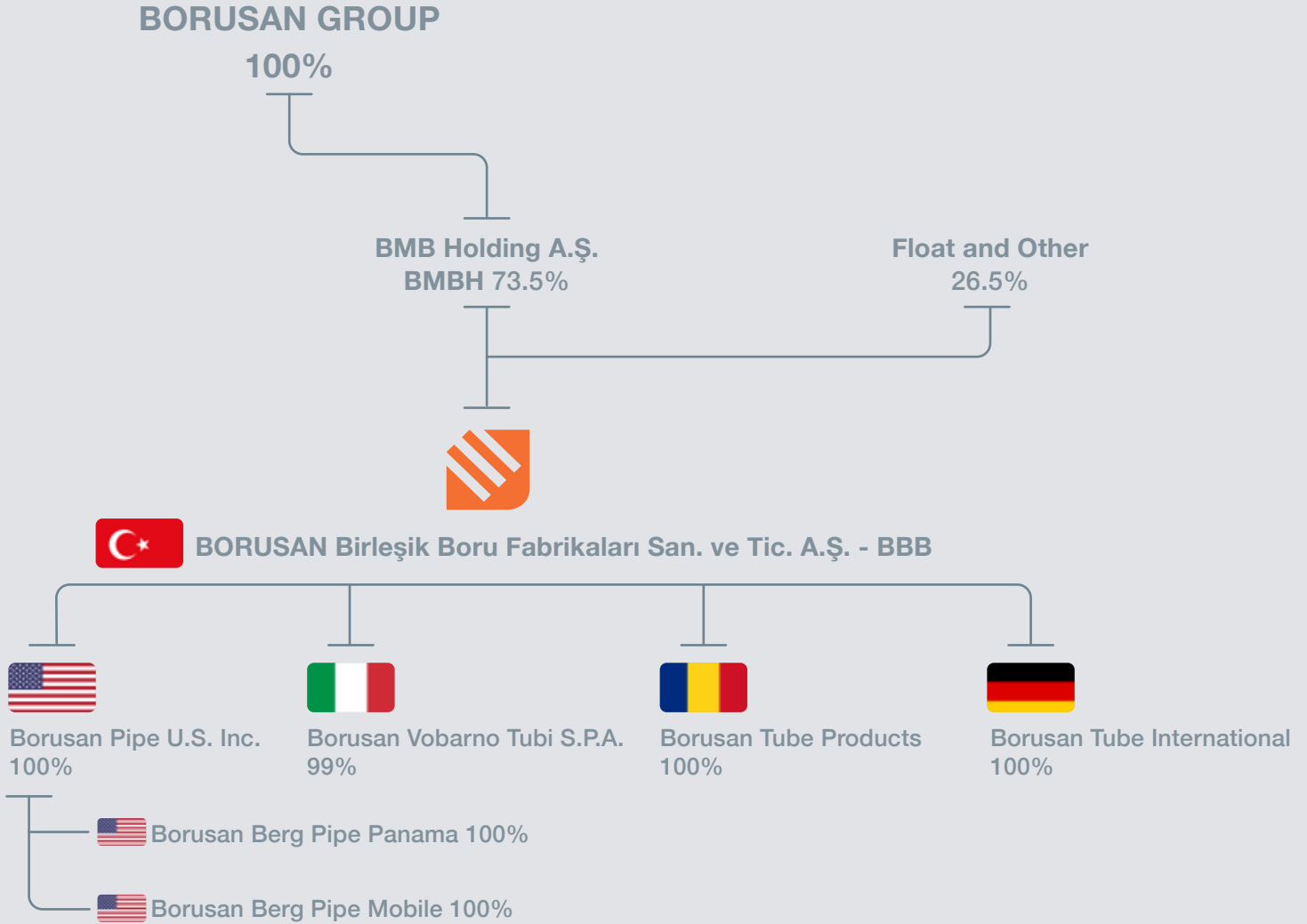
an investment cost of USD 162 million. As a result of this acquisition, Borusan Boru now owns two plants (one in Panama City FL, the other in Mobile AL) that position it as a supplier of large-scale steel pipe to North America’s burgeoning energy markets. Borusan Boru began consolidating Berg Pipe’s financials into its own on 13 April 2023.

On 27 November 2023, the Borusan Group purchased Salzgitter Mannesmann GmbH’s 23% stake in BMB Holding AŞ at an investment cost of EUR 52.8 million. This acquisition increased the group’s indirect ownership of Borusan Boru from 56.6% to 73.5%.

Seeking to pursue strategic growth as a supplier to the automotives industry, in 2023, Borusan Boru invested EUR 15 million to set up a service center near Ploiești in Romania and invested USD 50 million in a SRM (Stretched Reduced Mill) line in Baytown, Houston in line with its strategy of localizing its operations in the US market.

With 65 years of experience, a global footprint spanning three continents, and an extensive portfolio of 4,000 products, Borusan Boru is one of the world’s leading steel pipe manufacturers. The company employs 2,592 people in 11 plants with a combined operational space of 1.1 million m<sup>2</sup> and an annual production capacity of 2 million tons.

# SHAREHOLDING STRUCTURE



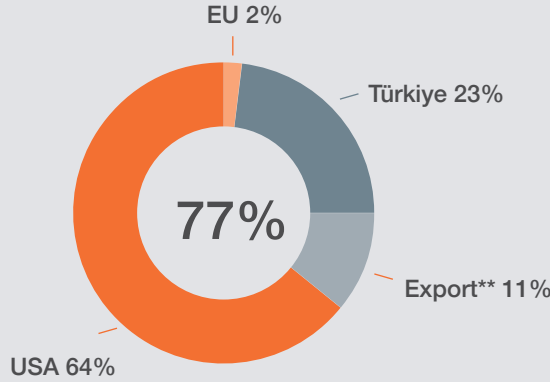
## SHAREHOLDING STRUCTURE

	Share Amount	Share (%)
BMB Holding A.Ş.*	104,157	73.48
Publicly-held and others	37,593	26.52
<b>Total (TL thousand)</b>	<b>141,750</b>	<b>100.00</b>

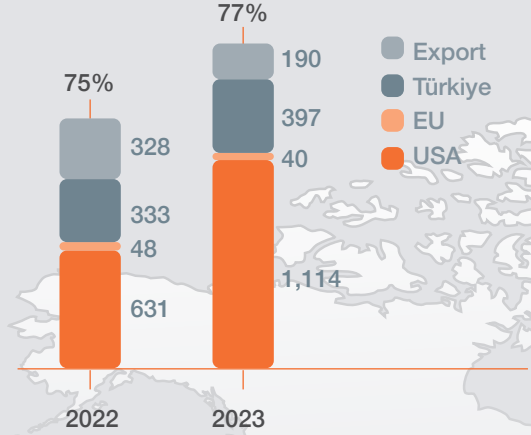
\* For detailed information about Capital Structure and Subsidiaries see Annexes - Other Information.

# BORUSAN BORU IN BRIEF

## High Share of Global Markets in Revenues (%)

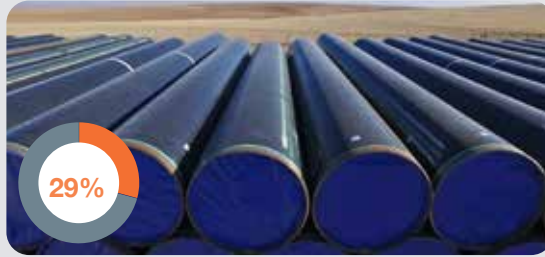


## Growing Revenues in the US and Turkish Markets (USD million)



## Business Lines

### Infrastructure & Projects



#### Production Centers:

Gemlik\* (TR), Panama City (US), Mobile (US)

#### Products:

Spiral (Helical) Welded Pipes  
LSAW Line Pipes  
ERW Line Pipes

### Industry & Construction



#### Production Centers:

Gemlik (TR), Halkalı (TR), Houston (US)

#### Products:

ERW Natural Gas Pipes  
Industrial Pipes & Profiles  
Water Pipes  
Construction Pipes & Profiles  
SRM Installation Pipes

\* Sale of land and buildings associated with the large-diameter pipe production facility located in Gemlik, has been completed on 22 February 2024 with the aim to reposition Borusan Boru's production facilities in line with company's strategic targets, and for the optimization of manufacturing of large diameter pipes used in Infrastructure and Projects business line. The options to whether relocate or sell the machinery and equipment installed on the associated land and buildings at Gemlik Facilities, are being evaluated. In Türkiye; manufacturing of pipes in various dimensions continue for use in the Automotive business line at Halkalı Plant and Bursa Service Center, and for the Industry, Construction, Energy, and Automotive business lines at Gemlik Plants.

\*\* Exports from Türkiye to EU and US operations are consolidated under related the operations.





3

Continents



11

Plants

1.1 million m<sup>2</sup>

Area



2,592

Employees



2 million tons

Capacity



4,000

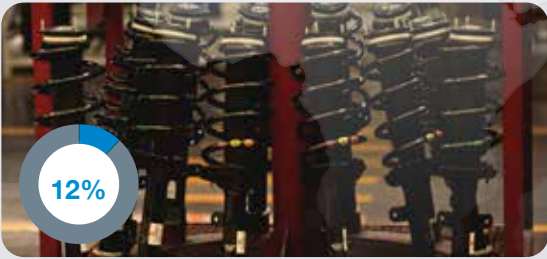
Products

ROMANIA

ITALY

TÜRKİYE

Automotive

**Production Centers:**

Gemlik (TR), Halkalı (TR), Vobarno (IT)

**Products:**

Hydraulic Cylinder Pipe  
Cold Drawn Pipes  
Advanced Processed Pipes  
Precision Pipe & Profiles

Energy

**Production Centers:**

Gemlik (TR), Houston (US)

**Products:**

ERW Line Pipes  
OCTG Pipes

# CORPORATE MISSION, VISION & VALUES

## MISSION

To produce goods and services which have a positive impact on the world and which benefit society.

## VISION

To be a leading and renown global supplier of steel pipes and integrated solutions with a focus on high value-added products having local production capabilities in target markets and unmatched cost competitiveness in all its products.

## VALUES

### WE TAKE INITIATIVE AND RESPONSIBILITY

We demonstrate effective individual leadership. We take action to do what our job requires. We work as a team. We create efficient and lean organizations.

### WE STRIVE FOR OUR CUSTOMERS' SATISFACTION

We're committed to help for the success of our customers. We create value, offering high-quality products and services for our customers. We value customer feedback.

### WE AIM FOR EXCELLENCE

We are experts in our field. We set and achieve high standards of success. We're innovative and creative. We support continuous development.

### WE ARE TRUSTWORTHY

We build open and honest relationships. We keep our promises. We compete fairly.

### WE GIVE BACK TO SOCIETY

We support sociocultural enrichment. We encourage employees to take part in socially-beneficial initiatives. We're environmentally aware and responsible.

# BORUSAN BORU'S STRATEGIC FOCUS

## COMPETITIVE ADVANTAGES

- Qualified human resource, agile and adapting to change with a vision to derive opportunities in challenges
- Recognition as a leading brand known for high quality
- Maximum customer satisfaction underpinned by a customer-centric, solution-focused approach
- Preferred manufacturer of suppliers due to value-added products, continuous growth, and trusted-partner approach
- Extensive portfolio of products continuously expanded by new investments
- Cold-drawn pipe producer ranked in the 1<sup>st</sup> place in Europe and a leading manufacturer of welded steel pipe in the US
- Diversified product portfolio capable of uniquely addressing the dynamics of different markets and sectors

## TRANSFORMATIONAL FOCUS

- Environmental, Social and Governance (ESG) focused cultural transformation
- Carbon Border Adjustment Mechanism (CBAM) compliance
- Process digitalization
- Operational productivity enhancement
- Profitability-focused sustainable growth across business lines and operational territories
- Integration of new cross-border acquisitions & investments in the most effective manner
- Value-adding “smart” pipes that enable user-product communication
- Hydrogen-technology, carbon-capture, and energy-storage products that give access to new markets

## STRATEGIC ACTIONS

- Infrastructure & Projects: Leverage US-based Berg Pipe acquisition into North American market growth
- Industry & Construction: Increase the weight of new products in portfolio in the wake of SRM investment in the US
- Automotive: Leverage service center investment in Romania to penetrate Tier 1 and Tier 2 customer segments across Europe
- Energy: Support profitable revenue growth by prioritizing automation and robotics investments in existing lines
- Continuously assess productivity-enhancing merger & acquisition opportunities

# BORUSAN BORU TIMELINE

GROWTH-FOCUSED INVESTMENTS THAT INCREASE  
STAKEHOLDER VALUE

**1958**

Asım Kocabıyık plants the seeds from which Borusan Boru will grow.

**1968**

Halkalı ERW pipe plant becomes operational.

**1969**

Borusan begins exporting its products.

**1976**

Gemlik ERW pipe plant becomes operational.

**1979**

Borusan Port becomes operational giving Borusan Boru a strong competitive advantage.

**2014**

BBB's USD 150 million OCTG pipe plant investment in Houston becomes operational.

**2016**

Bursa Service Center is set up to render services to the automotive industry

**2019**

The Gemlik Automotive Pipe Line becomes operational.

**2021**

Commercial liaison office opens in Germany.

**2022**

BBB books USD 1.3 billion in revenues.



With **11 facilities spanning 3 continents**, Borusan Boru pursues production excellence in order to keep customers in sectors ranging from oil & gas to manufacturing and automotive continuously supplied with high-quality, innovative products that serve to the improvement of the industry. Backed by Borusan Boru's expertise and reliability, the company's high-tech products are shipped all over the world. With over 4,000 types of products already in its portfolio, Borusan Boru is a steel pipe industry leader whose ability to develop new products and come up with solutions tailored to the needs and expectations of customers sets it apart from its competitors.

**1994**

Borusan Boru AŞ shares start trading on the İstanbul Stock Exchange.

**1998**

Borusan Group consolidates its operations in Türkiye with Salzgitter GMBH.

**2001**

Borusan makes its first cross-border acquisition with the purchase of Vobarno Tubi SpA.

**2004**

Company is renamed Borusan Mannesmann.

**2011**

Gemlik HSAW Pipe Plant becomes operational.

**2023**

Berg Pipe's LSAW plant (built 1979) in Florida and HSAW plant (built 2007) in Alabama are acquired at an investment cost of **USD 162 million**.

Work continues on the company's **USD 50 million** SRM Line\* investment in Baytown, US.

Work continues on the company's **EUR 15 million** investment at its Romania Service Center.\*

Borusan Group purchases Salzgitter Mannesmann GmbH's 23% stake in BMB Holding AŞ.

The company's legal name is registered on 23 November 2023 as Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret AŞ. (Borusan Boru)

\* Operations are scheduled to begin in Q1 2024.



# FINANCIAL AND OPERATIONAL INDICATORS

✓ **Revenue**  
USD 1.7 billion

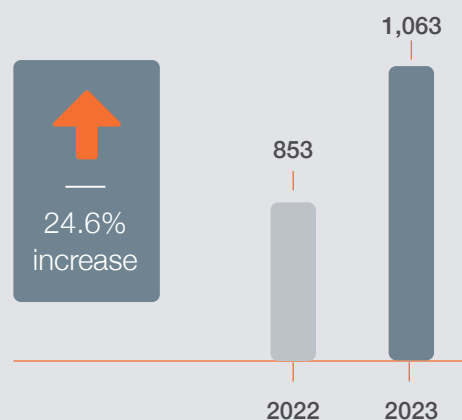
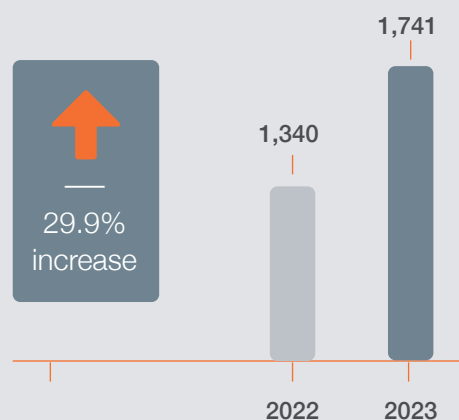
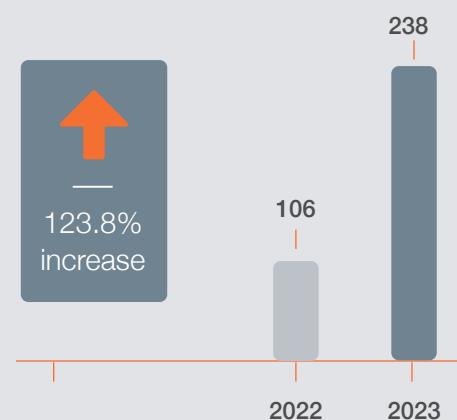
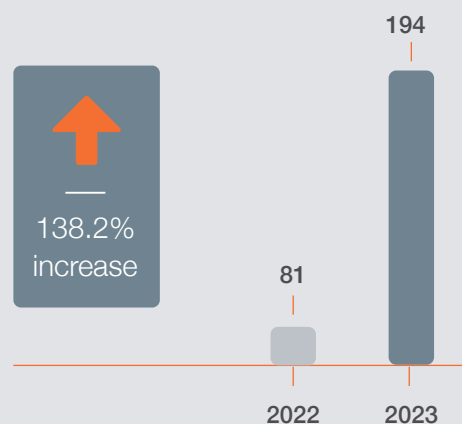
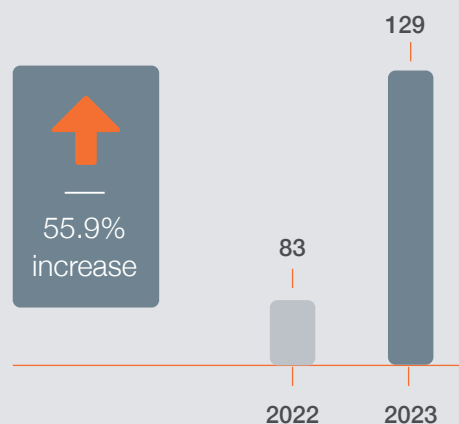
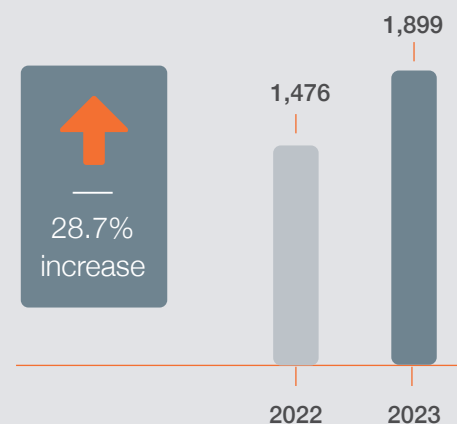
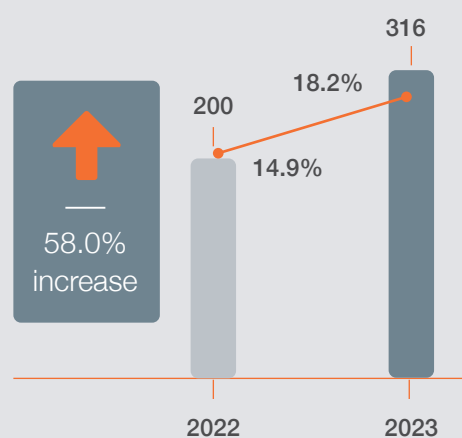
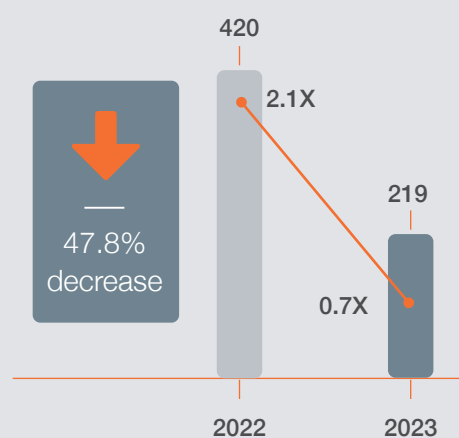
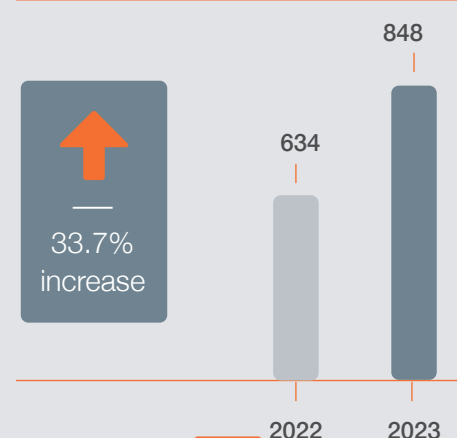
✓ **EBITDA Margin**  
18.2%

✓ **Net profit**  
USD 194 million

## SUMMARY INCOME STATEMENT

CONSOLIDATED (USD million)	2023	2022	Change (%)
Revenue	1,741	1,340	29.9%
Gross profit	318	189	68.5%
<i>Gross Profit Margin (%)</i>	<i>18.3%</i>	<i>14.1%</i>	<i>4.2 p.p.</i>
Operational Expenses	(85)	(65)	31.4%
<i>OPEX Margin (%)</i>	<i>(4.9%)</i>	<i>(4.8%)</i>	<i>0.1 p.p.</i>
Other	62	35	76.8%
EBIT	295	159	85.4%
<i>EBIT Margin (%)</i>	<i>17.0%</i>	<i>11.9%</i>	<i>5.1 p.p.</i>
Financial Expenses	(58)	(53)	8.6%
Profit Before Tax	238	106	123.8%
<i>PBT Margin (%)</i>	<i>13.6%</i>	<i>7.9%</i>	<i>5.7 p.p.</i>
Net Profit	194	81	138.2%
<i>Net Profit Margin (%)</i>	<i>11.1%</i>	<i>6.1%</i>	<i>5.0 p.p.</i>
Amortization	42	34	24.2%
Other	(21)	7	n.m.
EBITDA*	316	200	58.0%
<i>EBITDA Margin (%)</i>	<i>18.2%</i>	<i>14.9%</i>	<i>3.3 p.p.</i>

\* EBITDA is calculated by including net other operating income, income from investing activities and excluding one-off income (expense) items.

SALES VOLUME  
(thousand tons)REVENUE  
(USD million)PROFIT BEFORE TAX  
(USD million)NET PROFIT  
(USD million)CASH AND CASH EQUIVALENTS  
(USD million)TOTAL ASSETS  
(USD million)EBITDA & EBITDA MARGIN  
(USD million - %)NET DEBT & NET DEBT / EBITDA  
(USD million)EQUITY  
(USD million)

## FINANCIAL AND OPERATIONAL INDICATORS

✓ **Strong cash flow** thanks to the policy of reducing working capital needs

### SUMMARY CASH FLOW STATEMENT

CONSOLIDATED (USD million)	2023	2022	% Change
Cash Flows from Operating Activities	313	(145)	n.m.
Cash Outflows from Investing Activities	(70)	(31)	123.7%
Cash Outflows from Financing Activities	(194)	88	n.m.
Change in Cash and Cash Equivalents	49	(89)	n.m.
Cash and Cash Equivalents at the Beginning of the Period	81	169	(52.4%)
Cash and Cash Equivalents at the End of the Period	129	81	60.4%



## SUMMARY BALANCE SHEET

CONSOLIDATED (USD million)	2023	2022
Cash and Cash Equivalents	129	83
Trade Receivables	197	251
Inventories	537	335
Current Assets	1,084	735
Non-current Assets	816	741
<b>TOTAL ASSETS</b>	<b>1,899</b>	<b>1,476</b>
Short Term Financial Debt	265	424
Trade Payables	293	203
Short-Term Liabilities	874	681
Long Term Financial Debt	84	79
Long Term Liabilities	178	161
Paid-in capital	69	69
<b>EQUITY</b>	<b>848</b>	<b>634</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,899</b>	<b>1,476</b>

✓ **Total Assets**  
USD 1,899  
million

## FINANCIAL AND OPERATIONAL INDICATORS

### RATIOS

✓ **Return on Assets**  
10.2% - 4.7 p.p.  
increase

✓ **Return on Equity**  
26.2% - 11.8 p.p.  
increase

	2023	2022
Current rate	1.24	1.08
Liquidity Ratio	0.63	0.59
Inventory Turnover Rate	2.65	3.44
Working Capital Turnover	42.1%	43.7%
Equity Ratio	47.9%	45.5%
Return on Assets (RoA)	10.2%	5.5%
Return on Equity (RoE)	26.2%	14.4%





**CONSOLIDATED INCOME STATEMENT:**

In 2023, Borusan Boru booked consolidated sales amounting to 1,063,000 tons, up about 24.6% over the previous year. Owing to the acquisition of Berg Pipe, the Infrastructure & Projects business line's sales of large-diameter pipe experienced a YoY increase of 284.5%. The company continued to perform well outside its home market, with approximately 77% of total sales revenues generated by exports and international operations.

All in all, consolidated revenues in 2023 were up by 29.9% YoY in 2023 and weighed in at USD 1,741,000,000.

Sales prices in the Industry & Construction business line were weakened in 2023 by the economic constraints of volatile global markets. The Automotive business line experienced challenges due to the production contraction that European manufacturers faced in the first half-year while in the Energy business line, supply/demand equilibrium was restored in the second half of the year. However, due to increase in the Infrastructure & Projects business line's sales of value-added pipes, Borusan Boru's EBITDA increased by 58% YoY and reached USD 316 million while its EBITDA margin was up by 3.3 percentage points to 18.2%.

In 2023, the company booked a profit before tax of USD 238 million (up 123.8%) and a net income of USD 194 million (up 138.2%).

**CONSOLIDATED CASHFLOW:**

In 2023, the company's cash inflow from operating activities came in at USD 313 million up from USD 145 million cash outflow from operating activities in 2022; thanks to the effective working capital management.

The company booked USD 79.4 million cash outflow from investing activities due to the need to finance the company's investments in the US and Romania.

In 2022 the company showed a positive cashflow of USD 88 million generated by external financing. In 2023 this shifted to a USD 194 million outflow due to debt servicing during the year.

**CONSOLIDATED BALANCE SHEET:**

Improved operating profitability drove a substantial 55.9% increase in cash and cash equivalents, which reached USD 129 million.

The company's ability to cover much of its operational and investment activities through the cash it generated reduced total financial debt by 30.7% to USD 349 million last year.

Effective working capital management and increased sales volume resulted in an increase in net working capital by 15.0% last year to USD 441 million.

Thanks both to strict financial discipline and to the company's policy of reducing its working capital requirement, Net Debt decreased from USD 420 million in 2022 to USD 219 million in 2023. The Net Debt/EBITDA ratio also plummeted from 2.1X to 0.7X last year.

**2023 PERFORMANCE & 2024 OUTLOOK:**

In its Q2 2023 interim report, Borusan Boru stated that it expected to book sales of 1.10-1.30 million tons and revenues in the USD 1.7-2.0 billion range by the end of 2023 but also noted that this was contingent on global developments in steel prices. In its Q3 2023 interim report, Borusan Boru stated that despite the Berg Pipe acquisition's contributions to its financials, the company had revised its year-end sales forecast to 1.00-1.15 million tons (owing both to sales volume returning to normal levels in Energy business line and to limited exports) and its revenues to the USD 1.5-1.8 billion range (owing mainly to reduced sales and price weaknesses). The company also said that it expected to book EBITDA margin below 20% in 2023 for the exceptional profitability registered in the first half-year had been normalized in Q3 as a result of rising production costs brought on by inflation and exchange rate volatility.

Having recorded higher-than sectoral-average profitability in the first half of 2023 arising from the prospects of strong demand and higher-than long-term average increases in sales prices in its Energy business line, Borusan Boru performed in line with company-announced forecasts in 2023. In 2024, the company anticipates that sales prices will revert to their long-term mean and that profitability will return to normal levels owing to the realignment of supply and demand. It expects to book sales of 1.05-1.20 million tons, revenues in the USD 1.7-2.0 billion range, and an EBITDA margin on the order of 8%-10%.

# CHAIRMAN'S MESSAGE

**We left 2023 behind by undersigning developments that will reinforce our strategy of becoming “a global player at home in local markets” and by achieving the strongest financial results in our history.**

Valued Stakeholders;

2023 was the scene of developments of momentous importance both for our own country and for global markets. Having suffered one of the most disastrous earthquakes in its history, our country pulled together in solidarity in the effort to cope with the material and moral devastation that it caused. Despite the year's many hardships on the economic front however, our company looked beyond them and, by managing its portfolio by making the most of opportunities across all business lines as well as taking measures specifically to cope with demand contraction arising from market dynamics, Borusan Boru registered the strongest financial performance in its history. Last year, we continued to undertake cross-border investments of the sort that we first made back in 2001 in order to position

Borusan Boru as “A Global Player at Home in Local Markets”: 77% of our total revenues were generated from global markets in 2023.

As a result of a review of our operations from the standpoint of product portfolio and plant productivity, we have restructured our Infrastructure & Projects business line. Last year, we acquired US-based Berg Pipe with the aim of becoming a leading manufacturer of welded steel pipe in North American markets, which account for a 28% share of a global steel pipe market that is estimated to be worth more than USD 95 billion.

Recognizing our responsibility as a global company, we have accelerated our sustainability and digital transformation initiatives. This includes promoting a circular economy and working towards our carbon-neutrality goals.



Our company's actions continue to be focused on climate, people, and innovation as called for by the United Nations Global Compact to which Borusan Boru subscribed in 2021. We are aiming to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 37% and both water use and disposed waste by 50% by 2030.

In November, our partnership with Salzgitter Mannesmann GmbH, which controlled a 23% stake in BMB Holding AŞ, has ended. Borusan Group acquired Salzgitter Mannesmann's shares, increasing its stake in Borusan Boru. Accordingly, we renamed our brand as "Borusan Boru" in our home market and as "Borusan Pipe" in the international arena. However, this rebranding does not imply any change in how we do business and we shall continue to conduct our operations exactly as we have always done.

As we leave behind 2023, the Republic of Türkiye's first centenary, which we all proudly celebrated, we will defend our strong position in our sector, while continuing to undersign breakthroughs that will move Borusan Boru to the second and many more centuries to come.

In closing, I take this opportunity to thank our Board of Directors, Executive Committee, and employees for the efforts that make Borusan Boru the leader of its sector and all of our customers, suppliers, and shareholders for their confidence in our company.

**Semih Abidin Özmen**

Chairman of the Board of Directors



## CEO'S MESSAGE

**In 2023, we recorded the strongest financial results in Borusan Boru's history with a focus on financial discipline, while continued with our sustainably-profitable, revenue-growth oriented investments.**

Esteemed Stakeholders;

While still struggling in 2023, to bind the wounds of the tragic earthquake that our country suffered on 6 February, global markets were beset with macroeconomic and geopolitical volatilities that shaped the dynamics of our business lines.

Four business lines and operations in different parts of the world balanced macroeconomic volatilities thanks to their unique internal dynamics, while we focused on operational productivity and business excellence across Borusan Boru.

We registered exceptional revenue growth and profitability in the first half of the year, when we acquired US-based Berg Pipe, adding it to our Infrastructure & Projects business line; and due to the prospects of strong market demand for oil & gas well pipe as well as above-long-term average increases in sales prices in the Energy business line. Demand was depressed by macroeconomic developments in the Industry & Construction, and by sectoral contraction in the Automotive business lines. Overall in 2023, total sales volume was up by 24.6% year-on and amounted to 1.06 million



tons while consolidated revenues grew by 29.9% to USD 1.74 billion. Our EBITDA margin last year was up by 3.3 percentage points to 18.2%; net profit increased by 138.2% and weighed in at USD 194 million. Thanks to our resolute focus on operational profitability and effective cash management all year long, while continuing with our sustainably-profitable and growth-centered investments, our net debt decreased to USD 219 million and Net Debt/EBITDA came in at an exceptionally low level at 0.7X.

In the Infrastructure & Projects business line, our US-based subsidiary Borusan Pipe acquired 100% of Berg Pipe from Europipe GmbH at an investment cost of USD 162 million on 13 April 2023. The operational footprint of this new wholly-owned subsidiary will allow us to tap the huge growth potential in the demand for energy pipeline construction in North American markets. With the post-acquisition consolidation of Berg Pipe's financials into our own last year, the Infrastructure & Projects business line's revenues shot up by 321.1% year on, reaching USD 510 million and a 29% share in our consolidated revenues. We expect Berg Pipe's contribution to our sales volume will be on the order of 2.5-3.0 million tons over the next decade.

Additionally in an attempt to increase productivity and sustain optimization in this business line, we decided to halt the production only of large-diameter pipes solely used by the Infrastructure and Projects business line at our Gemlik facilities.

Accordingly all the land and buildings on which the associated machinery and equipment are installed were sold on 22 February 2024 in return for USD 66 million. We aim to finalize this sale by end-2024. We are currently evaluating our options whether to relocate or sell the machinery and equipment. We continue to manufacture pipes in various dimensions in Türkiye for use in the Automotive business line at our Halkalı Plant and Bursa Service Center and for the Industry, Construction, Energy, and Automotive business lines at Gemlik Plants.

In the Industry & Construction business line, revenues were down by 21.0% year on, to USD 309 million and accounted for an 18% share of our consolidated revenues due to the market volatilities in our operational territories and decreasing raw material prices. Work on the installation of a new production line at the Baytown complex in Houston continued last year. The new line, which is equipped with advanced production technology and will be supplying pipe to this business line, is scheduled to become operational in the first quarter of 2024. When it does, new products addressing the needs of the construction and manufacturing industries in the US will be added to our portfolio.



## CEO'S MESSAGE

**We will continue to sustain our leading position in our home market, to evaluate opportunities in export markets, and to assess every prospective acquisition in other national markets.**

Automotive business line revenues last year were down by 11.8% to USD 201 million and accounted for a 12% share of our consolidated revenues. This underperformance is attributable to an overall contraction in the automotives industry across Europe. Borusan Boru's venture into the European market that began in 2001 with the Vobarno Service Center investment in Italy, entered a new phase last year with the EUR 15 million Service Center investment in Ploiești, Romania. Our facility to become operational in the first quarter of 2024, will provide cutting and processing services for cylinder pipes, reserve pipes and other products addressing specialized needs of automotive customers.

In the Energy business line, product prices soared to historically high levels early in the year owing to demand driven by expectations of a global energy crisis in 2022, and the inability of supply to keep up with it. Thanks to effective management of market dynamics, we generated 65% of the Energy business line's revenues in the first six months of the year. While the market demand normalized in the second half of the year, our Energy business line revenues in 2023 were up by 20.1% year on, reaching USD 721 million and accounted for a 41% share of our consolidated revenues.

In 2023, we implemented strategies to enhance our commercial and operational excellence, drive sustainability, and foster product innovation. Our commitment to build up on a contemporary Türkiye also continued to be demonstrated through community-oriented social responsibility projects. We carried out studies promoting a "Zero Accident" mindset in the area of Occupational Health and Safety. As per Carbon Disclosure Project (CDP), our efforts on climate change and water consumption reduction received a "C" rating in 2023. We continue to deploy digital transformation to undertake projects that bring all of our internal and external stakeholders into better alignment with our sustainability goals. In terms of innovation, we evaluate our products across their entire lifecycle through an environmental impact point of view. As of 2023, 42 of our products have been awarded Environmental Product Declaration (EPD) certifications, positioning us as the leader of our industry.

Turning now to the 2024 outlook, we can expect that the rebalancing of supply and demand in the second half of 2023, and the reversion of sales prices to their long-term mean in the Energy business line will renormalize our revenues and profitability; while increasing production costs will also exert pressure on profitability. On the other hand,

weighing on the digital transformation efforts, we are launching an enterprise resource planning (ERP) investment at Borusan Boru to use our sources in the most efficient way and manage the cost of our extensive product portfolio in the most effective manner. In 2024, we will continue to use our sources in the most efficient way, defend our position as the Turkish market's leading steel pipe manufacturer, to keep on the lookout for export-market opportunities, and to assess every prospective investment and acquisition with the potential to nourish our growth in other national markets.

Undoubtedly; our competent, proactive, and dedicated human resources, having embraced Borusan Boru's goals as their own, are the key to our success. Without them, it would be impossible to achieve this success.

Leaving the Republic of Türkiye's first centenary behind, we are hopeful and excited about the centuries that lie ahead. In closing I take this opportunity to thank all of our stakeholders for their continued support.

**Zafer Atabey**

Chief Executive Officer



## BOARD OF DIRECTORS



**Semih Abidin Özmen**  
**Chairman**

Semih Abidin Özmen graduated from the University of Birmingham (UK) in 1983 with BSc and PhD degrees in mechanical engineering. He completed his military service in Türkiye and started working in an automotive factory in Japan. Since 1988, he has been working at Borusan Boru, where he held various positions including Supply Chain Manager, Vice President in charge of Operations, and Vice President in charge of Automotive Pipes. In 2011, Mr. Özmen became the CEO of Borusan Boru. During his tenure as CEO, he developed the energy pipes business for the North American market. He currently serves as the Board of Directors Chairman of Borusan Boru and Borusan EnBW Enerji, and Board Member of Borçelik and Borusan Holding.



**Erkan Muharrem Kafadar**  
**Vice Chairman and Executive Board Member**

Erkan Kafadar was born in İstanbul in 1967. He joined Borusan Group in 1991 as a trainee in Borusan Birleşik Boru Fabrikaları. During his 33 years of professional life at Borusan, Erkan Kafadar worked in various positions in Sales, Marketing, Customer Technical Services and Procurement at Borusan Birleşik Boru Plants (Borusan Mannesmann Fabrikaları) and Borçelik, and acted as the CEO of Borçelik for nine years. Having served on the Executive Committee and Steering Committee of Borusan Holding between 2015 and 2019, Mr. Kafadar has been appointed as the CEO of Borusan Holding Group as of 1 January 2020. In addition to his role as the Group CEO, Erkan Kafadar serves as the Board of Directors Chairman, Vice Chairman and Member at all operational companies of the Borusan Group. He is also a Member of the Board of Turkish Employers' Association of Metal Industries (MESS), member of Turkish Industry and Business Association (TÜSİAD), member of the Disciplinary Committee of the Turkish Confederation of Employer Associations (TİSK) and member of the Board of Directors of Sabancı University İstanbul International Center for Energy and Climate (IICEC). Having attended İstanbul Erkek Lisesi, Mr. Kafadar graduated from İstanbul University, Faculty of Business Administration. Erkan Kafadar speaks English and German and he is married and has two daughters.

**Defne Kocabiyik Narter**  
**Board Member**

Defne Kocabiyik Narter double-majored at New York University, receiving her bachelor's degree in economics and psychology in 2014. After working at various start-ups, she joined Borusan Group in 2015 as Business Development and Marketing Analyst at Borusan Pipe US in Houston, USA. She was a Sales Representative in the Exports Division of Borusan Boru between 2015 and 2019. She is currently a Board Member of Borusan Boru, Borusan Makina ve Güç Sistemleri - Caterpillar and Borusan Automotive Group. Furthermore, in addition to her role as the Member of Borusan Holding Audit Department and Ethics Committee, she also serves as the Head of CVC Investment Committee at Borusan Kurumsal Girişim Sermayesi, which is the corporate venture capital arm of the Group.

**Levent Kocabiyik**  
**Board Member**

Having earned his degree in the US, Levent Kocabiyik started his professional life in 2009 with the Management Trainee Program at Borusan Boru. He later worked as a manager at Borusan Otomotiv as part of the BMW After-Sales team in Türkiye from 2011 until 2014 when he became Business Development Coordinator at Borusan Oto. Levent Kocabiyik has been serving on the Audit Board of Borusan Group since 2016, and he has been the Chairman of the Audit Board since 2020. In addition to his current roles as the Chairman of the Board of Supsan A.Ş. and Co-Chairman of the Board of Borusan Otomotiv, Levent Kocabiyik is a Board Member of Borusan Holding, Borusan Boru, Borçelik and Borusan EnBW Enerji. At the same time, he is a Member of the Board of Borusan Kocabiyik Foundation and TAIK (Türkiye-U.S. Business Council), as well as Founding Member of the Supervisory Board of Yuvarak Dünya Association that actively supports initiatives dealing with art, education, sport and climate change. Levent Kocabiyik is also a professional race car pilot, who is leading the Borusan Otomotiv Motorsport Team and representing Türkiye on the international arena. Levent Kocabiyik is married and has two children.

## BOARD OF DIRECTORS



**Muhammet Hüseyin Hamedî**  
**Board Member**

Muhammet Hüseyin Hamedî received a bachelor's degree in international relations from the University of Geneva in Switzerland in 1979 and in political science from the University of Pittsburgh / Pennsylvania in the US in 1982. In 1984, he completed dual degree programs and earned graduate degrees in business administration and international relations from the University of Pittsburgh, and completed the Executive MBA Program at Harvard University in 2001. Muhammet Hüseyin Hamedî has been working within Borusan Group since 1985 and he is currently the Chairman of the Board of Borçelik Çelik Sanayii Ticaret A.Ş., Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. and Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş., Vice Chairman of the Board of Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (Caterpillar, Heavy Machinery Distribution), and a Member of the Board of Borusan Holding A.Ş., Borusan Oto Servis ve Ticaret A.Ş., Borusan Otomotiv İthalat ve Dağıtım A.Ş. (BMW, Jaguar, Land Rover Distribution), Borusan Otomotiv Pazarlama ve Ticaret A.Ş., Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş., Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş., Supsan Motor Supapları Sanayii ve Ticareti A.Ş., and Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş.



**Ahmet Murat Selek**  
**Independent Board Member**

Murat Selek earned his undergraduate degree in mechanical engineering from Boğaziçi University in 1980 and his master's degree in mechanical engineering from Cornell University in 1982. He worked as the Assistant General Manager responsible for Marketing, Sales and After-Sales Services at Tofaş Türk Otomobil Fabrikası A.Ş. between 1992 and 2003, and as the General Manager of Otoşol Sanayi A.Ş. between 2003 and 2007. He was the Chief Executive Officer of Karsan Otomotiv A.Ş. from 2008 until 2016, and Advisor to the Chairman of the Board of Directors in 2016 and 2017. Murat Selek is currently an Independent Board Member of Borusan Boru and Anadolu Isuzu.





**İbrahim Romano**  
**Independent Board Member**

İbrahim Romano received his bachelor's degree in economics from Boğaziçi University in 1992 and his master's degree in international relations from İstanbul University in 1993. He worked as an Assistant Manager at Yatırım Bank between 1994 and 1996. Mr. Romano held managerial positions at Dundas Ünlü between 1996 and 2002, then joined Standard Ünlü as the Head of Corporate Finance Department. İbrahim Romano currently serves as Managing Director of the Corporate Finance Department at ÜNLÜ & Co, where he is also the Executive Committee Member in charge of Investment Banking and a Board Member. Mr. Romano is an Independent Board Member of Borusan Boru.



**Bülent Bozdoğan**  
**Independent Board Member**

Bülent Bozdoğan received his bachelor's degree in business administration from the Middle East Technical University in 1980 and started working at PwC as an Independent Auditor. He held various managerial positions in the accounting and finance departments of Unilever Türkiye from 1982 until 1991, when he joined Brisa, a part of the Sabancı Group, and became the Deputy Chief Executive in charge of Finance, Planning and Control functions. Between 2001 and 2009, he was the Vice President in Charge of Financial Affairs (CFO) of DUSA International LLC, a joint venture of Sabancı and Du Pont based in Wilmington, Delaware, and later of Kordsa Global A.Ş. after the company's acquisition by Sabancı Holding. He was the Head of Audit at Sabancı Holding between 2009 and 2017. After 26 years of professional life at Sabancı Holding, he retired at the age of 62. He then served as the CEO of Dedeman Holding pursuing operations in mining and tourism sectors in 2018 and 2019. Bülent Bozdoğan is an Independent Board Member of Carrefoursa, Akçansa, Indo Kordsa (Indonesia) and Borusan Boru.

## EXECUTIVE COMMITTEE



**Zafer Atabey**  
**Chief Executive Officer**

Zafer Atabey started his career at Borusan Boru in 1991 and took on an active role in the Marketing and Sales Department for 10 years. In 2001, he took on the management of the Vobarno Plant in Italy as the Commercial Director before becoming the Managing Director of the plant in 2015. Mr. Atabey then returned to Türkiye to serve as Deputy General Manager responsible for Sales and Procurement at Borusan Boru in 2008 and was appointed as a Board Member at Borusan Pipe US Inc. in 2013. Having been appointed as the Executive Vice President of Borusan Boru in 2015, Zafer Atabey pursues his career as the Chief Executive Officer of Borusan Boru since January 2017. Zafer Atabey graduated from the Faculty of Economics and Administrative Sciences at Boğaziçi University.



**Anıl Karaca**  
**Executive Committee Member**  
**Financial Affairs and Foreign Trade**

Anıl Karaca started his career at PwC as an Auditor, and later held Senior Executive positions at various companies. After managing the Financial Reporting and Control functions at Anadolu Efes between 2004 and 2011, he worked as the CFO of Efes Kazakhstan from 2012 to 2014. Between 2014 and 2016, Mr. Karaca was CFO at Çelik Motor where he managed the leasing function. After serving as the Board Member and CFO of Şişecam's Flat Glass Group in 2016 and 2017, Anıl Karaca assumed the role of CEO of Şişecam Otomotiv between 2017 and 2021. Having managed Financial Affairs, Strategy, Legal and Foreign Trade functions as the Executive Committee Member at Borusan Boru since October 2021, he is also a Board Member of Borusan Pipe US, Borusan Berg Pipe and Borusan Vobarno. Mr. Karaca received his degree in business informatics from Marmara University and completed the AMP Program at Harvard Business School.



**Uğur Onbaşı**  
**Executive Committee Member**  
**Türkiye Infrastructure Projects Segment &**  
**US Supply Chain and Procurement**

Uğur Onbaşı joined Borusan Boru as Senior Export Specialist in 1999. He acted as Project Lead for 6 Sigma Black Belt Projects from 2004 to 2006 and was appointed as Borusan Boru Raw Material Purchasing Manager in 2007. Having been assigned as the Infrastructure Project Segment Commercial Director at Borusan Boru in 2013, Uğur Onbaşı was appointed as the Executive Vice President in charge of Infrastructure Project Segment Trade and Production in 2015. In tandem with his position in Türkiye, since 2023 he is based in Houston, serving as the Chief Supply Chain Officer, in charge of Chain and Procurement departments of Borusan Boru US companies. Uğur Onbaşı graduated from the Department of International Relations (in English) at Marmara University, Faculty of Economics and Administrative Sciences.



**Ali Okyay**  
**Executive Committee Member**  
**Automotive Segment**

Ali Okyay started his career in 2000 at Borusan Boru as Domestic Sales Specialist. Between 2003 and 2006, he managed the 6 Sigma Black Belt Projects of Borusan Group. Mr. Okyay was appointed as the Export Manager in 2006, Automotive Segment Manager in 2013, and Automotive Segment Sales Director in 2014. Ali Okyay has been serving as the Executive Vice President in charge of Procurement and Supply Chain since 2017, and as the Vice President in charge of Automotive Segment since November 2019. Mr. Okyay graduated from the Department of Industrial Engineering at Boğaziçi University.

## EXECUTIVE COMMITTEE



**Oğuzhan Kuşçuoğlu**  
**Executive Committee Member**  
**Construction and General Industry Segment**

Oğuzhan Kuşçuoğlu started his career in 2001 at Maersk Line with a position in Business Development. In 2004, he joined Borusan Boru as Export Sales Executive and was promoted to Export Sales Manager in 2011. Having been appointed as Export Sales Director in 2015, Mr. Kuşçuoğlu acted as the Executive Vice President in charge of Construction and General Industry Segment between 2017 and 2023. During his tenure, in addition to Exports and Domestic Sales, his responsibilities included Purchasing and Procurement Unit starting from 2019, and Manufacturing Department of Gemlik ERW Factories from 2021. Upon the changes in the management structure, Oğuzhan Kuşçuoğlu was appointed as the Global Executive Committee Member representing Construction and General Industry Segment in 2023. From 2024, he will be in charge of the domestic sales of SRM line facility established in the US, Mr. Kuşçuoğlu graduated from the Department of Economics at Boğaziçi University.



**Nihan Alhan**  
**Executive Committee Member**  
**People and Sustainability**

Nihan Alhan started her career as an English teacher in 2003. Between 2005 and 2014, she worked as Human Resources Manager at Yazaki Otomotiv Yan Sanayi where she managed Human Resources, and Occupational Health and Safety functions. She worked at Autoliv Cankor Otomotiv as the Country Human Resources and Industrial Affairs Manager as well as Compensation and Benefits Coordinator for Autoliv Europe from 2014 to 2021. Since 2021, she is the Executive Committee Member in charge of People and Sustainability at Borusan Boru. Ms. Alhan graduated from the Department of English Linguistics at Hacettepe University and holds an MBA from Bahçeşehir University.



**Serdar Birlikci**  
**Executive Committee Member**  
**Digital Technology and New Products**

Serdar Birlikci earned his BSc in electrical and electronics engineering from Hacettepe University in 1995 and completed the MBA program at Sabanci University in 2002. He started his career in 1995 at Microsoft as part of the Technical Support team. Between 1996 and 2002, Mr. Birlikci held various positions at Ericsson, acting as a manager in different domains of IT including technology and operations, project management, quality and compliance. Last, he was the IT Director in charge of Türkiye, Azerbaijan and Israel before resigning from Ericsson. Serdar Birlikci had an entrepreneurial experience during which he provided business development and technology solutions for approximately two years. Then, between 2003 and 2019, he assumed various roles ranging from Business Solutions Managers to CIO at Pepsico Group where he also led the Global Agile Transformation. Mr. Birlikci was the CIO at Groupama Sigorta from 2019 until April 2022, when he joined Borusan Boru.



**Ingo Riemer**  
**Executive Committee Member**  
**US Large-Diameter Pipe Segment**

Ingo Riemer was born and raised in Cologne, Germany and studied at RWTH Aachen University. Holding an MSc in mechanical engineering and an MBA degree, Mr. Riemer joined EUROPIPE in Mülheim, Germany in 1998, where he held various leadership roles in technical and commercial functions for 14 years. In 2006, he was appointed as Project Manager to design, build and commission Borusan Berg Pipe's plant in Mobile, Alabama. Having been transferred from EUROPIPE to Borusan Berg Pipe as the President and CEO in 2012, Ingo Riemer is based in Panama City, Florida where he lives with his wife and two sons.



## EXECUTIVE COMMITTEE



**Joel Johnson**  
**Executive Committee Member**  
**US OCTG Segment**

Joel Johnson started his career in 1992 at Bredero Shaw as Project Coordinator. From 1992 until 2007, he held various positions as the Project Manager, Operations Manager, General Manager of Africa Region, Executive Vice President of Business Acquisition Latin America and finally, Vice President of Business Development. Mr. Johnson joined Welspun Tubular company in 2008, where he worked as Senior Vice President for North and South America for five years. Joel Johnson was President and CEO at OMK Tube, Inc. in 2013 and 2014. He worked as the Pipe and Coating Consultant at Johnson Piper LLC from 2014 to 2015, when he was appointed as the CEO of Borusan Boru. Mr. Johnson received his bachelor's degree in construction management engineering and a master's degree in business administration from North Dakota State University.



# 02

## BORUSAN BORU IN 2023



# BUSINESS PROCESSES AIMING FOR EFFICIENCY AND EXCELLENCE THROUGH QUALIFIED HUMAN RESOURCES AND CUSTOMER FOCUS

# BORUSAN BORU OPERATIONS

These are the factors that set Borusan Boru apart from every other competitor in the conduct of its operations:

**A Holistic Solution  
Partner With  
High-Quality  
Product and  
Excellent Service  
Approach**

## QUALIFIED HUMAN RESOURCES

Borusan Boru's attention to customer satisfaction and high-quality, value-added products and services has helped make it a trusted leader in the pipe manufacturing industry, thanks to its well-trained, dynamic workforce committed to continuously improving its skills by learning and internalizing newly-emerging production techniques and its strong management team committed to keeping the company's strategies aligned with global quality standards.

## EFFICIENCY AND EXCELLENCE-DRIVEN EXECUTION

Borusan Boru embraces the Lean 6 Sigma methodology, a rigorous business management strategy focused on eliminating the root causes of defects in production and business processes. This approach aims to continuously improve productivity, profitability, and ultimately, customer satisfaction. Borusan Boru's R&D philosophy centers on extensive market research to develop new products that directly address customers' and markets' needs. In its efforts to achieve excellence in product and process design, the company proactively collaborates with its raw material suppliers.

Borusan Boru manufactures and supplies steel pipe products and services to customers across four business lines: Infrastructure & Projects, Industry & Construction, Automotive, and Energy. This gives the company access to a mix of sectors that are the engines of global economic growth and whose different dynamics are capable of smoothing out global volatilities and imbalances.

Borusan Boru's operations at eleven facilities spanning Türkiye, Europe, and the US combined with its focus on high value-added products and services and its vision of being a holistic solution-partner position it as a leading global provider of steel pipe.



## INTEGRATED LOGISTIC SERVICES

Borusan Boru's strategically located facilities give the company a competitive advantage by allowing it to adapt to the increasing challenges of a highly competitive global market. Situated within Türkiye's industrial heartland on the Sea of Marmara and owned by the Borusan Group, the scale and prime location of the Borusan Terminal make it one of Europe's most important port facilities. Trucks dedicated to the Houston Plant in the US have direct access to the barge and railway. In the conduct of its cross-border operations, Borusan Boru partners synergistically with Group company Borusan Lojistik, a solution partner whose logistics capabilities are enhanced by advanced tracking systems that maximize service reliability.

## HIGHEST PRODUCT AND SERVICE QUALITY

Borusan Boru regularly solicits and receives feedback from customers and provides both customers and the markets they operate in with customized solutions through the "Voice of the Customer" (VoC) initiative it has launched.

## TURNKEY-DELIVERY SOLUTIONS

Borusan Boru deploys both its own advanced integrated facilities and its network of trusted service suppliers to deliver turnkey product solutions that are tailored to satisfy a customer's every need and expectation ranging from internationally-recognized standards to customer-stipulated specifications.

## DEDICATED SALES NETWORK

Borusan Boru's sales organization consists of professional local representatives and highly qualified distributors who deliver the fastest and best solutions for pre and after sales needs of customers in their native language.

## QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS) MANAGEMENT

Like those of all Group companies, Borusan Boru's operations are informed by the principles of productivity, innovation, and environmental responsibility. Firmly committed to environmental and social responsibility, the company is mindful of and strives to reduce the impact of all aspects of its operations from input procurements to finished product deliveries.

Based on how they are manufactured and areas of use, the different types of pipes that Borusan Boru supplies to customers across its four principal business lines consist of:

- Electric Resistance Welded (ERW) Pipes
- Helical-Welded (HSAW) Line Pipes
- Longitudinal Submerged Arc Welded (LSAW) Line Pipes
- Drilling Pipes also known as OCTG Pipes
- Reduced Diameter (SRM) Pipes

Continuing to focus on sustainable, profitable revenue growth, Borusan Boru undertook investments to further expand its international presence in 2023. The company also took strategic decisions to restructure its operations in Türkiye to make them more responsive to evolving global market and industry dynamics.

# PRODUCTION FACILITIES & PRODUCTS

## Borusan Boru Production Facilities

<b>Country:</b> Türkiye	Commencing operations in 1958 with 27 employees and a catalog of five products,
<b>Plant:</b> Halkalı	Borusan Boru's first plant in Halkalı manufactured pipe for use in a wide range of
<b>Product:</b> ERW and Cold Drawn Pipe	applications from white goods to bicycles and automobiles. In response to growing
<b>Capacity (tons):</b> 100,000 (welded), 40,000 (cold-drawn)	demand, a new 67,000 m <sup>2</sup> plant was built and has been in continuous production since 1968.
<b>Country:</b> Türkiye	
<b>Plant:</b> Gemlik	Established in 1976 on 388,000 m <sup>2</sup> area, this plant serves as Borusan Boru production hub and manufactures pipes both for the home market and for export.
<b>Product:</b> ERW Pipe	
<b>Capacity (tons):</b> 550,000	
	Established in 2011 on 70,000 m <sup>2</sup> area, this plant manufactures large-diameter pipe for the Infrastructure & Projects business line. On 18 December 2023, it was announced that studies had commenced only for the sale of land and buildings associated with the production of large-diameter pipes used in the Infrastructure and Projects business line at Gemlik Facilities. Within this context, the land and buildings associated with the large-diameter pipe production facility located in Gemlik have been sold in exchange for USD 66 million on 22 February 2024. Evaluations continue whether to sell or relocate the machinery and equipment used for the production of large-diameter pipes installed on the sold land and buildings, which will be completely vacated by December 2024. The machinery, equipment, land, and buildings used in the production of pipes, which have been manufactured in Türkiye for many years and are currently located at the Gemlik Facilities, and offered to customers in the industrial, construction, and automotive segments, are not included in the scope of the relevant sales transaction. Borusan Boru will continue its production activities at Gemlik, Halkalı and Bursa facilities in Türkiye.
<b>Country:</b> Türkiye	
<b>Plant:</b> Gemlik	
<b>Product:</b> HSAW Pipe	
<b>Capacity (tons):</b> 300,000	
<b>Country:</b> Türkiye	
<b>Plant:</b> Bursa	Established in 2016 on 24,000 m <sup>2</sup> area, this center's mission is to offer fast and effective solutions for customers' needs by processing precision pipes manufactured in Halkalı so that they can be used in the production of motor vehicles' various components.
<b>Product:</b> Service Centeri	
<b>Capacity (units):</b> 21,000,000	
<b>Country:</b> Türkiye	
<b>Plant:</b> Gemlik	Established in 2019 on 20,000 m <sup>2</sup> area, this is the only facility in Europe equipped with fully-automatic manufacturing and surface preparation lines. The plant produces precision steel pipes for the Original Equipment Manufacturers (OEM) and automotive supply industry in Türkiye and European markets.
<b>Product:</b> Cold Drawn Pipe	
<b>Capacity (tons):</b> 60,000 (welded), 50,000 (cold-drawn)	

<b>Country:</b> US <b>Plant:</b> Baytown <b>Product:</b> ERW Line Pipes <b>Capacity (tons):</b> 300,000	<p>Built at an investment cost of USD 150 million and located in Houston, TX on 500,000 m<sup>2</sup> area, this plant became operational in the third quarter of 2014 to produce well and drilling pipes used in transmission lines as well as in oil and natural gas exploration and extraction. This investment positioned Borusan Boru as a Turkish originated company, which owns one of the leading manufacturing facilities in the US oil &amp; gas industry.</p>
<b>Country:</b> US <b>Plant:</b> Baytown <b>Product:</b> SRM Pipe <b>Capacity (tons):</b> 100,000	<p>In 2023, work began to establish a SRM line on 15,000 m<sup>2</sup> area in Baytown, Houston TX. This project, which is being undertaken at an investment cost of USD 50 million, will create jobs for 85 people. Production is slated to begin in the first quarter of 2024.</p>
<b>Country:</b> US <b>Plant:</b> Panama City <b>Product:</b> LSAW Pipe <b>Capacity (tons):</b> 330,000	<p>Located in Panama City, FL in North America and originally built in 1979 on 28,600 m<sup>2</sup> area, this plant was acquired by Borusan Boru in 2023. It produces Longitudinal Submerged Arc Welded pipe.</p>
<b>Country:</b> US <b>Plant:</b> Mobile <b>Product:</b> HSAW Pipe <b>Capacity (tons):</b> 220,000	<p>Located in Mobile, AL in North America and originally built in 2007 on 30,800 m<sup>2</sup> area, this plant was acquired by Borusan Boru in 2023. It produces Helical Submerged Arc Welded pipe.</p>
<b>Country:</b> Italy <b>Plant:</b> Vobarno <b>Product:</b> ERW and Cold Drawn Pipe <b>Capacity (tons):</b> 30,000 (cold-drawn)	<p>Located in Vobarno Italy, the Borusan Mannesmann Vobarno Tubi SpA plant was established in 2001 on 24,000 m<sup>2</sup> area. The facility's expertise in the manufacturing of high value-added cold drawn precision steel pipe, its sales to customers in countries with advanced automotive industries like Italy, Germany, Spain, and France, and its superior product and service quality have made it a well-known supplier of the European automotive industry.</p>
<b>Country:</b> Romania <b>Plant:</b> Ploiești <b>Product:</b> Service Center <b>Capacity (units):</b> 21,000,000	<p>In 2023, Borusan Boru began work on a project to set up a service center on 4,800 m<sup>2</sup> area in Ploiești, Romania. Undertaken at an investment cost of EUR 15 million, production at this center is slated to begin in the first quarter of 2024.</p>



## BORUSAN BORU ACTIVITIES

- ✓ 2023 global crude steel production: 1.9 billion tons

- ✓ Türkiye's rank in global crude steel production: 8<sup>th</sup>

### SECTORAL REVIEW: THE STEEL INDUSTRY IN 2023

According to figures published by the Brussels-based World Steel Association (worldsteel), total global production of crude steel in 2023 was 1,888.2 million tons, only marginally above the 2022 figure of 1,887.6 million tons. This flat year-on-year performance is attributed to the impact of the Russia-Ukraine war and other regional conflicts, national-level tariff barriers and protectionist policies, increasingly higher input and financing costs, and energy and raw-material price volatilities. Production grew modestly in Asia (1,367.2 million tons, up 0.7%) and in the US (80.7 million tons, up 0.2%) but contracted considerably in the EU (126.3 million tons, down 7.4%).

In China, which remained the world's leading producer of steel in 2023, total output was 1,019 million tons, up by a scarcely perceptible 0.1% year-on. Coming in second place was India, where production was up by 11.8% year-on and weighed in at 140.2 million tons.

In Türkiye, crude steel production declined by 4% year-on from 35.1 million tons in 2022 to 33.7 million tons in 2023. Türkiye ranked eighth in the global crude steel production league table last year.

In steel pipe manufacturing league tables however, Türkiye's total production averaging 4.8 million tons a year ranks it fourth worldwide and first in Europe. As a supplier to major projects like the Baku-Tbilisi-Ceyhan oil pipeline, the Blue Stream natural gas pipeline, the Shah Deniz South Caucasus natural gas

### TÜRKİYE RANKS FOURTH IN GLOBAL STEEL PIPE PRODUCTION

In global steel pipe manufacturing league tables, Türkiye's total production averaging 4.8 million tons a year ranks it fourth worldwide and first in Europe.

pipeline, and the Trans-Anatolian natural gas pipeline (TANAP), Türkiye produces about 5% of the world's welded steel pipe. Some 60% of the welded steel pipe made in Türkiye is supplied to the country's home market, with the remainder being shipped abroad to more than 140 countries. Weighing in at 2.1 million tons in 2022, Türkiye's welded steel pipe exports were valued at USD 2.3 billion or about 10.5% of a global welded pipe export market worth USD 20 billion. Weighing in at 1,407 thousand tons, Türkiye's welded steel pipe exports in the first nine months of 2023 were down by 13.3% as compared with the same period of the previous year. The country's principal export markets were Romania, Morocco, the UK, and Iraq.

The most important issues on Turkish steelmakers' agendas are protectionist policies of the EU and US, China's focus on domestic consumption, the Carbon Border Adjustment

Mechanism (CBAM) being introduced by the EU to combat global climate change, embargos to be laid on national level, and procurement problems.

On 11 June 2021, the German Federal Parliament approved the German Supply Chain Due Diligence Act, a law that not only affects German companies but also has ramifications for their suppliers in other countries. The key aim of this law, which went into force on 1 January 2023, is to prevent violations of human rights and environmental law. However besides imposing various obligations on the German companies that are subject to it, the law also has implications for the domestic and foreign firms in their supply chains as well. In the conduct of its supply-chain management processes, Borusan Boru keeps a close watch on global developments and proactively works with suppliers to deal with potential risks.



## BORUSAN BORU ACTIVITIES

2023 was a year in which record high results were registered; thanks to the acquisition of US-based Berg Pipe in the Infrastructure and Projects business line, as well as the prospects of strong market demand and above-long-term average increases in sales prices in the Energy business line in the first half of the year .

### BORUSAN BORU BUSINESS LINES IN 2023

In 2023, the Energy business line registered higher-than sectoral-average profitability attributable to the prospects of strong demand and higher-than long-term average increases in sales prices as well as to the effects of the consolidation of Berg Pipe's financials.

Significant works that the Infrastructure & Projects business line completed and generated revenues from in 2023 were the Manavgat-Alanya-Gazipaşa-Anamur Natural Gas Pipeline Project Phase I (BOTAŞ, TL 629.2 million), the Western Black Sea Steel Pipe Project Phase 2 (BOTAŞ, TL 592.1 million), and the Ereğli-İvriz Right Bank Irrigation System Steel Pipe Project (General Directorate of State Hydraulic Works, TL 199.1 million). Since Borusan Boru began consolidating Berg Pipe's financials into its Infrastructure & Projects accounts as of 13 April 2023, this business line's total revenues shot up by 321.2% last year and amounted to USD 510 million. The Infrastructure & Projects business line's revenues contributed about a 29% share of Borusan Boru's total revenues in 2023.

Industry & Construction business line revenues were down by 21.0% to USD 309 million. This decline is attributable to market volatilities in operational territories as well as decline in raw material prices. The Industry & Construction business line's revenues contributed an 18% share of Borusan Boru's total revenues in 2023.

Automotive business line revenues last year were down by 11.8% to USD 201 million. This decline is attributable to the contraction in manufacturing in the automotive industry, particularly in Europe. The Automotive business line's revenues contributed an 12% share of Borusan Boru's total revenues in 2023.

After surging in the first half-year owing to effective price-management and the inadequate capacity to keep pace with burgeoning demand, sales revenues in the Energy business line normalized in the second half of the year with the restoration of supply/demand equilibrium. The Energy business line's revenues were up by 20.1% to USD 721 million in value and contributed a 41% share of Borusan Boru's total revenues.

Seeking to balance its risks by conducting operations in four different business lines across diverse national markets, Borusan Boru closely monitors domestic and international sectoral developments for every possible merger and acquisition opportunity.

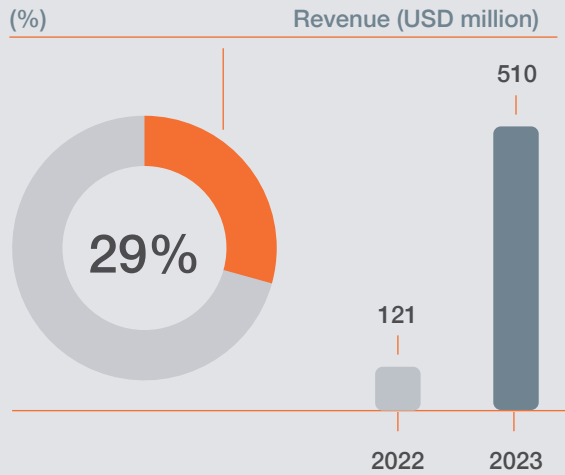
☑ **USD 510 million**  
Infrastructure and Projects Revenues

☑ **USD 201 million**  
Automotive Revenues

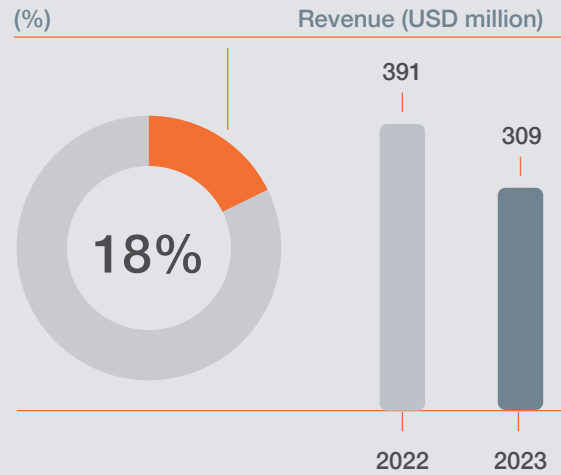
☑ **USD 309 million**  
Industry and Construction Revenues

☑ **USD 721 million**  
Energy revenues

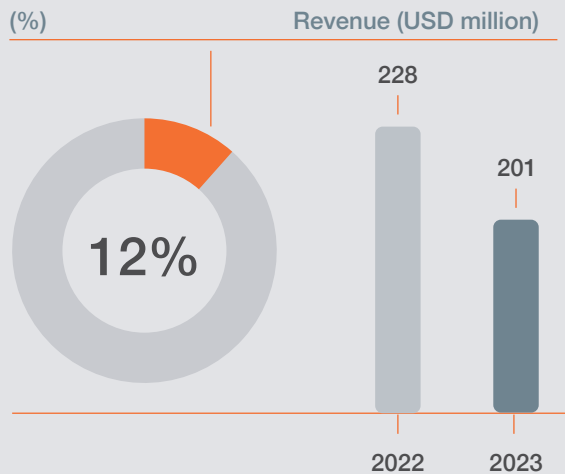
### Infrastructure and Projects



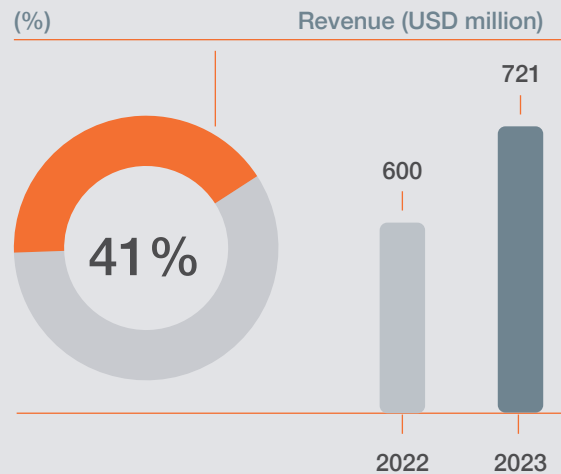
### Industry and Construction



### Automotive



### Energy

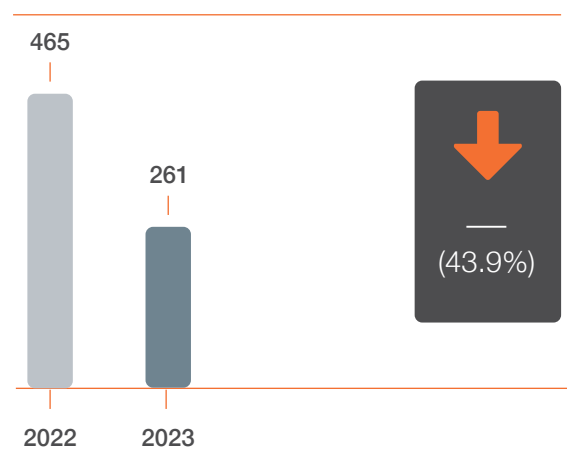


## BORUSAN BORU IN 2023

### EXPORTS

Suffering from both global trade imbalances and macroeconomic developments, demand in Borusan Boru's export markets was weak in 2023. As a result of this, company's export revenues generated in Türkiye were down by 43.9% year-on and were worth USD 261 million in value.

### EXPORTS



## INVESTMENTS

**Investments that will position Borusan Boru as the leading welded steel pipe manufacturer of global markets in terms of product portfolio and total installed production capacity:**

- ☑ INFRASTRUCTURE & PROJECTS BUSINESS LINE - ACQUISITION OF US-BASED BERG PIPE
- ☑ AUTOMOTIVE BUSINESS LINE – SERVICE CENTER INVESTMENT IN PLOIESTI, ROMANIA
- ☑ INDUSTRY & CONSTRUCTION BUSINESS LINE - SRM LINE INVESTMENT IN BAYTOWN, THE US

## INVESTMENTS

Borusan Boru pursues an investment strategy with a focus on product innovation and on new business models so as to maintain its leading position in existing markets, while gaining a foothold in new and niche markets.

### BERG PIPE ACQUISITION

On 13 April 2023, Borusan Boru's US-based subsidiary Borusan Pipe acquired a 100% stake in Berg Europipe Holding Corp at an investment cost of USD 162 million, and started operations under the title of Borusan Berg Pipe. An independently-conducted study undertaken before the transaction had valued Berg Europipe Holding Corp between USD 175 million and USD 195 million. The acquisition value of USD 162 million has been determined based on negotiation method and that USD 50 million trench is to be paid in three years: USD 20 million in the first year, USD 15 million the next year, and USD 15 million the year after that.

Operating in North America where the growth potential for energy pipes is significant,

Borusan Berg Pipe has a competitive advantage with its two facilities; one located in Panama City, FL on a 28,600 m<sup>2</sup> area with the annual production capacity of 300,000 tons of longitudinal submerged arc welded pipe, and the other in Mobile, AL on a 30,800 m<sup>2</sup> area with the annual production capacity of 220,000 tons of helical submerged arc welded pipe. Borusan Berg Pipe is expected to contribute about 2.5 million tons to Borusan Boru's total sales volume over the next decade.

Having increased its total production capacity in the US to a million tons a year with the Berg Pipe acquisition, Borusan Boru targets to be the leading manufacturer of welded steel pipe in the US market by generating operational and financial synergies with its existing manufacturing facility and SRM Line in Baytown, Texas.

✓ **Borusan Boru  
US-based  
production  
capacity:**  
1 million tons/year



## BORUSAN BORU IN 2023

### ✓ Romania Service Center Investment EUR 15 million

#### PLOIESTI, ROMANIA SERVICE CENTER INVESTMENT

Borusan Boru's venture into the European market that began in 2001 with its service center in Vobarno, Italy continues with EUR 15 million service center investment in Romania in 2023, in line with the strategy of growth in automotive business line. The facility, expected to start operations in the first quarter of 2024, will be processing special-purpose pipes tailored for the needs of automotive business line customers.

Located on a total of 4,800 m<sup>2</sup> production and inventory area, the facility will be employing more than 50 people at the outset, and is targeting total sales of at least 10,000 tons by 2026. The plant has a EUR 5.8 million investment incentive approved by the Romanian Ministry of Finance.





**BAYTOWN, US SRM LINE INVESTMENT:**

In line with its goal of strategic growth, and creating value by responding more quickly and through more effective solutions to changing market conditions, Borusan Boru aims to expand existing operations of its US-based subsidiary Borusan Pipe beyond the drilling pipe manufacturing to be a local producer for the construction and manufacturing industries as well. In 2023, the company embarked upon a USD 50 million investment located on a 15,000 m<sup>2</sup> area at its Baytown, Houston facility in the US, to set up a SRM line, which will employ 85 people at the

outset. This investment process involves first the modernization and transportation of an existing pipe-manufacturing and welding line in Türkiye, to the US; and then setting up an integrated plant working in tandem with new, high-tech accumulation and finishing lines. After the operations commence in the first quarter of 2024, new products will be added to the Industry & Construction business line's portfolio in order for Borusan Pipe to gain access to the US market where only local producers are being preferred.

✓ **US, SRM Line Investment**  
USD 50 million



# PRODUCT DEVELOPMENT AND INNOVATION

**Compliance to local markets with NSF certificate in the US and DFGW certificate in Europe**

In the conduct of its product development and innovation operations, Borusan Boru aims both to enhance the benefit of its products and services it offered to the stakeholders, and to make its business processes socially and environmentally more sustainable.

During 2023, the company continued to develop new products while also working on many digital transformation projects as well. These projects focused on a variety of Industry 4.0 issues such as IoT technologies, robotic processes, image processing, quality control, and process improvement. Besides, studies carried out on web-based, and other applications that will benefit customers. In addition to developing innovative pipe types addressing different use of areas for all business lines, focus continued to explore value-added advanced services, and coating processes.

Borusan Boru's products also support customers' efforts to reduce their own environmental footprint. Since the construction industry and its products (buildings) are the sources of a non-negligible percentage of total global emissions, there is a steadily growing demand for so-called "green buildings" nowadays. These are structures that are designed to maximize energy efficiency and minimize environmental impact. Borusan Boru supports its customers' sustainability journeys by supplying them with pipes conforming to internationally-recognized green building certificates such as LEED, BREEAM, and etc.

All tailor-made pipes manufactured to the specific customer needs are required to comply with the standards and regulations of the countries, in which they are used. In this context, Borusan Boru's galvanized pipes are

## ☑ BECOMING MORE SUSTAINABLE

In the conduct of its product development and innovation operations, Borusan Boru aims both to enhance the benefit of its products and services it offered to the stakeholders, and to make its business processes socially and environmentally more sustainable.

granted NSF certification valid in the US and DFGW certified pipes in Europe are registered to be compliant with sanitation and quality standards required for the delivery of drinking water.

To better monitor the environmental performance of its products while adding depth to its customer communication, Borusan Boru initiated studies to be granted Environmental Product Declaration (EPD) certification in 2020. An EPD is a verified and transparent standardized report that communicates the environmental impact of a product or material throughout its entire lifecycle. As of 2023, Borusan Boru led the steel pipe industry with 42 products that had qualified for EPD certification. Of these certifications, 12 apply to Segment 1 products and 30 to segments 2 and 3 products. Efforts to obtain certifications

for Segment 4 products began in 2023 and are currently underway.

In 2023, Borusan Boru's new products and services accounted for a 16% share of the consolidated gross profit generated by premium-quality products. On a volume basis, new products accounted for a 10 % share of premium-quality sales. In terms of breakdown of consolidated new product volume based on business lines; Infrastructure and Projects made up 4%, Industry and Construction 52%, whereas the Automotive 44%.

✓ Products awarded Environmental Product Declaration (EPD) certifications: **42**

### Borusan Boru Factory Innovation Network

The Borusan Boru Factory Innovation Network (FIN) was set up in 2023 with the dual aims of developing scalable, functional new products and services aligned with company strategies and of creating a domestic and international partnership and technology network. Based on the Open Innovation paradigm, FIN gives the company access to external stakeholders across nine categories: Incubators & Accelerators, Tech Development Zones & Technoparks, University Clubs, Universities, Startups & Tech Companies, Open-Innovation Networks, Strategy Consultants, Advanced Submanufacturing Centers, and Small & Medium-Sized Enterprises. In 2023, the FIN collaborated with many of those categories and strengthened its network. Borusan Boru employees with technical, digital, and commercial expertise and skills had the opportunity to explore issues such as productivity, continuous improvement, new products, and digital services together with entrepreneurs who have game-changing ideas, and are capable of generating innovative solutions for steel pipe and profile manufacturing industry.

FIN has four primary focus areas: New Products and R&D, Digital Technologies, Energy & Sustainability, and Custom Projects. "Energy & Sustainability" is further subdivided into three headings to better reflect the Borusan Group's sustainability strategies: Climate, People, and Innovation. A variety of projects were carried out under all four primary focus areas during 2023.

The communal impact of the FIN is significant both within the Borusan organization and beyond it. In 2023, 152 employees from business units such as Production, Sales, Human Resources, Corporate Communication, and Occupational Health and Safety among others took part in the "Innovation Days" program conducted to strengthen in-house corporate intrapreneurship culture, and worked on primary focus area projects. In terms of external awareness-raising activities, direct interaction with 1,500 individuals positively contributed to the innovation-approach. The external inclusive-collaboration programs that the company conducted through FIN in 2023 dealt with Decarbonization, Waste Management & Circular Economy, Energy Management, Talent Management & Inclusiveness, and Diversity issues.



# DIGITAL TRANSFORMATION

Accelerated digitalization through Industry 4.0 practices transforms production processes, increasing their flexibility, quality, and efficiency, which ultimately boosts profitability. Borusan Boru is committed to creating long-term environmental, social, and economic value for all stakeholders involved in the production and marketing of its products and services. The company sees digital transformation as a core element of its sustainable value-creation process.

Recognizing the rapid integration of technology into business, Borusan Boru launched its digital transformation program in 2021. Focused on boosting scientific and technological capacity, the company has successfully implemented projects that deliver value for all stakeholders.

## DIGITAL TRANSFORMATION

**Projects focusing on business-process digital transformation are implemented across three core areas (“Employees”, “Customers”, “Suppliers”) to enhance competitive advantage and improve operational efficiency:**

- ☑ EMPLOYEES: OCCUPATIONAL HEALTH & SAFETY PRACTICES
- ☑ CUSTOMERS: CUSTOMER PORTAL PROJECT
- ☑ SUPPLIERS: DEMAND-DRIVEN SUPPLY CHAIN & STOCK OPTIMIZATION PROJECT

## OCCUPATIONAL HEALTH & SAFETY PRACTICES FOR EMPLOYEES

Like every Borusan Group company, Borusan Boru regards its people as its most valuable asset and therefore prioritizes its employees' health, safety, and development through the digital transformation of its operations to mitigate accident risks by eliminating manual operations, to ease the stresses of high-pressure work environments by eliminating repetitive and laborious tasks, and to prevent ergonomic risks in tasks that require speed and attention. The most important of the company's employee-focused digitalization projects are highlighted below.

### QUALITY DOCUMENT MANAGEMENT SYSTEM (QDMS) INTEGRATION:

An organization and follow-up system is established to position employees in roles that best suit their skillsets. Work is currently underway to methodically integrate the previously designed modules into the Quality Document Management System.

### HALKALI PLANT END-FINISHING LINE PROJECT

Old machinery has been replaced with new, automated machinery and an automatic feeding system has been installed for all end-finishing machines.

### IMAGE PROCESSING TECHNOLOGY THROUGH ARTIFICIAL INTELLIGENCE:

An AI-based image-processing system is set up with onsite surveillance cameras to automatically identify unsafe working conditions and workplace behavior. Previously installed 40 cameras were integrated and the total number of cameras in the system increased to 80 in 2023.

### DIGITALIZATION OF SCHEDULED INSPECTION PROCESS IN LIFTING & HANDLING EQUIPMENT:

A QR code installed on each item of equipment gives immediate access to a complete history of the equipment's current and previous periodic inspection reports.

### DEVELOPMENT OF SSOW (SAFE SYSTEM OF WORK) SYSTEMS:

All SSOW (Safe System Of Work) control forms were reviewed and aligned with the Company's new risk-assessment and management approach.

### "ASİSTAN" MOBILE APPLICATION:

Borusan Boru developed a mobile app in order to quickly detect if company employees, subcontractor personnel, and visitors on all company-owned or operated premises in Türkiye are safe/in danger and/or in need of assistance specifically in emergencies such as earthquakes, fires, floods, etc. In case of emergencies, the application is expected to significantly improve rescue operations by speeding up planning and coordination processes through rapid access to data.

### GEMLİK PLANT SPIRAL PIPE END FINISHING STATION ROBOTICIZATION PROJECT:

An end-to-end, fully automated robotic system has been integrated into these operations to eliminate the physical and ergonomic risks associated with manual TAB plate removal and pipe-end grinding processes.

### GEMLİK AUTOMOTIVE FACTORY ABM90 ONLINE PIPE STRAIGHTENING LINE PROJECT:

The online pipe straightening line has been fully automated, so that pipes exiting the visual inspection bench are now automatically fed into the straightening line, thereby eliminating the need for any manual intervention.

Crucially, these efforts have increased employee satisfaction while also reducing work-related accident risks and making the conduct of operations safer, more environmentally conscious, and more efficient.



## DIGITAL TRANSFORMATION

The world's first steel pipe manufacturer awarded ISO 10002 Customer Satisfaction Management System certification

### CUSTOMER PORTAL PROJECT

Customer centricity is the bedrock of Borusan Boru's customer satisfaction policy. Customer expectations and needs are carefully analyzed and regularly monitored so as to ensure long-term customer satisfaction. Borusan Boru implements the Voice of the Customer (VOC) Customer Management System to collect customer demand and feedback. This data is then systematically and comprehensively evaluated. Products and services, as well as business processes, are continuously improved so as to better align them with customer expectations.

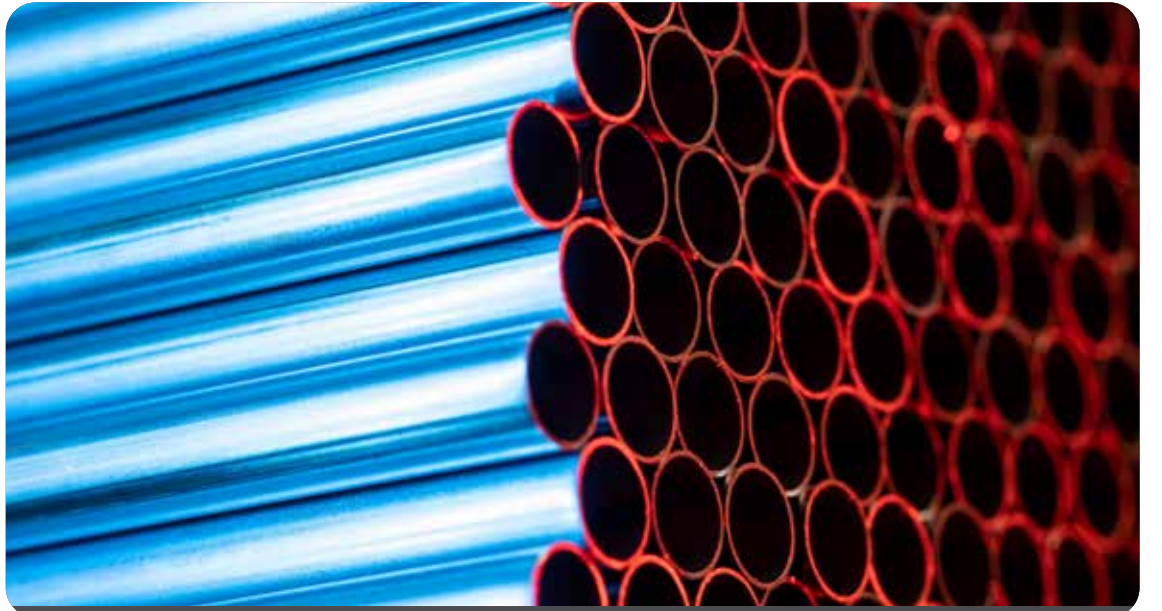
Borusan Boru uses digitalization to improve the efficiency of its business processes. The company streamlines customer communication by automatically sharing electronic order forms, shipping schedules, and waybills. To further speed up loading and delivery operations, all

domestic-market shipments are now handled from a single warehouse in Gebze.

Borusan Boru became the world's first steel pipe manufacturer to be awarded ISO 10002 Customer Satisfaction Management System certification for its Headquarters, Gemlik, Halkalı, and Bursa plants.

Under this system, customers' orders must be responded to within twelve hours of their receipt so that the customers can easily track their orders and speed up their management of order-entry details.

Borusan Boru employs various methods to gauge customer satisfaction such as surveys, competitor product benchmarking, regular visits to customer premises, and customer reviews. Customers are also asked to rate and assign scores to the company's quality and shipping performance.



### DEMAND-DRIVEN SUPPLY CHAIN & STOCK OPTIMIZATION PROJECT

The Supply Chain Optimization project is to increase transparency in cooperation with suppliers and to transform the procurement processes from a forecast-based model to a demand-based one. Under this project, demand & forecasting management, inventory, sales & operations planning, operational planning, order management, and detailed scheduling processes are all being digitalized. Once an optimum level of digitalization has been achieved, the next step will be to ensure that production machinery and software are effectively integrated. This direct connection between production machinery and production plans will help reduce human-caused production errors and waste.

Borusan Boru aims to embed a digital-first business culture throughout the company and to build a sustainably long-term supply chain through the digital transformation of its entire value chain. To improve its suppliers' use of technological capabilities, the company created a "Supplier Sustainability Index" and also a "Supplier Portal", a digital platform to which all supplier-specific studies such as competition facts, contracts, and sustainability performance indicators were relocated. Borusan Boru published a Sustainable Procurements Policy in 2023. Under this policy, the company regularly tracks both the number of suppliers subject to the Borusan Boru Supplier Sustainability Index and their sustainability performance scores.

End-to-end digital transformation across the entire value chain



# HUMAN RESOURCES

## ✓ People Centered Approach

### HUMAN RESOURCES POLICY

In the management of its human resources, Borusan Boru acts upon within the framework of “Borusan Group Management Approaches & Practices” as well as “Business Principles, Business Ethics & Human Rights Practices”. Human Resources Policies address two key areas: the first outlines Borusan Group’s corporate governance approach, structure, process, internal principles and policies; the second details the group’s business principals, implementation of ethical guidelines, stakeholder relations, recruitment, workplace

rules, compensation, and employee duties and responsibilities.

As do all Borusan Group companies, Borusan Boru unequivocally believes in and supports individuals’ rights and freedoms wherever it may conduct its operations. Under no conditions whatsoever will the company tolerate any discrimination based on an individual’s ethnicity, gender, color, race, nationality, religion, any other beliefs, and economic status. This zero-tolerance principle applies equally to hiring and promotion decisions, to the provision of work-related

## INCLUSIVE WORKPLACES

**RECOGNIZING THAT PEOPLE ARE ITS MOST VALUABLE ASSET, BORUSAN BORU MAKES THE “PEOPLE-CENTERED APPROACH” A CORE ELEMENT OF ITS CORPORATE CULTURE.**

Making employee satisfaction a top-priority concern, the company supports the technical and personal development of its employees, develops work models, and fosters an inclusive workplace environment.

conditions and benefits, and to all dealings with customers, suppliers, and those with business partners of the company. Borusan Boru is statutorily obliged to ensure that working conditions, products, and services fully comply with all human health and safety standards.

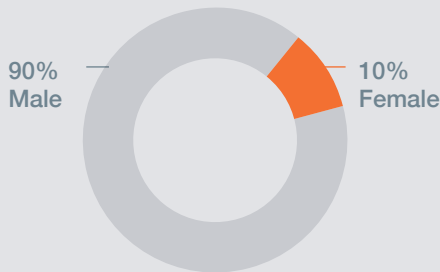
In addition, Borusan Boru's human resources practices are implemented as outlined by two key objectives in "Borusan Group Human Resources & Practices" document. The first is to encourage individual initiative for ownership of their work and its consequences; the second is to ensure success through personal development by fostering teamwork. The Borusan Boru Human Resources

Department's responsibilities include managing the company's relations with employees in all matters pertaining to employee rights & benefits, union membership, performance, compensation, and career management & progression.

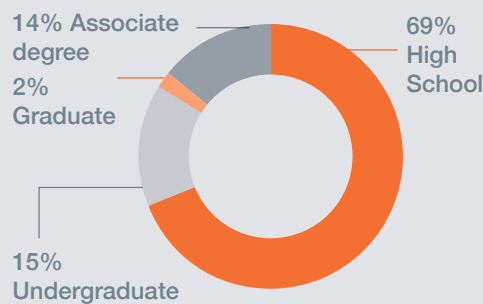
Recognizing that its employees are crucial to its success, Borusan Boru prioritizes employee satisfaction and it strengthens employee loyalty by focusing on three key areas in the conduct of its human-resources management operations:

- Employee Satisfaction & Talent Management
- Inclusion & Equal Opportunity
- Human Rights

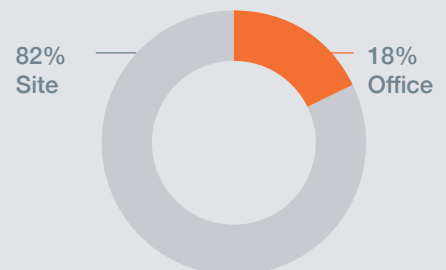
2023 Gender Distribution (%)



2023 Education Distribution (%)



2023 Duty Distribution (%)





## HUMAN RESOURCES

Focus on  
increasing  
employee  
satisfaction and  
loyalty

### EMPLOYEE SATISFACTION & TALENT MANAGEMENT

The Borusan Boru Human Resources Unit's (HRU) mission is to create an environment in its whole value chain which is safe, transparent, evenhanded, and respectful of human rights and which increases the satisfaction and consequently loyalty of its most valuable asset – the people who work for it. To help fulfill this mission, HRU conducts an annual employee satisfaction survey and uses the feedback as input for improving the employee experience.

Borusan Boru provides its office employees with a private health insurance for outpatient and inpatient care as well as annual medical checkups of various extent and life insurance options. The company also supports the future of its employees within the scope of retirement plan by a company allowance contribution, at the same rate of their monthly payroll-deductions. The specific terms and conditions of these packages and the benefits they provide differ according to the employee's pay grade.

Reflecting its commitment to work-life balance and employee well-being, the company introduced paternity leave as a complement to mandatory maternity leave. Two employees claimed maternity leave benefits and 99 employees benefited from paternity leave in 2023.

The employee loyalty and satisfaction score among office personnel was 79% in 2023; among on-site personnel, it was 51%.

Borusan Boru HR performance management processes are approached as a collaborative employee-company effort to support employees achieve their individual goals and reach their full potential on the one hand and to increase the effectiveness of the company's operations on the other. Regularly-conducted performance evaluations make feedback an intrinsic element of the company's corporate culture. This feedback is then used to create personalized progression plans for both employees and the organization as a whole.

Within the talent management process, every employee and their immediate supervisor meet annually to conduct a competency-based review of the employee's performance evaluations. The results of this review are then used to create development plans. The company supports career progression by encouraging employees to venture outside their comfort zone and take on diverse projects, seek feedback from peers across the organization, and learn from the experience of role models they admire.

Borusan Boru manages its human resources with the awareness that its ability to achieve its goals is crucially dependent on its having a skilled and talented workforce. The company





continuously updates its talent development programs both to expand the skills of its existing workforce and to position itself as an attractive employer for new talent.

Since 2021, Borusan Academy has been investing in the talent to be future leaders through its New Manager Development Program, which is carried out in collaboration with leading universities and organizations in Türkiye. This program is designed to instruct new managers in HR processes and competencies, with the ultimate aim of helping them to become skilled team leaders themselves.

Borusan Boru provides a variety of training resources to increase its employees' professional and personal knowledge and

skills. During 2023, company employees took part in a total of 56,358 hours of training focusing on professional development (15,415 hours), personal development (2,296 hours), occupational health & safety (22,335 hours), and miscellaneous issues (16,312 hours).

To strengthen communication among all Borusan Boru personnel, a cross-functional team of employees from different departments called the Sustainability Talent Management Team was formed in 2022. The team's brief is to come up with answers to the question "What do we need to do in terms of talent management if we want to be a 200-year-old company?" The Sustainability Talent Management Team's 2023 activities are briefly summarized below.

 **Total employee training in 2023**  
56,358 hours

### INSPIRING BREAKFASTS:

Employees from different departments and senior executives socialize at Borusan Boru's "Inspiring Breakfasts" in relaxed-atmosphere gatherings that foster better understanding and strengthen communication across the company.

### ONBOARDING PROCESSES:

The goal of the Borusan Boru onboarding program is to create a workplace environment where new employees get to feel like they belong at the company before they actually start working. To ensure a smooth onboarding experience, Borusan Boru provides a clear action plan for new employee, covering pre-start tasks, first-day requirements, and functional responsibilities during the first 15- and 30-day periods.

### DEVELOPMENT JOURNEY PROGRAM FEEDBACK:

The Development Journey program aims to ensure that employees receive effective feedback from their supervisors and that Borusan Boru's feedback culture is embraced by everyone. This creates opportunities for employees to improve their performance and realize their potential.

## HUMAN RESOURCES

### Proactive feedback in talent management processes

The Human Resources Employee Council conducted a general manager-led survey that all employees responded to. "Development Plan Meetings with HR" were held and a platform was created for HR business partners to schedule appointments through. This platform encourages employees to proactively seek feedback from their managers and share tips about development plans. To raise awareness and build empathy among managers, an email with the subject line "A Letter from Your Future Self" was sent to all team leaders. This email presented both hard data and employee testimonials to give its recipients a deeper understanding of the employee experience. These efforts have created a virtuous two-way feedback loop. Employees not only receive feedback from managers but they also feel empowered to proactively seek it out themselves. This builds a stronger culture of feedback within the company. Borusan Boru has submitted this project as a candidate for the "Inspiring Ideas for the Future" Awards.

### INCLUSION & EQUAL OPPORTUNITY

Although a heavy-industry company, Borusan Boru nonetheless strives to make gender diversity and inclusion an integral element of its corporate culture. As is true of all Borusan Group companies, its mission is to help create a world in which women and men stand as equals under all circumstances.

In 2015, Borusan Holding established the "Borusan Equality Platform" to promote the adoption and internalization of gender equality at both corporate and individual levels. As a token of Borusan Boru's commitment to adopting and implementing the policies of this platform, its Chief Executive Officer Zafer Atabey undersigned the "Borusan Equality Pledge" on the company's behalf of on 5 March 2020. An in-house Borusan Equality Team has been formed and missioned with organizing activities that promote more inclusive awareness and acceptance of social gender equality throughout the company.

Some of the activities carried out by Borusan Boru to promote workplace inclusion and opportunity equality are highlighted below.


- Nursing rooms have been refurbished to create a more hygienic, comfortable, and private environment for mothers with unweaned infants.
- A candidate talent pool has been developed to ensure a wider range of female employment at Gemlik and Halkalı facilities
- Benchmarking interviews were conducted with companies that prioritize social gender equality.
- "Seeing Life Equally" seminar was organized to encourage dealers to embrace Borusan Boru's vision.
- Use of same type of helmet by all employees at the plants was ensured to emphasize equality
- Free storybooks were distributed to company employees' children that challenge gender stereotypes and promote equality.

- Initiatives were undertaken in partnership with the Bursa Women Engineers Association and various civil society organizations to empower qualified women for active roles in the business world.
- “Equality-Focused Leaders” seminar was conducted to promote diversity in managerial positions.
- Information about equal-opportunity initiatives at the company shared with personnel through “Borusan Equality Newsletter”, an in-house publication.
- “Gender Lens Guide”, an in-house publication prepared, explaining the company’s social gender equality vision and policies.
- Activities were organized to raise awareness and actively support International Women’s Day (March 8<sup>th</sup>) and the International Day for the Elimination of Violence Against Women (November 25<sup>th</sup>)

Borusan Boru is mindful of the principle of gender equality in all matters pertaining to the presence of male and female employees in the workplace, to rights and opportunities, and to compensation and promotion. Policies are therefore in place to ensure that women are fairly represented in office positions, on-site, and managerial roles. For 2023, Borusan Boru had set itself the goal of having women employed in 30% of office positions, 4% on-site, and 16% in managerial roles. As of year-end these percentages were 33%, 4.8% and 22.7%, respectively.

## HUMAN RIGHTS

Borusan Boru, a signatory of the United Nations Global Compact, ensures that all its business processes adhere strictly to UNGC Human Rights Principles. Prepared by Borusan Holding Orange Book (Turuncu Rehber) is a publication that sets out ethical guidelines which are to be followed by all group companies, of which Borusan Boru is one, in the conduct of their business. Among other things, the guide promotes respect for human rights and forbids unethical behavior. Borusan Boru positions “human” at the core of its strategic focus, recognizing people make the difference and add value in the business life. Hence, the company provides a healthy, safe, and fair work environment while proactively encouraging its employees to think and act creatively and innovative. Respecting human rights is a core element of the company’s corporate culture. This commitment is absolute and applies to all aspects of the company’s operations. Borusan Boru respects employees’ right to form and join unions. The company supports the free exercise of this right. Borusan Boru is a member of the Turkish Metal Industrialists’ Employers’ Union (MESS), which is the authorized union representing blue-collar employees. 77.8% of the people employed in Borusan Boru’s operations in Türkiye are union members.

 **“Borusan Equality Pledge”** to emphasize gender equality

# SUSTAINABILITY

## SUSTAINABILITY MANIFESTO

### WE INSPIRE FUTURE BY CHAMPIONING CLIMATE, PEOPLE, AND INNOVATION TODAY...

We know that resources are finite. We're aware that we're not the owners but the stewards of our planet and of every living thing on it. Inspired by future generations, we understand that we must leave them a viable legacy.

### WE BELIEVE SUSTAINABILITY IS ACHIEVABLE VIA OUR FOCUS AREAS DEFINED BY ENTIRETY OF OUR VALUE CHAIN AND ACCORDING TO OUR PRIORITIES, AND THAT WE ADD VALUE BY MAKING A DIFFERENCE.

Since 1958 when our journey started as Borusan Boru, we have been sharing and adding to Borusan Holding's vision of creating genuine value. By our core values and all resources, we serve as beacons for our industry.

Our value-creation strategies prioritize Climate, People, and Innovation. This allows us to provide our internal and

external stakeholders with processes and products that enhance their own operations.

As an industry leader, we know we have responsibilities. This awareness is our greatest source of inspiration.

Our sense of responsibility propels our pursuit of innovation and our leadership in its implementation. We work with our internal and external stakeholders to pinpoint areas where we can make a difference while always centering sustainability in our value-driven efforts.

We shape our future strategies through the initiatives we carry out by expanding our focus areas.

## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

**BORUSAN BORU SETS SUSTAINABILITY TARGETS THAT ARE FULLY ALIGNED WITH ALL ASPECTS OF THE BORUSAN GROUP'S CLIMATE, PEOPLE, AND INNOVATION GOALS. BECAUSE OF BOTH THE LOCATION AND THE NATURE OF ITS OPERATIONS, THE COMPANY GIVES PARTICULAR ATTENTION TO CLIMATE-RELATED INITIATIVES.**

The Borusan Boru Sustainability Manifesto sets out the company's strategies for (1) reducing its own carbon emissions and waste to satisfy the net zero waste and emissions targets set by Borusan Holding and (2) contributing to the preservation of ecological balances.

## VALUE CREATION STRATEGIES

### CARBON NEUTRAL & CIRCULAR BUSINESS MODELS

#### WE CREATE VALUE FOR OUR PLANET BY TACKLING CLIMATE CHANGE...

Inspired by our respect for the natural world, we forge a path towards our goal of making a positive impact in tackling climate change. Faced with the critical challenges of the climate crisis, we take responsibility for protecting ecological balances. We are mindful of resource consumption and develop projects aimed at reducing our environmental footprint. We make our own contribution to climate health by coming up with carbon-neutral and circular-economy solutions and building them into our business models.

#### WE DREAM, WE DESIGN, WE MAKE IT HAPPEN BECAUSE WE CARE ABOUT PEOPLE...

Our core belief is that people drive business success. That's why we create a happy, healthy, safe, and inclusive workplace environment for our employees. We dream big with them and find inspiration in our track record of turning those dreams into reality.

#### WE EMBRACE INNOVATION BY DESIGNING INNOVATIVE IDEAS

We understand that maintaining success requires an innovative outlook and strategic investment. To stay ahead, we transform our business model to keep pace with future needs. We carefully develop new products and innovation processes, leveraging our industry experience as a key driver for success. Driven by the responsibility that comes with being an industry leader as well as by our responsibilities towards nature and our stakeholders, we undertake projects, investments, and partnerships that foster an entrepreneurial and innovative spirit.





## SUSTAINABILITY

### UNITED NATIONS GLOBAL COMPACT

Borusan Holding has been a United Nations Global Compact (UNGC) signatory since 2006. In 2021, four of its subsidiaries followed suit by becoming direct signatories themselves. As a member of the Borusan Group, Borusan Boru is proud to be a part of UNGC, the world's largest corporate sustainability initiative. The company has also joined the ranks of influential organizations that closely follow, shape, and direct sustainability agendas at both global and local levels. Aspiring to be a leader in combating climate change, Borusan Boru joined a climate accelerator program in 2022 and submitted its first progress report in 2023. The company is continuing to address issues and satisfy the requirements of its climate accelerator program in a transparent manner.

### SUSTAINABILITY MANAGEMENT

Borusan Boru embraces the sustainability strategy of the Borusan Group and its holistic approach to dealing with climate, people, and innovation issues. The company is actively reshaping its business processes with policies and practices that reflect this commitment. Borusan Boru embarked on its sustainability journey in 2021, publishing its first report compiled from 2020 data. Since then, it has made significant progress along the journey, racking up gains ranging from reducing its carbon footprint to improving workplace safety. Borusan Boru's third sustainability report, released in 2023, details this progress. Thanks to the work of ninety employees divided in seven groups, each focusing on a specific sustainability issue, Borusan Boru's sustainability efforts have reached a point where they provide leadership and guidance for the entire sector. As declared in its 2022 manifesto, Borusan Boru is committed to supporting the sustainability goals of Borusan Holding. The company views any setbacks as potential opportunities to add value on a

global scale. Borusan Boru strategically integrates these opportunities giving due attention to all external factors, while developing business models that actively support sustainable development goals.

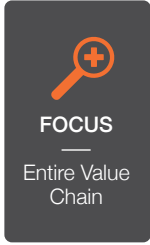
Borusan Boru achieved an important milestone in 2023 with the publication of its first-ever global sustainability report, which included data from its operations in Italy and the US. The company aims for a further inclusive approach in 2024, by extending its sustainability initiatives to its global locations.

The continuity and results of Borusan Boru's sustainability activities are closely monitored by its parent, Borusan Holding, as well. The Borusan Holding Sustainability Committee convenes at least four times a year and carries out an in-depth review of recent sustainability-related developments with an integrated point of view, taking necessary decisions and putting them into effect. These meetings are also attended by Borusan Boru sustainability and agile group leaders.

### CIRCULAR ECONOMY

For Borusan Boru, "circular economy" means more than just a model for converting waste into resources. It is instead an operational philosophy that focuses on developing interconnected processes that feed each other and achieve efficiency at every stage of the recycle-reuse-repurpose-remanufacture cycle.

Borusan Boru embraces economic circularity across all of its operations. The company constructs business models that integrate innovation and continuous improvement into its business processes. Borusan Boru prioritizes efficient resource use, first by selecting inputs that generate less waste and are environmentally more responsible and then by minimizing any waste that is created and transforming it into economic value.



In line with European Green Deal key objectives, Borusan Boru proactively collaborates with stakeholders to increase economic circularity in its raw material inputs - a vital step in reducing greenhouse gas emissions. The company also contributes to economic circularity by extending the useful lifetimes of existing products and developing new ones that last longer.

Circular-economy projects that Borusan Boru carried out in 2023 increased economic circularity across all its business processes and operations. 10,200 m<sup>3</sup> of usable water was reclaimed through the reverse-osmosis treatment of industrial wastewater, resulting in a 16,200 m<sup>3</sup> reduction in total water consumption. Refining industrial wastewater from the neutralization facility in the Automotive business line has reduced the amount waste disposal by 1,000 tons/year.

## RISK MANAGEMENT

As a company that has operations in countries other than its home market, Borusan Boru also takes global developments, trends, and evolving stakeholder expectations into account when formulating its sustainability strategies.

As required by Turkish Sustainability Reporting Standards published by Türkiye Public Oversight Authority in late 2023 and also as stated in the EU Corporate Sustainability Reporting Directive (CSRD), companies are expected to disclose their business models together with the associated sustainability risks and opportunities while supporting all their business policies and strategies with risk & opportunity assessments.

Accordingly, last year, Borusan Boru launched a project to refocus its strategy and risk & opportunity assessments (as well as all their performance indicators) so as to encompass its entire value chain.

☒ Focus on circular economy in **all processes**

☒ **First global Sustainability Report** including Italy and USA operations in 2022

As one of the first group of companies in Türkiye to embrace corporate risk management, Borusan Holding prioritizes the conduct of project-based risk assessments across all Borusan Group companies' operations. Borusan Holding is responsible for managing the Borusan Group's ethics and compliance risks. It does this through its policies and procedures, through audits, and through its communication & training processes. When vulnerabilities are turned up in the course of audits, companies are given suggestions for reducing their risks and turning them into opportunities. Borusan Holding's subsidiaries' approach to risk management is to make it possible for any occurrence that might prevent a subsidiary from achieving its strategic objectives to be recognized, assessed, and owned so that it can be managed consistently, comprehensively, and economically. In addition to business-related risks and opportunities, the Internal Audit Department also evaluates social and environmental issues such as compliance to ethical rules, employee rights and occupational health and safety.

As a member of the Business Plastic Initiative, Borusan Holding is one of 34 companies in Türkiye that have joined forces to bring plastics into the circular economy. These companies are the first in the country to have publicly and transparently committed themselves to targets for reducing or eliminating the use of plastic in the conduct of their operations. As a member of the Borusan Group, Borusan Holding's commitments inform Borusan Boru's sustainability approach as well.

Borusan Boru's operations are governed by management systems that take into account compliance with the requirements of national laws and regulations and of treaties and international agreements.

## SUSTAINABILITY

### INTEGRATED MANAGEMENT SYSTEMS

Management System Standards Certification	Facility Covered
ISO 14064-1:2006 Greenhouse Gas Emissions Verification	Gemlik, Halkalı, Bursa, Headquarters TR; Houston TX, Mobile AL, Panama City FL
ISO 14046 Water Footprint	Gemlik, Halkalı, Bursa, Headquarters TR; Houston TX, Mobile AL, Panama City FL
<b>IATF 16949 Automotive Quality Management System</b>	<b>Gemlik, Halkalı, Bursa, Headquarters TR</b>
Integrated Management System ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System ISO 45001:2018 Occupational Health & Safety Management System ISO 10002:2018 Customer Satisfaction Management System	Gemlik, Halkalı, Bursa, Gebze, Headquarters TR
ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System	Vobarno IT
ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System ISO 45001:2018 Occupational Health & Safety Management System	Houston TX
<b>ISO 50001:2018 Energy Management System</b>	<b>Gemlik, Halkalı TR</b>
ISO 17025:2017 General requirements for the Competence of Testing and Calibration Laboratories	Gemlik TR
<b>API 5L Line-Pipe Specification</b>	<b>Gemlik TR, Houston TX, Panama City FL, Mobile AL</b>
<b>API 5CT Casing and Tubing Specification</b>	<b>Gemlik TR, Houston TX</b>
<b>API Q1 Quality Management System</b>	<b>Gemlik TR, Houston TX, Panama City FL, Mobile AL</b>

## OCCUPATIONAL HEALTH & SAFETY

As do all members of the Borusan Group of Companies, Borusan Boru treats every employee as family and considers their health and safety a top priority. Aiming to maximize all stakeholders' confidence in the company, Borusan Boru approaches all Occupational Health and Safety ("OHS") issues with the utmost sensitivity. The company identifies and analyzes OHS risks, tracks performance, provides training resources, conducts drills, uses digital tools, and undertakes projects to encourage every employee to embrace and identify a shared OHS culture within the framework of its "Zero Work Accident" goal.

Borusan Boru implements a comprehensive OHS Cultural Development Program comprised of 42 different systems and components. Consisting of separate modules such as Behavior Based Observation and Feedback System (called as B'Dost), AI-based image processing, OHS personality inventorying in recruitment & hiring, and interactive operator authorization training, the program focuses on making Borusan Boru's "Zero Work Accident" goal a reality.

Recently-introduced "This Is Face-to-Face OHS" and "This Is My OHS Suggestion" programs have significantly raised OHS culture awareness and helped internalize it within the company. By facilitating communication between factory managers and employees' OHS representatives and making it easier to convey employees' OHS concerns and questions to management and come up with answers and solutions, these programs have solidified a workplace safety mindset. Besides, the physical presence of managers in the workplace as "Visible and role model OHS leaders" reinforces OHS culture.

Approached as a long-term project that is constantly being expanded and improved, the Borusan Boru OHS Cultural Development Program has earned the company awards and recognitions.

In 2023, the British Safety Council, one of the world's leading health and safety organizations, assigned the company a "Merit" grade within the scope of "International OHS Awards" for its commitment to excellent standards of health, safety and wellbeing management. Last year, Borusan Boru also received the "Centennial Special Award" in the Turkish Employers' Association of Metal Industries' "OHS Stars" program and earned the right to display the "Decent Work, Unionized Workplace" white banner that the Ministry of Labor & Social Security awards to companies with unionized workforces.

## SUSTAINABILITY

### ✓ Long-term, Integrated Perspective

#### PRIORITIZATION ANALYSIS

In its 2023 prioritization review, Borusan Boru regrouped and reranked some issues both to better align them with global developments and to simplify them for stakeholders. The list of priority issues presented below reflects the results of this realignment as well as the findings of internal stakeholder interviews.

#### FOCUS AREAS & PRIORITIZATION

Whether considered in the context of sustainability or from a financial perspective, the inclusion of priority issues in a holistic long-term view is a matter of great strategic importance for Borusan Boru. The notion of dual materiality also makes it necessary for Borusan Boru to reassess the impact of all of its priority issues.







The accompanying chart details the positive and negative impact of priority issues on sustainability factors together with their associated performance metrics.

Priority Issue	Positive Environmental, Social & Economic Outcomes	Negative Environmental, Social & Economic Outcomes	Related KPI
Occupational Health & Safety	More Loyal and Satisfied Employees by Making Workplace Environments Safer	Increase in Work-related Accidents, Unhappy Employees, Litigation	Reduction in Accident Severity & Frequency
Effective Risk & Crisis Management	Positive Economic Impact by Ensuring Workplaces are Better Aligned with Changing Global Dynamics	Vulnerabilities Caused by Changing Global Dynamics	All Sustainability Related KPIs
Excellence in Customer Relations	Create Positive Economic Value Through Strong Customer Relations, Customer Retention, Repeat Business, and New Customer Acquisitions	Customer Churn, Economic Losses	Turnover Generated by New Business Models
Embracing Innovative Business Models	Pioneering Economic Value Creation & Low Emission Solutions	Adverse Impact on Climate Change, Lost Business	Turnover Generated by New Business Models
Combating the Climate Crisis & Transitioning to a Carbon Neutral Economy	Positive Impact on Climate Change	Negative Impact on Climate Change	Emissions Reduction
Operational Efficiency & Waste Management	Lower Operational & Waste Management Costs	Higher Operational & Waste-management costs	Waste Reduction
Effective Human Resources Management	More Loyal, Satisfied Employees	Employee Churn & Talent Attrition	Talent Retention
Social Impact	Stronger Stakeholder Relations	Local Pressure Groups, Litigation	Talent Retention
New Products & Innovation	Pioneering Economic Value Creation & Low Emission Solutions	Competitive Strength Erosion in the Sector	Turnover Generated by New Business Models
Supply Chain Sustainability	Stronger Stakeholder Relations	Higher Procurement Costs	Compliance to Green Procurement Criteria
Digital Transformation & AI	Pioneering Economic Value Creation & Low Emission solutions	Competitive Strength Erosion in the Sector	New Circular Business Model Product or Service Rollouts

## SUSTAINABILITY

### CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

Focus Areas	Key Message	Priorities	SDG Targets	SDG Target Description	SDG
Climate	We Create Value for Our Planet by Tackling Climate Change	Operational Efficiency & Waste Management (Circular economy + Environmentally & Socially Responsible Resource & Input Use / Responsible Waste Management)	12.4 / 6.3	12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.  6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	 
		Combating the Climate Crisis & Transitioning to a Carbon Neutral Economy	13.3	13.3. Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	

Focus Areas	Key Message	Priorities	SDG Targets	SDG Target Description	SDG
People	We Dream, We Design, We Make It Happen Because We Care About People	Occupational Health & Safety	8.8	8.8. Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.	
		Social Impact	12.8	12.8. By 2030 ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	
		Effective Human Resources Management	5.5, 8.7, 8.8	5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	
				8.7. Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	
Innovation	We Embrace Innovation by Designing Innovative Ideas	New Products & Innovation	12.a	12.a. Support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production.	
		Digital Transformation & AI			
Governance	We Inspire The Future Because We Embrace i <sup>3</sup>	Supply Chain Sustainability	12.a	12.a. Support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production.	
		Effective Risk & Crisis Management	17.14	17.14. Enhance policy coherence for sustainable development.	
		Excellence in Customer Relations	17.17	17.17. Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships.	
		Embrace Innovative Business Models	8.5	8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	

## SUSTAINABILITY

### BORUSAN BORU SUSTAINABILITY GOALS & TARGETS

FOCUS AREA	SUB-TARGET AREA	TARGET DESCRIPTION (For TR operations only)		UNIT
CLIMATE Decarbonization	Emissions Reduction	TOTAL Scope 1 & Scope 2	Emissions	tCO <sub>2</sub> e
			Target	%
			Performance	%
		Direct Scope 1	Emissions	tCO <sub>2</sub> e
			Target	%
			Performance	%
		Indirect Scope 2	Emissions	tCO <sub>2</sub> e
			Target	%
			Performance	%
	Measurement		Measurement of carbon emissions by establishing a mechanism for measurement, tracking, and reporting	Date
Project Development		Recommend emissions-reduction projects needing investment	Number	
Supply Chain Sustainability	Reduce percentage of greenhouse gas emissions arising from raw materials	% reduction from 2021	%	
CLIMATE Circular Economy	Water	Reduce water consumption	% reduction from 2021	%
		Increase amount of water recycled	% reduction from 2021	%
	Waste	Waste Reduction	Reduce amount of waste disposal	%
			Recycle organic waste	
	Supply chain	Compliance to Green procurement criteria		%
INNOVATION	Revenue generated by new business models			USD
PEOPLE OHS	Prevent Losses	Reduction in Lost Time Incident Rate	Value	Rate of Incidence (Reported lost time/1,000 hours)
			Improvement	%
		Reduction in Accident Frequency	Value	Accident Frequency (Reported accidents / 1,000,000 hours)
			Improvement	%
PEOPLE Borusan Equality Platform	Social Gender Equality	% Women in Office		%
		% Women On-site		%
		% Women in Leadership Roles (All Levels)		%
PEOPLE Talent Management	Talent Retention	“Future Leaders” Turnover Rate		%
		“Borusan Alpha” Turnover Rate		%
	Employee Loyalty Score			%

2021 PERFORMANCE	2022 PERFORMANCE	2023 PERFORMANCE	2024 TARGET	2030 TARGET
67,586.99	65,477.65	Not yet independently verified	54,598	43,943
0	3	14	19	37
-	3.12	-	-	-
21,859.48	18,644.29	Not yet independently verified	21,326	21,460
0	0	2	2	5
-	14.71	-	-	-
45,727.51	46,833.35	Not yet independently verified	33,272	22,483
0	5	19	27	52
0	2.42	-	-	-
Reporting	Reporting	Digital Reporting	Digital Reporting Infrastructure	Digital Reporting
6	12	22	5	5
0	3.78	Not yet independently verified	3	20
0	33	Not yet independently verified	15	50
0	13.2	Not yet independently verified	15	50
0	20.6	Not yet independently verified	10	50
Currently working with Gemlik municipality for Borusan Holding's Gemlik Complex	Currently working with Gemlik municipality for Borusan Holding's Gemlik Complex	In progress	3	In progress
0	3	3	-	To be determined
	Monitored	Monitored	Monitored	Monitored
0.37	0.27	0.42	0.27	0.14
-54	27	-55	Year-on 10%	Year-on 10%
6.5	6.38	4.05	4.7385	2.5
2	2	37	Year-on 10%	Year-on 10%
26.1	28.1	33	31	36
2.8	2.9	4.8	6	16
17.5	18	22.7	17	27
6	3	3	10	5
2020 - 25%	0	0	50	20
74% White-collar - 72% Blue-collar	82% White-collar - 67% Blue-collar	79% Office - 51% Site		85



## SUSTAINABILITY

✓ **37%**  
reduction in  
accident frequency  
rate

✓ **8%**  
reduction in water  
consumption

✓ **>10%**  
reduction in Scope  
1 & 2 emissions

### SUSTAINABILITY PERFORMANCE SUMMARY

#### 1. We Create Value for Our Planet by Tackling Climate Change

Borusan Boru is on track to achieve its target of reducing Scope 1 and Scope 2 greenhouse gas emissions by 37% by 2030. The company will also reduce the amount of both its water consumption and waste disposal by 50% by 2030.

In 2023, Borusan Boru completed 20 carbon-mitigation projects and reduced its tCO<sub>2</sub>e emissions by approximately 12,000 tons and achieved a reduction of more than 10% in Scope 1 and Scope 2 greenhouse gas emissions compared to 2022. Efforts to comply with the Carbon Border Adjustment Mechanism (CBAM) and to develop Digital Greenhouse Gas Tracking Systems also continued throughout 2023.

Borusan Boru's water consumption in 2023 was down by approximately 8% compared to 2022, while the amount of water recycled was up by approximately 5%.

Within the context of circularization of business models, 44 circular business model projects were carried out in 2023 and seven of them were completed. Work will continue on other projects in 2024.

14 green procurement and industrial symbiosis projects were also commissioned in 2023.

Having participated for the first time in 2021 in CDP (Carbon Disclosure Project), which discloses environmental impact of companies

for international investors and customers to assess their sustainability ratings, Borusan Boru was rated "C" on both its climate and water performance in 2023. Borusan Boru also joined the EcoVadis benchmarking system for the first time last year.

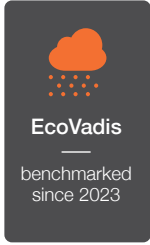
Borusan Boru received the "Environmental Sustainability Management" award at the 2023 round of İstanbul Chamber of Industry Green Transformation Awards. The award was given in recognition of the company's projects' positive impact on climate, people, and innovation.

#### 2. We Dream, We Design, We Make It Happen Because We Care About People

Borusan Boru regards its human resources as its most valuable asset. It therefore sees its primary HR goal as one of providing its employees with a work environment in which they can be happy and develop themselves professionally and personally.

Borusan Boru prioritizes "zero accident" principle in terms of Occupational Health and Safety. This commitment is reflected in the company's 2023 OHS metrics, which showed a 37% improvement in the accident frequency rate compared to 2022.

To build awareness of the company's sustainability efforts, a Borusan Boru Sustainability Day event was organized in 2023. Last year, Borusan Boru also collaborated with Uludağ University in the establishment of its sector's first Sustainability Academy. Through the sustainability courses at the academy, Borusan Boru gained 26 employees who were awarded with Europas Corporate Sustainability



Specialist certifications. Environment and sustainability-related communications were also regularly released.

Internal stakeholder communications continued in 2023 within the scope of the Sustainable Finance Handbook published in 2022.

In 2023, the studies on Sustainable Supplier Portal that was launched last year continued, so as to be compliant with the Sustainable Procurement Policy disclosed by Borusan Holding.

The second phase of the “First I’m a Dad” Project developed in collaboration with the Mother Child Education Foundation continued in 2023.

Despite being a heavy industry company, Borusan Boru takes major actions by introducing and implementing policies ensuring that women are assigned managerial roles both in office and on-site. The Borusan Equality Platform continues to make strides towards achieving its 2030 goals. In 2023, percentage of women employed in office positions increased to 33%, on-site to 4.8%, and in managerial roles to 22.7%.

### 3. We Embrace Innovation by Designing Innovative Ideas

As they did in 2022, the Sustainable Product & Process Innovation team continued to work in two different groups last year. One team focused on researching sustainable business models while the other team focused on new product and technical issues.

The Borusan Boru Innovation Network (FIN) that was designed in 2022 had been launched in 2023. Various activities involving incubation

centers, startup scouting initiatives, graduation project sponsorship programs, and university entrepreneurship clubs were carried out across the network. An Innovation Day event was also organized.


During 2023, Borusan Boru conducted presentations and workshops at 7 universities, interacted with over 2,000 people, collaborated on Metal Sludge Separation and Boron Oil Separation projects with Gebze Technical University and Uludağ University, and forged partnerships with startups.

11 new products were developed, 2 of which were marketed as sustainable products.

Borusan Boru continues its efforts to achieve Clause 9.4 of 9<sup>th</sup> Sustainable Development Goal which reads “By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.”

According to the 2023 Global Innovation Index released by the UN’s Switzerland-based World Intellectual Property Organization (WIPO), Türkiye has slipped two places and now ranks 39<sup>th</sup>. As a member of the Borusan Group, Borusan Boru is mobilizing all of its internal and external resources in an all-out effort to improve that ranking. Moreover as a company with its eye firmly on the future, Borusan Boru formulates and implements new, innovative business models that will continue to carry it forward.

 **CDP Climate Rating**  
C

 **CDP Water Rating**  
C

## SUSTAINABILITY

### SOCIAL RESPONSIBILITY PROJECTS

Türkiye's leading steel pipe manufacturer, Borusan Boru is driven by a sense of gratitude to its community. The company undertakes projects that benefit the nation's economy, society, and people. In line with its commitment to the United Nations Global Compact, Borusan Boru fosters public-private-civil society collaborations to create initiatives capable of contributing to sustainable development.

Borusan Boru's corporate social responsibility efforts focus on education, culture, art, and sports. Its CSR projects are designed and executed so as to have a real impact, shape the future, and serve as an inspiring beacon for all.

The "Yeşile Ortak Ol" (Be Part of The Green) tree-planting project that was launched in 2021 as a joint Turkish Confederation of Employer Associations, Tohum Education, Culture & Nature Association, and Borusan Boru initiative continued with no letup of enthusiasm in 2023. As a token of its commitment to the environment and sustainability, Borusan Boru plants 3 saplings for every employee who joins the company, retires, or welcomes a new child into their family. Borusan Boru have planted 4,130 trees within the scope of Be Part of The Green initiative since 2021, both contributing to afforestation in our country and creating a way for the company's employees to commemorate important milestones in their personal lives.

The Sinemasal Akademi Borusan Defne Campus, founded with support of Borusan Boru as part of its disaster relief efforts, carries out activities to help children aged 5-17 living in earthquake-stricken areas to cope and regain a sense of normalcy.

In 2022 Borusan Boru launched a "This idea's a lifesaver" circular economy initiative to donate unused, unopened, and unexpired prescription drugs to those in need. The project also ensures that expired prescription drugs are disposed of properly rather than being haphazardly binned.

To mark the observance of 5 December International Volunteers Day, Borusan Holding published Borusan Volunteerism Handbook with the slogan of "I'm wholeheartedly ready to do good". The publication was given out to company personnel and stakeholders. Intended to be a roadmap for the Borusan Ocean Volunteers Platform, the handbook explains the group's corporate volunteerism model and covers such issues as the model's scope, priorities, implementation principles, reporting requirements, and relationship with Borusan Group sustainability strategies.

### SPONSORSHIPS

Last year, Borusan Boru sponsored various activities and graduation projects carried out by incubation centers, startups, and university entrepreneurship clubs for the Borusan Boru FIN, which was set up to develop new products and services and to create a domestic and international partnership and technology network.

# AWARDS & RECOGNITIONS

Thanks to its focus on people as its most important asset, Borusan Boru advances confidently in line with its “Global Player at Home in Local Markets” vision. The company’s success in human-resources management has earned it national and international awards and recognitions, some of which are highlighted below:

## 2023 Brandon Hall Group Awards:

- “Best Training & Development Team” category: Gold
- “Best Sales Team Development Program” category: Bronze

## 2023 Stevie Awards:

- “Maintenance School Development Program” project entry, “Best Results in a Training & Development Program” category: Silver
- “Sales Faculty” project entry, “Success in Competency, Skill Development & Management” category: Silver

## 2023 İstanbul Chamber of Industry Green Transformation Awards:

- “Environmental Sustainability Management” category award for excellence in environment & sustainability management practices

## 2023 British Safety Council Safety Awards:

- Merit award for excellence in occupational health & safety practices

## 2023 Turkish Employers’ Association of Metal Industries (MESS) OHS Stars Awards:

- Centennial Special Award

## 2023 Ministry of Labor & Social Security and Turkish Confederation of Employer Associations (TİSK)

- White Banner Award



# 03

## CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE AND SUSTAINABILITY COMPLIANCE PRINCIPLES IMPLEMENTED WITH A FOCUS ON VALUE GENERATION FOR ALL STAKEHOLDERS

## STRUCTURE AND ACTIVITY OF THE BORUSAN BORU BOARD OF DIRECTORS

Borusan Boru is governed and represented by the Company's Board of Directors. The authority and responsibility of the Board Members and Directors are included in the Company's Articles of Association with reference to the relevant provisions of the Turkish Commercial Code (TCC). The Board of Directors is composed of a minimum of 5 and maximum of 9 members.

Term of office of Board Members is between 1 and 3 years. Board Members serve until new Board Members are elected and they may be re-elected. The General Assembly may change Board Members at any time, if it so deems necessary.

Half of the Board Members are elected from amongst candidates nominated by Group (A) shareholders. The Capital Market Law and regulations of Capital Markets Board are reserved for independent members, and other members to be elected to the Board of Directors. The Company's Board Members are leading professionals in their respective fields and are appointed to have a guiding role in the projects carried out within the Company, due to the experience and perspective they possess in their relevant fields.

While there are no rules or restrictions for Board Members to be assigned other duties beyond the Company, the fundamental principle is that their duties within the Company are not affected negatively in terms of the time and attention they devote.

Board of Directors may establish commissions and committees responsible for the execution or supervision of the resolutions and policies associated with the Company's operations. The legislation governing Capital Markets regulations are adhered to while establishing these committees.

The Board of Directors meets in accordance with a schedule prepared at the onset of the operating period. However, the Board shall meet also as and when necessitated by the Company's business and conducts. The relevant articles and provisions of the Turkish Commercial Code apply to the decision quorum. The Capital Market Law and the CMB regulations in this matter are reserved.

A secretariat has been set up to ensure that the Board of Directors schedule is prepared and updated; the members attend the meetings; the Board of Directors report prepared by the Company's management is delivered to all members one week prior to the meeting date; and that meeting minutes are prepared and archived. The Chairman of the Board determines the agenda for Board meetings in line with the opinions of Board Members. Final invitation and agenda are delivered to each Board Member through appropriate means as per their request, 15 day in advance of each meeting.

In addition to the resolutions made in the meetings, different opinions, suggestions and questions are also recorded in the meeting minutes. While deliberations are held, there is no decision that has not been taken unanimously by those who attended the meetings, so far. Board Members are not granted weighted vote rights and/or negative veto rights.

Remuneration of Board Members is determined by the General Assembly, which defines the remuneration to be paid to independent and non-independent Board Members in compliance with the Capital Market legislation.

## BOARD COMMITTEES

While Board of Directors of Borusan Boru has nine executive and non-executive members, the majority of Board is composed of Non-executive Members. The Chairman of the Board and the CEO of the Company are different people.

The Company is included in Group 1 as per the CMB announcement concerning “the Groups in Which Listed Companies Belong for 2023” pursuant to the Corporate Governance Communiqué no. II-17.1, and there are three independent members on the Company’s Board of Directors who are assigned in accordance with the CMB’s Corporate Governance Principles and regulations. Independent Board Members have provided their declarations of independence. There has been no situation that terminated the independence as of the related operating period. While the Company did not impose any prohibition on the Board Members, no such transaction took place either.

The Board of Directors has been formed in 2022 General Assembly Meeting convened on 23 May 2023. However, in the Extraordinary General Assembly Meeting convened on 21 November 2023 regarding the amendment in the Company’s Articles of Association, it has been resolved to accept the resignation of Burkhard Becker, Member and Vice Chairman of the Board, and to appoint Muhammet Hüseyin Hamedî as the Member and Erkan Muharrem Kafadar as the Vice Chairman of the Board of Directors. In addition, Levent Kocabıyık has been assigned to replace the resigned Board Member Alexander Eckhard Soboll so as to serve the same term of office with other board members, as per Article 363 of the TCC.

Duties of the Board Members within and outside Borusan Boru, and their resumes can be found on the Company’s website and in the related section of the Annual Report.

At Borusan Boru, three committees that have been set up to assist the Board of Directors in duly fulfilling its duties and responsibilities based on the provisions of the Capital Market Law, CMB’s Corporate Governance Principles Communiqué and the Turkish Commercial Code, carry out their activities within the framework of defined guidelines or procedures.

Committee Members are sent reports that summarize and explicate the topics to be discussed during committee meeting, at least 3 business days prior to the meeting. The Committee’s scope of duty and resolutions are summarized by the Chairman of the Committee to all Board Members for their opinions and feedback during the Board Meeting. Resolutions made during Committee Meetings are written and Minutes are sent to all Committee Members and Board Members after the meetings. Decisions of action taken in previous meetings are reviewed in the following Board Meetings so as to monitor the progress. Resolutions made as a result of the studies independently carried out by Committees, are submitted to the Board of Directors as suggestions, and the final resolution is made by the Board of Directors.

The Board of Directors (“BoD”) has determined the members and duties of the Board Committees as per its resolution dated 16 June 2023. However, due to the resignation of the Member and Vice Chairman of the Board Burkhard Becker and Board Member Alexander Eckhard Soboll following the Extraordinary General Assembly Meeting convened on 21 November 2023; the Board of Directors appointed the Board Members to replace the vacated duties on Committees with the Board resolution dated 27 November 2023.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee is formed of at least two members and all Committee Members are elected from amongst Independent Board Members. The duties of the Committee are; to evaluate the findings of the independent auditor, important issues and problems and their potential consequences regarding the Company's accounting principles and practices within the framework of accounting standards and accounting principles presented to the Company by the independent auditor, and to communicate with the Company Management to make suggestions and recommendations for implementation.

The Committee's duties include reviewing and resolving the complaints received by the Company about its accounting, reporting and internal control systems as well as independent audit process. The Committee is also responsible from establishing the methods and the criteria for the evaluation of the warning and notifications submitted within the framework of confidentiality principle by employees, related to accounting, reporting, internal control and independent audit.

Within the framework of this operating principle, the Audit Committee examines and reviews the result of the audits conducted by the Internal Audit Department of Borusan Holding. These audits are performed in accordance with the International Standards on the Internal Audit Professional Practice. Auditors in charge of the audits attend the meeting to ensure that the report is independently prepared and directly presented to the Board of Directors. The Committee evaluates the opinions of auditors and management; makes resolutions in the capacity of intermediary; decides to refer the issue to the Board of Directors in case the consensus cannot be reached regarding the audit results or measures that need to be taken. The Committee also reviews the action plans of the previous year to monitor and follow up the progress secured.

The external audit company, which is always designated from amongst the four largest auditors according to Borusan's principles, makes an annual presentation on the Company's audited consolidated results, provides information and gives advice on critical issues, if any.

Board of Directors of Borusan Boru has determined the members and duties of the Audit Committee as follows as per its decision dated 16 June 2023.

Name	Title	Whether Board Member or Not
Bülent Bozdoğan	Chairman of Audit Committee	Independent BoD Member
Ahmet Murat Selek	Vice Chairman of Audit Committee	Independent BoD Member

### Corporate Governance Committee

The Corporate Governance Committee is formed of at least two members. If the Committee is formed of two/more than two members, then both members/majority of the members are elected from amongst Board Members who do not assume direct executive duties such as the CEO or Executive Committee Member and do not act in an executive capacity in matters associated with management. The Chairman of the Committee is elected from amongst Independent Board Members. It is mandatory to assign the Manager of the Investor Relations Department as a Member of the Committee.

The Corporate Governance Committee detect whether or not corporate governance principles are being complied within the Company. In case of non-compliance, the Committee determines its reasons; identifies the conflicts of interest arising from and as a result of not fully complying with these principles; and presents its advice for improvement and development to the Board of Directors.

In this framework, the Committee determines the actions on corporate governance principles, which have not been realized and implemented as yet, and that might be to the benefit of the Company and its shareholders; submits the necessary suggestions for their adoption and realization in a manner that conforms to the structure of the Company and its subsidiaries.

The Committee carries out studies about the internal guidelines and the revisions thereto, for the comprehension, adoption and implementation of corporate governance principles by the Company employees, and presents the outcomes of such studies to the Board of Directors.

The Board of Directors may opt for not setting up a Nomination Committee and a Remuneration Committee, and may decide to structure these Committees under the Corporate Governance Committee. In such a case, all functions of the said Committees will be carried out by the Corporate Governance Committee.

After the Board of Directors designated the members of the Corporate Governance Committee as per its decision dated 16 June 2023, Finance and Investor Relations Manager Bora Yüksel, who was also a Corporate Governance Committee Member, resigned on 22 August 2023. As per Board of Directors' resolution dated 6 September 2023, Selman Çataltaş was appointed as Corporate Governance Committee Member to replace Bora Yüksel. Due to resignation of Burkhard Becker on 21 November 2023, Muhammet Hüseyin Hamedî was appointed to replace the vacated Corporate Governance Committee Member position.

Name	Title	Whether Board Member or Not
İbrahim Romano	Chairman of Corporate Governance Committee	Independent BoD Member
Erkan Muharrem Kafadar	Vice Chairman of Corporate Governance Committee	Vice Chairman of the BoD and Executive BoD Member
Muhammet Hüseyin Hamedî	Member of Corporate Governance Committee	BoD Member
Selman Çataltaş	Member of Corporate Governance Committee	Not a BoD Member

### Early Detection of Risk Committee

The Early Detection of Risk Committee is formed of at least two members. If the Committee is formed of two/more than two members, then both members/majority of the members are elected from amongst Board Members who do not assume direct executive duties such as the CEO or Executive Committee Member and do not act in an executive capacity in matters associated with management. The Chairman of the Committee is elected from amongst Independent Board Members.

The main duties and responsibilities of the Early Detection of Risk Committee include advising and making suggestions to the Board of Directors about the early detection and assessment of the strategic, operational, financial and other risks that may endanger the existence, development and continuity of the Company. The Committee is also responsible from identifying potential impact and likelihood of these risks; managing these risks in accordance with the Company's corporate risk appetite; reporting the identified risks and taking necessary measures for these risks; consulting with the decision-making mechanisms; and establishing and integrating an effective and efficient internal control system.

The main risks the Committee deals with are as follows: credit risk that may arise from receivables from customers; operational risk that may arise from the Group's operations; market risk that may arise from changes in exchange and interest rates; liquidity risk that may arise in relation to sustaining operations and funding daily requirements; strategic risk that may arise in parallel with the developments in the sectors in which operations are pursued, and reputation risk associated with the powerful image and reputation of the Company. The Company effectively manages all risks and takes necessary actions with the aim of sustaining its profitability and the efficiency of its operations.

After the Board of Directors designated the members of the Early Detection of Risk Committee as per its resolution dated 16 June 2023, Levent Kocabiyık was appointed as the Early Detection of Risk Committee Member to replace Alexander Eckhard Soboll, who resigned on 21 November 2023.

Name	Title	Whether Board Member or Not
Ahmet Murat Selek	Chairman of the Early Detection of Risk Committee	Independent BoD Member
Semih Abidin Özmen	Vice Chairman of the Early Detection of Risk Committee	Chairman of the BoD
Levent Kocabiyık	Member of the Early Detection of Risk Committee	BoD Member



## INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES OF BORUSAN BORU

At Borusan Boru, the Company management is responsible for, and in charge of, risk management and internal control function. The Company management submits a report on a monthly basis to the Board of Directors, including the financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and predefined key performance indicators (KPIs) along with the explanations therefor.

Closely monitoring the global developments, the Company has rendered its corporate risk management policies in an effective and systematic way, and formulated its corporate risk management process to identify the factors that may potentially affect its operations, to manage those factors in line with its risk appetite, and to take necessary measures.

Internal Control Unit, which was reorganized in 2021, promotes the detection and management of risks and opportunities in a proactive manner with the aim of supporting the Company's strategic initiatives. In this context, foreseeable risk and opportunity projects are carried out during the year with the involvement of the departments within the Company. Risks detected as a result of these projects are prioritized and risk owners take actions to mitigate the impact of the existing risk.

## INVESTOR RELATIONS

Borusan Boru Investor Relations is responsible for maintaining the two-way communication between the Board of Directors and shareholders within the regulatory framework defined by the CMB.

The Investor Relations Unit has been established with the aim of ensuring that shareholding rights are exercised in compliance with the legislation in force, provisions of the Articles of Association and other internal guidelines, intended for the exercise of these rights. The Investor Relations Unit fulfills shareholder requests and all its responsibilities related to public disclosure within the framework of the governing laws, by also adhering to the principle of maintaining the confidentiality of material information.

Head of Investor Relations at Borusan Boru is Selman Çataltaş, who reports to the Executive Committee Member in charge of Financial Affairs and Foreign Trade, and is also a member of the Corporate Governance Committee. The other member of the Investor Relations Department is Ceren Cem. Selman Çataltaş holds Capital Market Activities Level 3 and Corporate Governance Rating Licenses.

Contact information for Borusan Boru Investor Relations is as follows:

Tel: 0 212 393 57 58

Fax: 0 212 293 31 65

E-mail: [bmb.investor@borusan.com](mailto:bmb.investor@borusan.com)

During 2023, efforts for compliance continued for improving the communication between Investors Relations and shareholders pursuant to the Capital Market legislation and CMB requirements. In this context, 2022 year-end and quarterly financial reports were publicly disclosed within legally defined periods of time. 2022 Ordinary General Assembly Meeting in May and the Extraordinary General Assembly Meetings in November were convened, using the EGM system actively and fulfilling all applicable regulatory requirements. Borusan Boru complied with public disclosure requirements by publishing the General Assembly documents and 41 material disclosures that might affect investor decisions through the Public Disclosure Platform ("KAP"). Furthermore, the website has also been updated following the disclosures made. Investors' queries for information, which were conveyed by phone and/or e-mail, were responded. Investor Relations 2023 Annual Activity Report that has been prepared to inform Borusan Boru Board of Directors has been presented to be Board of Directors on 1 March 2024.

## GENERAL ASSEMBLY MEETINGS

Borusan Boru's arrangements concerning General Assembly meetings are available on the Investor Relations page, and also within the "Internal Guidelines on the Working Principles and Procedures of the General Assembly" document that can be found under "Corporate Governance" tab on the website. Publicly disclosed announcements in relation to the General Assembly Meetings are also posted under the same heading.

2022 Ordinary General Assembly meeting of Borusan Boru was held at Borusan Holding Head Office addressed at İstinye Mahallesi, Sarıyer Caddesi, No.77, İstanbul, on 23 May 2023 at 14:00. The invitation for the General Assembly including the agenda as stipulated in the Law and the Articles of Association has been made within due time by being promulgated in the Turkish Trade Registry Gazette dated 27 April 2023, No: 10820. Borusan Boru sent the invitation by registered mail with return receipt to holders of registered shares who have notified their addresses by delivering share certificates beforehand. The invitation was also posted on the Public Disclosure Platform (KAP), Borusan Boru website (<https://borusanboru.com/>) and the e-GEM (Electronic General Meeting System) of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository & Trade Repository of Türkiye) on 25 April 2023, by specifying the meeting date and agenda.

Access was provided to all kinds of information associated with the General Assembly and made available for review by shareholders both in hard copy at the Company's Head Office, and on the website, including the annual report, financial statements and additional explanations regarding the General Assembly.

The General Assembly meeting was held, at the least cost for the shareholders and in the most convenient manner possible, so as not to cause any inequalities among the shareholders. The General Assembly was attended by members of the BoD, as well as the independent auditor of Borusan Boru, Executive Committee, and by those officers in charge of General Assembly preparations. There was no participation by the media and stakeholders other than shareholders.

The main agenda items discussed during the meeting concerned: the appointment and authorization of the Chairman of the meeting; approval of the 2022 Annual Report, Independent Audit Report and Financial Tables; the release of the Members of the Board of Directors; the determination of the number of Board of Directors Members; election of the Board of Directors Members and Independent Members and determination of their annual compensation; approval of the Independent Audit Company; decision on profit distribution; donations and aid provided in 2022, and determining an upper limit for the donations to be provided in 2023; informing shareholders regarding the pledges, mortgages, collaterals and guarantees provided by the Company to third parties; and the granting of permission to the Members

of the Board of Directors for the fulfillment of written transactions pursuant to Articles 395 and 396 of the Turkish Commercial Code.

Some attendants participated in the General Assembly Meeting via electronic means and one shareholder who took to the floor asked whether or not there would be an increase in the float rate of shares. No suggestions were submitted aside from the set agenda items.

Due to the fact that the Company booked TL 1,349,732,431 in consolidated net profit for the period according to the Turkish Financial Reporting Standards and posted TL 667,750,360 net loss according to legal records; and thus, did not have any distributable profit for the period, it was unanimously resolved against profit distribution.

During 2022, as per CMB requirements, there was no act for which decision was left to the General Assembly due to negative votes cast by the majority of Independent Board Members on matters that need to be voted positively by their majority. General Assembly minutes were made available for review by shareholders at Borusan Boru Head Office, and were publicly disclosed through the Public Disclosure Platform (KAP) and the e-GEM system (EGKS); also, all kinds of announcements, documents and so on related to the General Assembly were made available for the information of shareholders and all stakeholders on Borusan Boru website.

Additionally, Borusan Boru convened an Extraordinary General Assembly Meeting at Borusan Holding Head Office, addressed at İstinye Mahallesi, Sarıyer Caddesi, No.77, İstanbul on 21 November 2023 at 15:00.

The invitation for the Extraordinary General Assembly including the agenda as stipulated in the Law and the Articles of Association has been made within due time by being promulgated in the Turkish Trade Registry Gazette dated 25 October 2023, No: 10943. Borusan Boru sent the invitation by registered mail with return receipt to holders of registered shares who have notified their addresses by delivering share certificates beforehand. The invitation was also posted on the Public Disclosure Platform (KAP), the company website (<https://borusanboru.com/>) and the e-GEM (Electronic General Meeting System) of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository & Trade Repository of Türkiye) on 24 October 2023, by specifying the meeting date and agenda.

The main agenda items discussed during the meeting concerned: the approval and resolution on the amendments to be made to "Article 2 – Company Name", "Article 9 – Election of the Board of Directors" and "Article 10 – Duration of the Board of Directors" of the Company's Articles of Association; in line with the permissions and exemptions to be granted by the Capital Markets Board of Türkiye and Republic of Türkiye Ministry of Trade.

## DIVIDEND POLICY

The Dividend Policy of Borusan Boru has been prepared based on the CMB Communiqué Serial: II No: 19.1 on Dividends that entered into force upon its publication in the Official Gazette dated 23 January 2014, No: 28891.

A look at the Company's profit and dividend performance in previous periods reveals that our Company has booked profits even through the most distressed times of the economy and that we have distributed 50% or more of our net profit as dividends to our shareholders since we went public in 1994. This understanding is targeted to be sustained in the future within the framework of the Turkish Commercial Code, Capital Market legislation and CMB's practices and resolutions. Our Company's profit distribution policy for 2014 and years to come is to distribute 50% or more of the distributable profit as dividends. Notwithstanding, the distribution ratio will be reviewed every year in view of the developments in domestic and overseas economic circumstances and the Company's investment opportunities and financing facilities.

The Board of Director's proposal for profit distribution, along with the profit distribution table in the format and content determined by the CMB, are publicly disclosed as per CMB's guidelines concerning public disclosure of material events.

The matters associated with profit distribution are explained below:

The net profit, which remains after deducting the Company's general expenses and depreciation as well as the statutory taxes payable by the Company in its capacity as a legal entity from the amounts calculated at the end of the fiscal year and which is shown on the annual balance-sheet less losses of the previous year, if any, shall be distributed as follows in the order shown below:

First Legal Reserves:

- a) 5% thereof is set aside as legal reserve,

First Dividend:

- b) Out of the remaining amount, The first dividend is set aside at such rate and amount as determined by the CMB.

Without prejudice to the first dividends, the following profit items are set aside from out of the remaining net distributable profit:

- c) 10% share is reserved for holders of dividend shares.
- d) Maximum 5% of the amount remaining after payment of items specified in clauses (a) and (c) above to members of the Board of Directors and Company's directors and

officers may be, upon discretion of the General Assembly, allocated as gain margin. The distribution of the profit share determined for the members of the Board of Directors by the members of the Board of Directors shall be determined by the General Assembly taking into account the legislation related to the Capital Markets.

- e) Maximum 5% of the sum may be allocated for the foundations that are established or participated by the Company or such individuals and/or institutions related to the same.

Second Dividend:

- f) The portion remaining after deduction of sums specified in clauses a, b, c, d and e from the net profit may be, partially or fully, distributed by General Assembly to the shareholders pro rata to their shareholding as the second dividend share and it may be, partially or fully, set aside extraordinary legal reserve.

Secondary Legal Reserves:

- g) One tenth of the amount that remains after a profit share equal to 5% of the paid-in capital is deducted from the portion decided to be distributed to shareholders and other individuals with a share in profit is set aside as secondary legal reserve pursuant to the 3<sup>rd</sup> clause, 2<sup>nd</sup> paragraph of Article 466 of the Turkish Commercial Code.
- h) Unless mandatory legal reserves are set aside and the first dividend stipulated in the articles of association for the shareholders is distributed in cash and/or in stocks; a decision cannot be made to set aside further legal reserves, to carry profits forward to the next year and to distribute dividends to preferred stockholders, holders of participating, founder's and common dividend shares, members of the board of directors, janitors and workers, foundations established for various purposes and such persons and/or other organizations.

Advance Dividend may be distributed pursuant to provisions of Capital Markets Law and in accordance with principles contained in Capital Markets legislation. The deduction of the advance payment is also made according to the provisions of the relevant legislation.

If it is decided to distribute dividends, the dividend will be paid in cash to those who are entitled, and the distribution time is determined by the Board of Directors at the latest as the end of the accounting period in which the General Assembly meeting where the distribution decision is made.

## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Borusan Boru adopts compliance to Corporate Governance Principles of transparency, fairness, responsibility and accountability. During the operating period between 1 January and 31 December 2023, the Company complied with the mandatory principles of the CMB's Corporate Governance Principles, and carried out improvements for areas on which compliance is optional.

The principles, yet to be complied with, have not led to any conflict of interest among the stakeholders to date.

Necessary explanations on matters where compliance is achieved, as well as those not yet complied with regarding Corporate Governance Principles in the annexes of the CMB's Communiqué are provided for the operating period ended on December 31, 2023; in the Corporate Governance Compliance Report ("CGCR") and Corporate Governance Information Form ("CGIF") effective as per the CMB decision dated 10 January 2019 and numbered 2/49.

Borusan Boru is continuously working on compliance efforts for the necessary improvements to Corporate Governance Principles implementation.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NA	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is no such a situation
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				General assembly meetings were held openly for shareholders but privately for the public. General assembly meeting minutes are made available to all stakeholders through the Public Disclosure Platform (KAP) and the company's website.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.			X			Each Group (A) share shall have 5 votes in both ordinary and extraordinary meetings of the General Assembly. However, the provisions of Article 479 of the Turkish Commercial Code relating to voting privileges shall be reserved.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such crossownership provides management control.					X	The company does not have any reciprocal shareholding relationship that brings domination.



	COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NA	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There has been no expansion made regarding minority rights in the articles of association.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				While the company's website has an English version, not all Turkish content has been translated.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NA	EXPLANATION
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

	COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NA	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NA	
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			While there is no specific policy or target rate with a timeframe to achieve for the proportion of female members on the Board of Directors, with the condition not to be less than 25%, currently, out of the 8 members of the Company's Board of Directors, there is 1 female member (12.5%).
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			The information regarding the positions held by the Company's Board of Directors members outside the Company is provided in the General Assembly information document, annual report, and Public Disclosure Platform.

	COMPLIANCE STATUS					EXPLANATION
	YES	PARTIAL	NO	EXEMPTED	NA	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Within the framework of Corporate Governance Principles, the necessity for committee chairs to consist of independent members, the requirement for all members of the audit committee to be independent, and considering the expertise and experience of board members, board members serve on multiple committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No consulting services have been procured.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There is no such an evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration provided to the Board members and executives with administrative responsibilities is disclosed on an aggregate basis in the annual report due to the protection of personal information.



## CORPORATE GOVERNANCE INFORMATION FORM

SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	The company has responded to all investor inquiries received via phone and in writing throughout the year.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1140981">https://www.kap.org.tr/tr/Bildirim/1140981</a> and <a href="https://www.kap.org.tr/tr/Bildirim/1209175">https://www.kap.org.tr/tr/Bildirim/1209175</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Partial
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There are no transactions without unanimity.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations - Corporate Governance - Donation Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/193965">https://www.kap.org.tr/tr/Bildirim/193965</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 16
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	On 23 May 2023, the Ordinary General Assembly and on 21 November 2023, the Extraordinary General Assembly Meetings of Borusan Boru were attended by the Company's shareholders and their representatives, Board Members, Company Auditor, General Secretary, and the employees involved in General Assembly preparations.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Each Group (A) share shall have 5 votes in both ordinary and extraordinary meetings of the General Assembly. However, the provisions of Article 479 of the Turkish Commercial Code relating to voting privileges shall be reserved.
The percentage of ownership of the largest shareholder	73.48%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None

**1.6. Dividend Right**

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations - Corporate Governance- Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	In the 2022 fiscal period, the Company incurred a loss of TL 667,750,360 according to local GAAP (Tax Procedure Law); however, its consolidated net profit in the financial statements prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards amounted to TL 1,349,732,431. Therefore, it was unanimously decided not to distribute dividends due to the absence of distributable profit in the ledger prepared in accordance with local GAAP (Tax Procedure Law).
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/1153102">https://www.kap.org.tr/tr/Bildirim/1153102</a>

General Meetings	Ordinary General Assembly Meeting	Extraordinary General Assembly Meeting
General Meeting Date	23 May 2023	21 November 2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-	-
Shareholder participation rate to the General Shareholders' Meeting	74.83%	83.62%
Percentage of shares directly present at the GSM	0.03%	0.04%
Percentage of shares represented by proxy	74.80%	83.58%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations – General Assembly	Investor Relations – General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations – General Assembly	Investor Relations – General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-	-
The number of declarations by insiders received by the board of directors	85	85
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/tr/Bildirim/1153102">https://www.kap.org.tr/tr/Bildirim/1153102</a>	<a href="https://www.kap.org.tr/tr/Bildirim/1219173">https://www.kap.org.tr/tr/Bildirim/1219173</a>

**2. DISCLOSURE AND TRANSPARENCY****2.1. Corporate Website**

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations- Corporate Governance (Shareholding Structure, Policies, Compliance Report, Articles of Association, Trade Registry, Forms), General Assembly, Reports, Material Disclosures, Contact Details
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations- Corporate Governance- Shareholding Structure
List of languages for which the website is available	Turkish and partially English

## CORPORATE GOVERNANCE INFORMATION FORM

### 2.2. Annual Report

#### The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	In the Annual Report published on the Public Disclosure Platform (KAP), the roles of senior management both within and outside the Company are included in the "Corporate Governance" section under resumes; whereas their declarations of independence are provided under the "Appendices" section.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The 'Corporate Governance Information Form' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	The sections in the Annual Report published on the Public Disclosure Platform (KAP) explaining developments related to the Company's business segments
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	None
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no reciprocal shareholding relationship
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources and Sustainability Sections

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	None
The number of definitive convictions the company was subject to in relation to breach of employee rights	4
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	The Ethics Committee within Borusan Holding
The contact detail of the company alert mechanism	Phone number: +90 212 393 52 52 and WhatsApp: +90 549 821 69 58

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	None
Corporate bodies where employees are actually represented	Employees are represented by the Turkish Metal Industry Employers' Association and can communicate their questions and comments to the Company through various activities organized by HR.

**3.3. Human Resources Policy**

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board encourages the management to develop a succession plan.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

Borusan Boru operates within the framework of "Borusan Group Management Approach and Practices" and "Business Principles, Business Ethics, and Human Resources Practices" in its human resources management. The first document covers Borusan Group's corporate governance philosophy, structure, operations, business principles, and policies. The second document encompasses Borusan Group's main human resources policies and practices, including the application of business principles, ethical rules, stakeholder relations, as well as recruitment, working arrangements, salary payments, and employee duties and responsibilities.

Whether the company provides an employee stock ownership program

No

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Borusan Boru companies operate in human resources practices within the framework of the following principle stated in the document "Borusan Group Management Approach and Practices": Borusan Boru believes in and supports individuals' rights and freedoms to the fullest extent in every place and environment where it operates. Accordingly, under no circumstances does the Group discriminate based on individuals' ethnic origin, gender, color, race, nationality, economic status, religion, and other beliefs. This applies to all aspects, including recruitment, promotion, working conditions provided, and all relationships with customers, suppliers, and partners. The Group is responsible for ensuring that working conditions, products, and services are compatible with human health and safety. Additionally, the Group's human resources practices are implemented in line with the two main objectives outlined in the "Borusan Group Human Resources and Practices" document. The first objective is to encourage individuals to take initiative and take ownership of their work and its consequences, while the second is to promote teamwork and ensure individual development for greater success. Among the responsibilities of the human resources department are managing relationships with employees regarding social rights and benefits, union relations, performance, career management, compensation, and career development. During the period, no complaints were received from employees, including discrimination issues.

The number of definitive convictions the company is subject to in relation to health and safety measures

6

**3.5. Ethical Rules and Social Responsibility**

The name of the section on the corporate website that demonstrates the code of ethics

Borusan Boru- About Us- Orange Ethics Hotline

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

The 'Contributing to the Society' section of the 2022 Sustainability Report under the Sustainability Section in the corporate website.

## CORPORATE GOVERNANCE INFORMATION FORM

Any measures combating any kind of corruption including embezzlement and bribery

Borusan Boru adheres to policies and programs aimed at combating bribery and corruption, as well as ensuring tax integrity. Preventing conflicts of interest, professionally managing relationships with stakeholders, and preventing unlawful behavior are values that make up the corporate culture at Borusan Boru. While unethical behaviors such as bribery, corruption, and abuse of authority are carefully avoided, efforts to eliminate such crimes are supported internationally, and activities are carried out within the framework of competition law and ethical rules. Borusan Boru maintains transparent communication with public authorities and complies with competition laws. Upholding the same ethical, transparent, and fair approach in its relations with competitors, Borusan Boru avoids any behavior contrary to competition. Demonstrating a firm stance against any action that could lead to monopolization and collusion while adhering to established confidentiality rules, the company creates policies and procedures to prevent anticompetitive behavior and provides online training to employees on this issue, conducting on-site inspections and audits. All Borusan Boru employees undertake the responsibility of adhering to and guiding compliance with the "Orange Guide: Borusan Working Principles and Ethical Rules," which addresses topics such as human rights, environment, and public activities. As part of this responsibility, there is an Orange Ethics Hotline, which is accessible 24/7, where all information regarding compliance with ethical rules is communicated.

### 4. BOARD OF DIRECTORS-I

#### 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Semih Abidin Özmen - Chairman of the Board; Erkan Muharrem Kafadar - Vice Chairman of the Board, and Executive Board Member
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	-
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control and Internal Audit Activities
Name of the Chair	Semih Abidin Özmen
Name of the CEO	Zafer Yaşar Atabey
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	The company's website does not have a diversity policy aimed at increasing the proportion of female board members.
The number and ratio of female directors within the Board of Directors	1 – 12.5%



Board Members							
Name-Surname	Whether Executive Director Or Not	Whether Independent Board Member or not	The First Election Date to Board	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Semih Abidin Özmen	Non-executive	Not Independent	2.01.2017			Not Applicable	No
Erkan Muharrem Kafadar	Executive	Not Independent	30.03.2016			Not Applicable	No
Defne Kocabıyık Narter	Non-executive	Not Independent	28.03.2018			Not Applicable	No
Muhammet Hüseyin Hamedî	Non-executive	Not Independent	27.11.2023			Not Applicable	No
Levent Kocabıyık	Non-executive	Not Independent	27.11.2023			Not Applicable	No
Ahmet Murat Selek	Non-executive	Independent	29.03.2018	<a href="https://www.kap.org.tr/Bildirim/1140984">https://www.kap.org.tr/Bildirim/1140984</a>	Considered	No	No
Bülent Bozdoğan	Non-executive	Independent	6.07.2020	<a href="https://www.kap.org.tr/Bildirim/1140984">https://www.kap.org.tr/Bildirim/1140984</a>	Considered	No	No
İbrahim Romano	Non-executive	Independent	6.07.2020	<a href="https://www.kap.org.tr/Bildirim/1140984">https://www.kap.org.tr/Bildirim/1140984</a>	Considered	No	Yes

\* The Declaration of Independence of the independent members is included in the 2023 Annual Report.

## CORPORATE GOVERNANCE INFORMATION FORM

## 4. BOARD OF DIRECTORS - II

## 4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	2
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	Corporate Governance section of the 2023 Annual Report
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy restricting members from taking on other roles outside the company

## 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/tr/Bildirim/859602">https://www.kap.org.tr/tr/Bildirim/859602</a>

## Composition of Board Committees - I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chairman or not	Whether Board Member or not
Audit Committee	Audit Committee	Bülent Bozdoğan	Yes	Independent Board Member
Audit Committee	Audit Committee	Ahmet Murat Selek	No	Independent Board Member
Corporate Governance Committee	Corporate Governance Committee	İbrahim Romano	Yes	Independent Board Member
Corporate Governance Committee	Corporate Governance Committee	Erkan Muharrem Kafadar	No	Vice Chairman of the Board and Executive Board Member
Corporate Governance Committee	Corporate Governance Committee	Muhammet Hüseyin Hamedî	No	Board Member
Corporate Governance Committee	Corporate Governance Committee	Selman Çataltaş	No	Not Board Member
Early Detection of Risk Committee	Early Detection of Risk Committee	Ahmet Murat Selek	Yes	Independent Board Member
Early Detection of Risk Committee	Early Detection of Risk Committee	Semih Abidin Özmen	No	Chairman of the Board
Early Detection of Risk Committee	Early Detection of Risk Committee	Levent Kocabiyık	No	Board Member

**4. BOARD OF DIRECTORS - III****4.5. Board Committees-II**

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The 'Board Committees' subsection under the 'Corporate Governance' section of the Annual Report published on the Public Disclosure Platform (KAP).

**4.6. Financial Rights**

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Assessment of 2023
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	Investor Relations - Corporate Governance - Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Information - Payments Made to Senior Management

**Composition of Board Committees - II**

<b>Names of the Board Committees</b>	<b>Name of committees defined as "Other" in the first column</b>	<b>The Percentage of Non-executive Directors</b>	<b>The Percentage of Independent Directors in the Committee</b>	<b>The Number of Meetings Held in Person</b>	<b>The Number of Reports on its Activities Submitted to the Board</b>
Audit Committee	Audit Committee	100%	100%	9	9
Corporate Governance Committee	Corporate Governance Committee	75%	25%	3	3
Early Detection of Risk Committee	Early Detection of Risk Committee	100%	33%	6	6

## CORPORATE GOVERNANCE INFORMATION FORM

### DUTIES OF THE BOARD MEMBERS WITHIN AND OUTSIDE THE GROUP

#### SEMİH ABİDİN ÖZMEN

##### Duties Within the Group

- Chairman of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD
- Chairman of Borusan Boru Yatırım Holding A.Ş. BoD
- Chairman of Borusan EnBw BoD
- Member of Borusan Holding BoD
- Member of Borçelik BoD
- Vice Chairman of Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş. BoD
- Chairman of Sincan Elektrik Üretim Sanayi ve Ticaret A.Ş. BoD
- Chairman of Borusan Ezine Elektrik Üretim Sanayi ve Ticaret A.Ş. BoD
- Chairman of Borusan Trakya Elektrik Üretim Sanayi ve Ticaret A.Ş. BoD
- Member of Borusan İstikbal Ticaret Türk A.Ş. BoD

#### ERKAN MUHARREM KAFADAR

##### Duties Within the Group

- Vice Chairman of Borusan Yatırım ve Pazarlama A.Ş. BoD
- Vice Chairman and Executive Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD
- Vice Chairman and Executive Member of BMB Holding A.Ş. BoD
- Executive Member of Borçelik Çelik Sanayii Tic. A.Ş. BoD
- Chairman of Borusan İstikbal Ticaret Türk A.Ş. BoD
- BoD Member of the Companies of Borusan Automotive Group
- Deputy Chairman and Executive Member of Supsan Motor Supapları Sanayii ve Ticareti A.Ş. BoD
- Vice Chairman of Borusan Sigorta Acenteliği A.Ş. BoD
- Executive Member of Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. BoD
- Executive Member of Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. BoD
- Executive Member of Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş. BoD
- Chairman of Eta Elektronik Taşımacılık Ağı Taşımacılık ve Ticaret A.Ş. BoD
- Chairman of Bukoli Taşımacılık A.Ş. BoD
- Executive Member of Borusan Enbw Enerji Yatırımları ve Üretim A.Ş. BoD and Chairman of the BoD of other Energy Group Companies
- Vice Chairman of Borusan Berg Pipe Holding Corp. BoD

##### Duties Outside the Group

- Member of Turkish Employers' Association of Metal Industries (MESS) BoD
- Member of Turkish Industry and Business Association (TÜSIAD)
- Member of the Disciplinary Board of Turkish Confederation of Employer Associations (TİSK)
- Member of the Sabancı University İstanbul International Center for Energy and Climate (IIEEC) BoD

**DEFNE KOCABIYIK NARTER****Duties Within the Group**

- Executive Member of Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (Caterpillar) BoD
- Member of Borusan İş Makinaları Kiralama Sanayi ve Ticaret A.Ş. BoD
- Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD
- Member of BMB Holding A.Ş. BoD
- Member of Borusan Holding Audit Board
- Member of Borusan Holding Ethics and Compliance Board
- Member of Borusan Enerji Çözümleri Sanayi ve Ticaret A.Ş. BoD
- Member of Borusan Oto Servis ve Ticaret A.Ş. BoD
- Member of Borusan Otomotiv İthalat ve Dağıtım A.Ş. BoD
- Member of Borusan Otomotiv Pazarlama ve Ticaret A.Ş. BoD
- Member of Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. BoD
- Member of Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. BoD
- Chairman of CVC Investment Committee at Borusan Kurumsal Girişim Sermayesi
- Member of Tazlar Tarım ve Gıda Ürünleri Sanayi ve Ticaret A.Ş. BoD
- Member of Tazlar Süt Gıda ve Tarım Ürünleri Pazarlama Ticaret A.Ş. BoD
- Member of 38 30 Sanat Vadisi Kültür Turizm ve Eğlence Yatırımları A.Ş. BoD

**LEVENT KOCABIYIK****Duties Within the Group**

- Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD
- Chairman of Borusan Holding Audit Board
- Member of Borusan Holding Ethics and Compliance Board
- Chairman of Supsan Motor Supapları Sanayii ve Ticareti A.Ş. BoD
- Member of Borusan Holding A.Ş. BoD
- Member of Borçelik Çelik Sanayi Ticaret A.Ş. BoD
- Member of Borusan Enbw Enerji Yatırımları ve Üretim A.Ş. BoD
- Member of Yeni Nesil Yönetim ve Danışmanlık A.Ş. BoD
- Vice Chairman of Borusan Oto Servis ve Ticaret A.Ş. BoD
- Chairman of Borusan Otomotiv İthalat ve Dağıtım A.Ş. BoD
- Chairman of Borusan Otomotiv Pazarlama ve Ticaret A.Ş. BoD
- Vice Chairman of Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. BoD
- Vice Chairman of Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. BoD
- Chairman of BOM Motor Sporları ve Ticaret A.Ş. BoD
- Vice Chairman of Tazlar Tarım ve Gıda Ürünleri Sanayi ve Ticaret A.Ş. BoD
- Vice Chairman of Tazlar Süt Gıda ve Tarım Ürünleri Pazarlama Ticaret A.Ş. BoD
- Vice Chairman of 38 30 Sanat Vadisi Kültür Turizm ve Eğlence Yatırımları A.Ş. BoD

**Duties Outside the Group**

- Member of the BoD of Borusan Kocabiyik Foundation
- Member of TAİK (Türkiye - U.S. Business Council) BoD
- Founding Member of Supervisory Board of Yuvam Dünya Association



## CORPORATE GOVERNANCE INFORMATION FORM

### MUHAMMET HÜSEYİN HAMEDİ

#### Duties Within the Group

- Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD
- Chairman of Borçelik Çelik Sanayi Ticaret A.Ş. BoD
- Chairman of Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. BoD
- Chairman of Borusan Tedarik Zinciri Çözümleri ve Taşımacılık A.Ş. BoD
- Vice Chairman of Borusan Makina ve Güç Sistemleri Sanayi ve Ticaret A.Ş. (Caterpillar, Heavy Machinery Distribution) BoD
- Member of Borusan Holding A.Ş. BoD
- Member of Borusan Oto Servis ve Ticaret A.Ş. BoD
- Member of Borusan Otomotiv İthalat ve Dağıtım A.Ş. (BMW, Jaguar, Land Rover Distribution) BoD
- Member of Borusan Otomotiv Pazarlama ve Ticaret A.Ş. BoD
- Member of Borusan Otomotiv Premium Kiralama ve Ticaret A.Ş. BoD
- Member of Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. BoD
- Member of Supsan Motor Supapları Sanayii ve Ticareti A.Ş. BoD

### MURAT SELEK

#### Duties Within the Group

- Independent Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD

#### Duties Outside the Group

- Independent Member of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. BoD

### İBRAHİM ROMANO

#### Duties Within the Group

- Independent Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD

#### Duties Outside the Group

- Member of ÜNLÜ & Co BoD
- Managing Director of the ÜNLÜ & Co Corporate Finance Department
- Executive Committee Member in charge of ÜNLÜ & Co Investment Banking Advisory

### BÜLENT BOZDOĞAN

#### Duties Within the Group

- Independent Member of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. BoD

#### Duties Outside the Group

- Independent Member of CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş. BoD
- Independent Member of Akçansa Çimento Sanayi ve Ticaret A.Ş. BoD
- Independent Member of Kordsa Indonesia BoD

## DISCLOSURE ON COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

Borusan Boru sustainability teams carry out their studies targeting compliance with the Sustainability Principles Compliance Framework prepared in line with the amendment dated 2 October 2020, made by the Capital Markets Board in the Corporate Governance Communiqué. For the operating period between 1 January and 31 December 2023, necessary explanations on matters where compliance is achieved, as well as those not yet complied are provided; regarding principles covered in the Sustainability Report, which became effective as per the CMB decision dated 23 June 2022 and numbered 34/977

Pursuing the benefit of all stakeholders, Borusan Boru continued its efforts on the improvement of compliance also in 2023. The work on necessary improvements is underway as per Borusan Boru Sustainability Principles Compliance Framework.

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
	<b>A. General Principles</b>						
	<b>A1. Strategy, Policy and Targets</b>						
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.	X				Borusan Boru collaborates with Borusan Holding to conduct environmental, social, and corporate governance (ESG) studies and performs risk and opportunity analysis with an integrated approach.	2022 Sustainability Report Page 21
	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.	X				Borusan Boru manages its management systems with an integrated perspective. Relevant policies can also be accessed on the company's website.	Borusan Boru website, Sustainability section <a href="https://www.borusanboru.com/Sustainability">https://www.borusanboru.com/Sustainability</a>
A1.2	Publicly discloses short- and long- term goals set according to ESG policies.	X				As part of ESG policies, objectives have been established in the areas of Climate, Human, and Innovation values. Details are indicated in the Sustainability Report.	2022 Sustainability Report Page 32/33
	<b>A2. Implementation / Monitoring</b>						
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.	X				The ESG policies have been addressed by the Borusan Holding Board of Directors and distributed to the companies. At Borusan Boru, the work on ESG issues is carried out under the sponsorship of the General Manager. The sustainability responsibilities and structure are indicated in the sustainability report.	2022 Sustainability Report Page 20
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X				The Holding Sustainability Board, covering Borusan Holding and group companies, convenes at least four times a year, tracking developments in sustainability with an integrated perspective, taking necessary decisions, and implementing them. Additionally, at Borusan Boru, the responsible committee meets monthly to evaluate efforts made towards achieving goals.	2022 Sustainability Report Page 20

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
A2.2	Creates and discloses implementation and action plans aligned with ESG targets.	X				The material issues and the action plans prepared in this context are detailed in the Sustainability Report.	2022 Sustainability Report Page 22
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X				The necessary critical performance indicators for Borusan Boru to achieve its zero waste, zero emission goal have been comprehensively evaluated in the Sustainability Report.	2022 Sustainability Report Page 32/33
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.	X				In order to improve sustainability performance in business processes and products, a 'Sustainable Product and Innovation' team has been established. The team's efforts are discussed in the report. Additionally, LCA and EPD studies have been conducted to reveal the environmental impacts of the products.	2022 Sustainability Report Page 62/66
<b>A3. Reporting</b>							
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X					2022 Annual Report Page 20-21
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X				The relationship between activities and Sustainable Development Goals (SDGs) is explained in the Sustainability Report.	2022 Sustainability Report Page 25/28
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.				X	There are no legal proceedings regarding ESG issues.	

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
	<b>A4. Verification</b>						
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.	X				Corporate Water Footprint (ISO 14046) and Corporate Carbon Footprint (ISO 14064) verifications have been conducted. There is no audit mechanism in place for other data.	2022 Sustainability Report Page 46
<b>B. Environmental Principles</b>							
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs.	X				All of Borusan Boru's facilities in Türkiye hold ISO 14001:2015 Certification.	2022 Sustainability Report Page 78
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	X				The sustainability reports include the headings mentioned in this item.	2022 Sustainability Report Page 3
B3	Provided in A2.1					The Holding Sustainability Board, covering Borusan Holding and group companies, convenes at least four times a year, tracking developments in sustainability with an integrated perspective, taking necessary decisions, and implementing them. Additionally, at Borusan Boru, the responsible committee meets monthly to evaluate efforts made towards achieving goals.	



	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).			X		The Critical Performance Indicators are linked to the performance of process owners.	The Critical Performance Indicators are progressing in line with the process management determined by Borusan Group. The Borusan Holding Integrated Report "Performance and Career Management".
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X				The material issues are regularly updated.	2022 Sustainability Report Page 24
B6	Provided in A2.4.						
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X					2022 Sustainability Report Page 68
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X				In 2022, the 'Become a Partner with the Green' Project, conducted jointly by the Confederation of Turkish Employers' Associations (TİSK) and the Tohum Foundation, was implemented.  In 2023, at the Istanbul Chamber of Industry (ISO) Green Transformation Awards, the Environmental Sustainability Management award was received.	2022 Sustainability Report Page 61

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).	X				Scope 1, Scope 2, and Scope 3 emissions have been verified through third-party certification according to the 14064-1:2018 standard.	2022 Sustainability Report Page 38
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data.	X				Scope 1, Scope 2, and Scope 3 emissions have been verified through third-party certification according to the 14064-1:2018 standard.	2022 Sustainability Report Page 38
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X				The comparison of goals with previous years and the current year is reported.	2022 Sustainability Report Page 32/33
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X					2022 Sustainability Report Page 32/33
B13	Discloses its strategy and actions to combat the climate crisis.	X					2022 Sustainability Report Page 34/46
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/ or services it offers.	X					2022 Sustainability Report Page 44/45
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).	X					2022 Sustainability Report Page 38

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	X					2022 Sustainability Report Page 69
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.	X					2022 Sustainability Report Page 38
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.	X					2022 Sustainability Report Page 37
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	X					2022 Sustainability Report Page 36
B19	Discloses data on its renewable energy generation and consumption.	X				Agreements have been made to source energy from renewable energy sources. Following the preliminary work in 2022, as per the agreement reached, energy has been supplied from renewable energy plants as of the beginning of 2023. The electricity obtained for production sites in 2023 has been certified with IREC certificates.	2022 Sustainability Report Page 36
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X					2022 Sustainability Report Page 32

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X					2022 Sustainability Report Appendices
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).				X	Due to the incomplete legislative processes regarding carbon pricing systems in Türkiye, there is no carbon pricing system in which Borusan Boru participates. Additionally, the Company is not subject to national MRV regulations.	
B23	Discloses the carbon credits saved or purchased during the reporting period.				X	Due to the incomplete legal regulatory processes regarding carbon pricing systems in Türkiye, Borusan Boru is not involved in any carbon pricing system.	No carbon credits were purchased during the 2022 reporting period.
B24	Discloses the details if carbon pricing is applied within the Company.				X	Due to the incomplete legal regulatory processes regarding carbon pricing systems in Türkiye, Borusan Boru is not involved in any carbon pricing system.	No carbon pricing was applied during the 2022 reporting period.
B25	Discloses the platforms that it reports its environmental information to.	X				Borusan Boru made a pioneering move in its sector by responding to the CDP Climate and Water initiatives.	2022 Sustainability Report Page 36

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
C. Social Principles							
	C1. Human Rights and Employee Rights						
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	X					2022 Sustainability Report Page 60
C1.2	Incorporates equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain.	X					2022 Sustainability Report Page 55/56
C1.3	Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low income groups, women, etc.) or for securing minority rights/equal opportunity.	X					2022 Sustainability Report Page 55/56
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.	X					2022 Sustainability Report Page 60



## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
C1.5	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/life balance solutions and talent management in its policies concerning employee rights.	X					2022 Sustainability Report Page 51/53
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.	X					2022 Sustainability Report Page 51
	Discloses the activities for ensuring employee satisfaction during the reporting period.	X					2022 Sustainability Report Page 51/52
C1.6	Establishes and discloses occupational health and safety policies.	X					2022 Sustainability Report Page 48/50
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X					2022 Sustainability Report Appendices
C1.7	Establishes and discloses personal data protection and data security policies.	X					<a href="https://borusanboru.com/processing-of-personal-data">https://borusanboru.com/processing-of-personal-data</a>
C1.8	Establishes and discloses a code of ethics.	X					2022 Sustainability Report Page 13
C1.9	Discloses information on activities with regards to community investments, social responsibility, financial inclusion and access to finance.	X					2022 Sustainability Report Page 10-11
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X					2022 Sustainability Report Appendices

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	NO	PARTIAL	N/A		
	C2. Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.	X				Borusan Boru has ISO 10002 certification in all its facilities in Türkiye.	2022 Sustainability Report Page 72
C2.2	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).	X					2022 Sustainability Report Page 72
C2.3	Discloses the international reporting standards embraced in its reporting.	X					2022 Sustainability Report Page 3
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X					2022 Sustainability Report Page 76
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.		X			Current status analyses are being conducted for the BIST Sustainability Index.	
D. Corporate Governance Principles							
D1	Seeks stakeholders’ opinions when determining the measures and strategies in relation to sustainability.	X					2022 Sustainability Report Page 67/73
D2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X					2022 Sustainability Report Page 61

# 04

## ANNEXES



## OTHER INFORMATION

### Capital Structure and Subsidiaries

As per the disclosure made on 22 June 2023 by BMBYH that holds the shares representing 73.48% of Borusan Boru's capital, a share transfer agreement was signed by and between Borusan Holding A.Ş. and Salzgitter Mannesmann GmbH ("Salzgitter"). Accordingly, Borusan Holding A.Ş. acquired 230,000,000 shares, which represent 23% of total capital of BMB Holding A.Ş. and a nominal value of TL 2,300,000 held by Salzgitter, for a price of EUR 52.8 million.

Upon fulfillment of prerequisites for the share transfer and obtaining the necessary approvals, an Extraordinary General Assembly meeting was convened on 21 November 2023 for amending the company's Articles of Association. As per the resolutions registered on 23 November 2023, the company was titled as Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş., and it was decided the company to pursue its operations in Türkiye under the brand name "Borusan Boru" and its operations on the international arena under the brand name "Borusan Pipe".

Out of 230,000,000 shares, 92,000,000 shares with a nominal value of TL 920,000 were acquired by Borusan Holding A.Ş. and 138,000,000 million shares with a nominal value of TL 1,380,000 were acquired by Borusan İstikbal Ticaret Türk A.Ş., a wholly-owned subsidiary of Borusan Holding, and as such, the share transfer has been completed on 27 November.

Hence, while there were no changes in the management control and direct shareholding structure of Borusan Boru, Salzgitter's indirect shareholding in the capital of Borusan Boru decreased from 16.9% to 0%. As a result, total shareholding of Borusan Group companies in the capital of BMB Holding A.Ş. that holds shares representing 73.48% of the capital of Borusan Boru increased from 77% to 100%. Consequently, total indirect shareholding of Borusan Group companies in the capital of Borusan Boru went up from 56.58% to 73.48%.

Borusan Boru's consolidated subsidiaries, the percentages of shares controlled in these subsidiaries, and their fields of activity as of December 31, 2023 are as follows:

Field of Activity	Subsidiary,	Location	Ultimate %
Holding	Borusan Pipe Holding BV "(BP Holding BV)" <sup>(*)</sup>	Holland	100.0%
Steel Pipe	Borusan Pipe US Inc "(BP US)" <sup>(*)</sup>	USA	100.0%
Steel Pipe	Borusan Vobarno Tubi SPA "(Vobarno)"	Italy	99.0%
Steel Pipe	Borusan Tube International GmbH "(Borusan Tube Germany)" <sup>(*)</sup>	Germany	100.0%
Holding	Borusan Pipe Cooperative U.A. "(BP Coop)" <sup>(*)</sup>	Holland	99.0%
Steel Pipe	Borusan Pipe Espana SA "(BP Espana)" <sup>(*)</sup>	Spain	99.0%
Steel Pipe	Borusan Tube Products S.A. "(Borusan Tube Romania)"	Romania	100.0%
Holding	Borusan Berg Pipe Holding Corp. "(Berg Pipe)" <sup>(**)</sup> (***)	USA	100.0%
Steel Pipe	Berg Pipe Mobile Corp. <sup>(**)</sup>	USA	100.0%
Steel Pipe	Berg Pipe Panama City Corp. <sup>(**)</sup>	USA	100.0%

<sup>(\*)</sup> The name of the subsidiary was changed in December 2023 following the change in the indirect shareholding structure of BBB.

<sup>(\*\*)</sup> Wholly acquired by Borusan Pipe US on 13 April 2023. Berg Pipe Mobile Corp. and Berg Pipe Panama City Corp. are wholly-owned subsidiaries of Borusan Berg Pipe Holding Corp.

<sup>(\*\*\*)</sup> Berg Europipe Holding Corp. was renamed as Borusan Berg Pipe Holding Corp. on 24 April 2023.

Borusan Boru's related party transactions and counter-performances provided in return for these transactions are presented in the consolidated financial statements and their footnotes. (Footnote 24: Related Party Disclosures) The company provided an appropriate counter-performance for each transaction. Holders of redeemed shares do not have voting rights.

### Investments and Incentives

Total investments in the reporting period amounted to TL 7,203,971,000. The company did not benefit from any incentive for these investments.

### Remuneration of Senior Management

Senior management consists of the members of company's Board of Directors and the Executive Committee. Senior managers receive payments such as performance-based premiums, bonuses and so on. In determining such remuneration, existing potential risks, capital and liquidity position, and the probability and timing of future revenues planned to be derived are taken into consideration so as not to deteriorate the shareholders' equity. Senior managers may receive payments depending on the company's performance; however, strict attention is paid to ensure that such payments positively impact the company's corporate values. In the period ended on 31 December 2023, remunerations and similar benefits paid to senior management totaled TL 70,130,000.

### Employees

Total number of employees of the Group was 2,592 as of 31 December 2023.

### Capital increases carried out in the Reporting Period

The company's capital is TL 141,750,000. No capital increase was realized in the reporting period.

### Securities issued in the Reporting Period

As publicly disclosed on 16 December 2022, based on the application submitted to the Capital Markets Board of Türkiye (CMB) for issuing financing bills and/or bonds up to the amount of TL 3,000,000,000; on 2 October 2023, Borusan Boru issued a bond for the amount of TL 500,000,000 for qualified domestic investors with a 365-day maturity and 4 coupon payments, a fixed rate of 45%, a redemption date of 1 October 2024 and an ISIN code of TRSBRNE2415.

### Credit rating assigned in the Reporting Period

According to the announcement published on Public Disclosure Platform by JCR Avrasya Derecelendirme A.Ş. on 31 August 2023, Long Term National Issuer Credit Rating of Borusan Boru was affirmed at "A+ (tr) / (Stable Outlook)" and Short-Term National Issuer Credit Rating at "J1 (tr) / (Stable Outlook)". The Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were confirmed as "BB / (Negative Outlook)".

### Changes to the Articles of Association in the Reporting Period

As detailed under the heading Capital Structure and Subsidiaries, an Extraordinary General Assembly meeting was convened on 21 November 2023 for amending "Article 2 – Company Name", "Article 9 – Election of the Board of Directors" and "Article 10 – Duration of the Board of Directors" of the company's Articles of Association due to the share transfer agreement signed for Borusan Holding's acquisition of the shares held by Salzgitter and the resolutions made were registered on 23 November 2023.

### Donations and Aids

Borusan Boru supports various charitable organizations and foundations in keeping with its commitment to social responsibility. In this scope, the donations and aids in the period from 1 January and 31 December 2023, amounted to TL 23,314,000.

### Information about regulatory changes that may materially impact the company's operations

There were no regulatory changes that may materially impact the company's operations.

### Information about material changes in the shares of financial fixed assets

No transactions that reached or fell below the limits of participation rates as specified in the Turkish Commercial Code in the shares of financial fixed assets, in which Borusan Boru directly participates, were conducted in 2023.



## SUBSEQUENT EVENTS

### **Affiliation Report for the Period 1 January and 31 December 2023**

As per the disclosure required to be made about controlling and affiliated companies pursuant to Article 199 of the Turkish Commercial Code, the controlling shareholder of Borusan Boru is Borusan Holding, and that no transactions were conducted with Borusan Holding that might cause Borusan Boru to suffer losses and there were no measures that needed to be taken in this framework.

### **Information on lawsuits against the company and any probable outcomes that could impact the company's financial situation and operations**

No lawsuits significant enough, including those related to the environmental, social and corporate governance issues that may materially affect the financial situation and activities of Borusan Boru, were filed.

### **Information on administrative or judicial sanctions imposed on the company and its management due to practices in violation of regulations**

There were no administrative or judicial sanctions imposed on the company or the members of its management due to regulatory violations.

### **Information on conflicts of interest with organizations from whom the company obtains investment consultancy, rating or similar services and measures taken by the company to prevent such conflicts of interest**

There were no incidents that may cause any conflicts of interest with organizations from whom the company obtains investment consultancy, rating or similar services.

### **Assessment under Article 376 of the Turkish Commercial Code**

According to the assessments made pursuant to Article 376 of the Turkish Commercial Code, Borusan Boru is not deep in debt.

### **Stock Price Performance**

Closing price of Borusan Boru shares on 29 December 2023 is TL 591.00, and its market capitalization is TL 83,774,250,000 (share price: TL 84.05; market capitalization: TL 11,914,087,000 as of 31 December 2022)

### **Subsequent Events**

#### **2 January 2024 – First Coupon Payment of the Bond with TRSBRNE2415 ISIN Code**

First coupon payment of TL 56,712,500 of the bond with ISIN code TRSBRNE2415 has been completed.

#### **12 January 2024 – Announcement Regarding the Strike Decision**

In the ongoing collective labor agreement negotiation process between the Turkish Metal Employers' Association of Metal Industries (MESS), of which our company is a member, and the Turkish Metal Workers Union (Türk Metal), a strike decision for all our workplaces in Türkiye, with the implementation date to be determined later, has been communicated to our company by Türk Metal.

The negotiations are currently ongoing with the aim of signing a collective labor agreement and significant developments will be disclosed to public within the framework of the relevant regulations.

#### **18 January 2024 – Announcement Regarding the Resolution in the Collective Labor Agreement Process and Withdrawal of Strike Decision**

On 12 January 2024, the notification from Turkish Metal Workers Union was announced regarding the strike decision for all our workplaces in Türkiye, with the implementation date to be determined later in the ongoing collective labor agreement negotiations process between our company, a member of the Turkish Metal Employers' Association (MESS), and the Turkish Metal Workers Union. The collective labor agreement negotiations between MESS and Turkish Metal Workers Union covering the period from 1 September 2023 to 31 August 2025, have concluded with an agreement, leading to the withdrawal of the strike decision.

As per the significant provisions of the agreement:

- For the first 6 months, hourly wages for employees with hourly rates below 65 TL will be raised to 65 TL. Subsequently, all employees will receive a relative increase of 32%, followed by a fixed increase of 30 TL/hour. Additionally, for each full year of seniority, a one-time seniority increase of 2 TL/hour will be applied to hourly rates, not exceeding 30 TL/hour.
- For the second 6 months, commencing on 1 March 2024, a 30% increase will be applied (if the Consumer Price Index (CPI) between 1 September 2023 and 29 February 2024, exceeds 30%, the difference will be added to the wage increase rate).
- For the third 6 months, there will be a wage increase of CPI + 3 points, and for the fourth 6 months, the increase will be based on the CPI rate.
- All social benefits will see a 140% increase for the first year and an annual increase based on the CPI rate for the second year.

### 26 January 2024 – Announcement Regarding the Implementation of Inflation Accounting

Borusan Birleşik Boru Fabrikaları San. ve Tic. A.Ş. and its Subsidiaries (Group) primarily use the United States Dollar (USD) in their operations, and USD significantly impacts the Group's operations. Taking into consideration the economic environment and activities of the Group, the functional currency, as per Turkish Accounting Standards (TAS) 21 "The Effects of Changes in Foreign Exchange Rates," has been determined as USD.

As the functional currency of the Group is not Turkish Lira (TL), the provisions of TAS 29 "Financial Reporting in Hyperinflationary Economies" will not be applicable and inflation accounting will not be implemented in the consolidated financial statements as of 31 December 2023.

In this context, Group's consolidated financial statements as of 31 December 2023, will be disclosed to the public till 11 March 2024, in compliance with the timeframe as announced on 4 January 2023.

### 15 February 2024 – Announcement Regarding the Appointment of Corporate Governance Committee Member and Investor Relations Department

As per the resolution of the Board dated 15 February 2024, Ms. Ekin Taş, who started her role as the Investor Relations Manager on the same date, was also appointed as a member of the Corporate Governance Committee, succeeding Mr. Selman Çataltaş.

### 22 February 2024 – Sale of Non-Current Asset

In our company's material disclosure dated 18 December 2023, it was announced that studies had commenced only for the sale of land and buildings associated with the production of large-diameter pipes used in the infrastructure and project business segment at our Gemlik Facilities, where we currently operate with 3 factories.

As part of the aforementioned proceedings, the sale of the land and buildings associated with the large-diameter pipe production facility located in Gemlik District of Bursa Province to Borçelik Çelik Sanayii Ticaret A.Ş., a company within the Borusan Group, for a total of USD 66,000,000 (approximately TL 2,043,703,200), has been completed on 22 February 2024. A payment, totaling USD 32,500,000 (approximately TL 1,006,369,000), was received on the day the transaction completed, while the remaining portion of USD 33,500,000 (approximately TL 1,037,334,200) is scheduled to be collected by 15 December 2024, which is the projected date for the vacant delivery of the real estate. The relevant amount has been secured through a letter of guarantee.

We continue to evaluate the options regarding the sale or relocation of machinery and equipment associated with the production of large-diameter pipes located on the land sold at the Gemlik Facility. Concrete developments will be shared additionally as they arise.

The machinery, equipment, land, and buildings used in the production of pipes, which have been manufactured in Türkiye for many years and are currently located at our Gemlik Facilities, and offered to customers in the industrial, construction, and automotive segments, are not included in the scope of the relevant sales transaction. Our company will continue its production activities at Gemlik, Halkalı and Bursa facilities in Türkiye.

## SUBSEQUENT EVENTS

Nature of Non Current Asset Sold	Sale of land and buildings on it
Location and Area of Non-current Asset Sold	Bursa İli, Gemlik İlçesi, Hisar Mahallesi, 953 Ada, 52 nolu Parsel
Board Decision Date for Sale	22.02.2024
Were Majority of Independent Board Members' Approved the Board Decision for Sale?	Yes
Total Sales Value	USD 66,000,000 (approximately TL 2,043,703,200)
Ratio of Transaction Amount to Value of Company Based on the Mathematical Weighted Average on a Daily Basis, Six Months Prior to Date of Board Decision (%)	2.03%
Ratio of Sales Price to Paid-in Capital of Company (%)	1,441.77%
Ratio of Sales Value to Total Assets in Latest Disclosed Financial Statements of Company (%)	4.03%
Ratio of Sales Value to Total Net Non-current Assets in Latest Disclosed Financial Statements of Company (%)	9.59%
Ratio of Value of Non-current Asset to Total Assets in Latest Disclosed Financial Statements of Company (%)	3.71%
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	9.20%
Sales Conditions	Timed
Date on which the Transaction was/will be Completed	22.02.2024
Aim of Sale and Effects on Company Operations	The decision has been made to sell the relevant land and buildings in order to position the production facilities in line with the company's strategic objectives and optimize the production of large-diameter pipes. It is expected that this sale will contribute to the efficient utilization of sources and will have a positive impact on company's performance.
Profit / Loss Arised After Sale of Non-Current Asset	The profit impact of approximately TL 65,000,000 is expected in our company's consolidated financial statements.
How will Sales Profit be Used if Exists?	-
Board Decision Date for Use of Sales Profit if Exists	-
Counter Party	Borçelik Çelik Sanayii Ticaret A.Ş
Is Counter Party a Related Party According to CMB Regulations?	Evet (Yes)
Nature of Relation with Counter Party	The company is a subsidiary of our main shareholder, Borusan Holding
Agreement Signing Date if Exists	-
Exercise Price of Retirement Right Relating to Significant Transaction	-
Value Determination Method of Non-Current Asset	It was determined by negotiation between the parties.
Did Valuation Report be Prepared?	Düzenlendi (Prepared)
Reason for not Preparing Valuation Report if it was not Prepared	-
Date and Number of Valuation Report	19.02.2024/ 24_400_53
Title of Valuation Company Prepared Report	Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş.
Value Determined in Valuation Report if Exists	USD 63,133,617 (approximately TL 1,938,000,000)
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

## ADDITIONAL FINANCIAL INFORMATION

### INCOME STATEMENT (USD)

CONSOLIDATED (USD million)	2023	2022	Change (%)	4Q23	4Q22	Change (%)	3Q23
Revenue	1,741	1,340	29.9%	577	406	42.0%	379
Gross Profit	318	189	68.5%	38	86	(56.0%)	60
<i>Gross Profit Margin (%)</i>	<i>18.3%</i>	<i>14.1%</i>	<i>4.2 p.p.</i>	<i>6.5%</i>	<i>21.0%</i>	<i>(14.5 p.p.)</i>	<i>15.7%</i>
Operational Expenses	(85)	(65)	31.4%	(16)	(22)	(23.7%)	(23)
<i>OPEX Margin (%)</i>	<i>(4.9%)</i>	<i>(4.8%)</i>	<i>0.1 p.p.</i>	<i>(2.8%)</i>	<i>(5.3%)</i>	<i>(2.5 p.p.)</i>	<i>(6.0%)</i>
Other	62	35	76.8%	36	8	363.8%	7
EBIT	295	159	85.4%	57	72	(20.6%)	44
<i>EBIT Margin (%)</i>	<i>17.0%</i>	<i>11.9%</i>	<i>5.1 p.p.</i>	<i>9.9%</i>	<i>17.6%</i>	<i>(7.7 p.p.)</i>	<i>11.6%</i>
Financial Expenses	(58)	(53)	8.6%	(19)	(12)	54.4%	(15)
Profit Before Tax	238	106	123.8%	38	59	(36.1%)	29
<i>PBT Margin (%)</i>	<i>13.6%</i>	<i>7.9%</i>	<i>5.7 p.p.</i>	<i>6.6%</i>	<i>14.6%</i>	<i>(8.0 p.p.)</i>	<i>7.6%</i>
Net Income	194	81	138.2%	45	47	(3.8%)	21
<i>Net Income Margin (%)</i>	<i>11.1%</i>	<i>6.1%</i>	<i>5.0 p.p.</i>	<i>7.8%</i>	<i>11.5%</i>	<i>(3.7 p.p.)</i>	<i>5.5%</i>
Amortization	42	34	24.2%	9	9	4.0%	12
Other	(21)	7	<i>n.m.</i>	(26)	6	<i>n.m.</i>	6
EBITDA*	316	200	58.0%	40	86	(53.9%)	62
<i>EBITDA Margin (%)</i>	<i>18.2%</i>	<i>14.9%</i>	<i>3.3 p.p.</i>	<i>6.9%</i>	<i>21.2%</i>	<i>(14.3 p.p.)</i>	<i>16.4%</i>

\* EBITDA is calculated including Net Other Operating Income, Income from Investment Activities and excluding Extraordinary Income (Expense).

## ADDITIONAL FINANCIAL INFORMATION

### INCOME STATEMENT (TL)

CONSOLIDATED (TL million)*	2023	2022	Change (%)	4Q23	4Q22	Change (%)	3Q23
Revenue	42,175	22,205	89.9%	16,441	7,370	123.1%	10,156
Gross Profit	7,088	3,128	126.6%	1,113	1,487	(25.2%)	1,594
<i>Gross Profit Margin (%)</i>	<i>18.3%</i>	<i>14.1%</i>	<i>4.2 p.p.</i>	<i>6.5%</i>	<i>21.0%</i>	<i>(14.5 p.p.)</i>	<i>15.7%</i>
Operational Expenses	(2,034)	(1,071)	89.9%	(509)	(386)	(31.8%)	(605)
<i>OPEX Margin (%)</i>	<i>(4.9%)</i>	<i>(4.8%)</i>	<i>0.1 p.p.</i>	<i>(2.8%)</i>	<i>(5.3%)</i>	<i>(2.5 p.p.)</i>	<i>(6.0%)</i>
Other	1,318	583	126.2%	752	147	413.0%	183
EBIT	6,372	2,640	141.4%	1,356	1,248	8.7%	1,172
<i>EBIT Margin (%)</i>	<i>17.0%</i>	<i>11.9%</i>	<i>5.1 p.p.</i>	<i>9.9%</i>	<i>17.6%</i>	<i>(7.7 p.p.)</i>	<i>11.6%</i>
Financial Expenses	(1,409)	(881)	59.9%	(541)	(232)	133.5%	(403)
Profit Before Tax	4,964	1,759	182.3%	815	1,016	(19.8%)	769
<i>PBT Margin (%)</i>	<i>13.6%</i>	<i>7.9%</i>	<i>5.7 p.p.</i>	<i>6.6%</i>	<i>14.6%</i>	<i>(8.0 p.p.)</i>	<i>7.6%</i>
Net Income	4,103	1,350	203.9%	1,010	796	26.9%	556
<i>Net Income Margin (%)</i>	<i>11.1%</i>	<i>6.1%</i>	<i>5.0 p.p.</i>	<i>7.8%</i>	<i>11.5%</i>	<i>(3.7 p.p.)</i>	<i>5.5%</i>
Amortization	1,000	561	78.3%	270	164	64.7%	316
Other	(504)	115	<i>n.m.</i>	(620)	95	<i>n.m.</i>	133
EBITDA**	6,869	3,315	107.2%	1,006	1,507	(33.2%)	1,621
<i>EBITDA Margin (%)</i>	<i>18.2%</i>	<i>14.9%</i>	<i>3.3 p.p.</i>	<i>6.9%</i>	<i>21.2%</i>	<i>(14.3 p.p.)</i>	<i>16.4%</i>

\* Margins for TRY Consolidated Income Statement are based on USD dollar Income Statement.

\*\* EBITDA is calculated including Net Other Operating Income, Income from Investment Activities and excluding Extraordinary Income (Expense).

Note 1: EBITDA (Earnings Before Tax, Interest, Depreciation and Amortization) Calculation (TL 000)	2023	2022
Operating Profit / (Loss)*	6,372,405	2,639,663
Depreciation Expenses	1,000,295	561,131
Within Cost of Sales	876,724	458,214
Within Marketing, Sales and Distribution Expenses	0	41,529
Within General Administrative Expenses	123,571	61,388
Expense / (Income) on Provision for Severance Pay	(7,228)	41,199
Period Expense / (Income) on Provisions for Leave	10,142	4,671
Other Extraordinary Expense / (Income)	(506,486)	68,732
<b>EBITDA (TL 000)**</b>	<b>6,869,128</b>	<b>3,315,397</b>

\* Financial Ratios include the Income Statement items for the period 31 December 2022 - 31 December 2023.

\*\* EBITDA is calculated by including Net Other Operating Income, Income from Investing Activities, and excluding Extraordinary Income (Expenses).



## DECLARATIONS OF INDEPENDENCE

### To: Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. Board of Directors

Pursuant to the provisions of the Corporate Governance Communiqué of the Capital Markets Board of Türkiye, I hereby present for the information of the Board of Directors as I apply as an independent board member candidate and declare as follows:

- Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature with Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., any corporate entity over which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has management control or significant influence or any shareholder having management control or significant influence over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or any corporate entity in which these shareholders have management control,
- I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., in the past five years,
- I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
- I will not be a full-time employee of public institutions and establishments after being elected as a member, except for as a faculty member at the university provided that it is allowed in the legislation,
- I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,
- I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., maintaining my impartiality in possible conflicts of interest between Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and shareholders, and making decisions independently, taking into consideration the rights of stakeholders,
- I am capable of dedicating sufficient amount of time to be able to follow up the execution of the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and to fully meet the requirements of the duties I undertake,
- I have not held a seat on the Board of Directors of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. for more than six years in the past ten years,
- I am not serving as an independent board member in more than three companies in which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or shareholders having management control over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. have management control and in more than five companies in total listed on the stock exchange,
- I have not been registered and promulgated in the name of any corporate entity elected as a board member since there is no corporate entity elected as a board member.

Regards,

Name: BÜLENT BOZDOĞAN

Signature



## DECLARATIONS OF INDEPENDENCE

### To: Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. Board of Directors

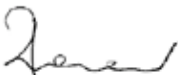
Pursuant to the provisions of the Corporate Governance Communiqué of the Capital Markets Board of Türkiye, I hereby present for the information of the Board of Directors as I apply as an independent board member candidate and declare as follows:

- a. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature with Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., any corporate entity over which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has management control or significant influence or any shareholder having management control or significant influence over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or any corporate entity in which these shareholders have management control,
- b. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., in the past five years,
- c. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
- d. I will not be a full-time employee of public institutions and establishments after being elected as a member, except for as a faculty member at the university provided that it is allowed in the legislation,
- e. I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,
- f. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., maintaining my impartiality in possible conflicts of interest between Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and shareholders, and making decisions independently, taking into consideration the rights of stakeholders,
- g. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and to fully meet the requirements of the duties I undertake,
- h. I have not held a seat on the Board of Directors of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. for more than six years in the past ten years,
- i. I am not serving as an independent board member in more than three companies in which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or shareholders having management control over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. have management control and in more than five companies in total listed on the stock exchange,
- j. I have not been registered and promulgated in the name of any corporate entity elected as a board member since there is no corporate entity elected as a board member.

Regards,

Name: İBRAHİM ROMANO

Signature



## DECLARATIONS OF INDEPENDENCE

### To: Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. Board of Directors

Pursuant to the provisions of the Corporate Governance Communiqué of the Capital Markets Board of Türkiye, I hereby present for the information of the Board of Directors as I apply as an independent board member candidate and declare as follows:

- a. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature with Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., any corporate entity over which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. has management control or significant influence or any shareholder having management control or significant influence over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or any corporate entity in which these shareholders have management control,
- b. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., in the past five years,
- c. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
- d. I will not be a full-time employee of public institutions and establishments after being elected as a member, except for as a faculty member at the university provided that it is allowed in the legislation,
- e. I am considered to be a resident of Türkiye as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,
- f. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş., maintaining my impartiality in possible conflicts of interest between Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and shareholders, and making decisions independently, taking into consideration the rights of stakeholders,
- g. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the operations of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and to fully meet the requirements of the duties I undertake,
- h. I have not held a seat on the Board of Directors of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. for more than six years in the past ten years,
- i. I am not serving as an independent board member in more than three companies in which Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. or shareholders having management control over Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. have management control and in more than five companies in total listed on the stock exchange,
- j. I have not been registered and promulgated in the name of any corporate entity elected as a board member since there is no corporate entity elected as a board member.

Regards,

Name: AHMET MURAT SELEK

Signature 

## COMPANY INFORMATION

Company Name	Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş.
Head Office Address	Beyoğlu, Salıpazarı, Pürtelaş Hasan Mah. Meclisi Mebusan Cad. No: 35-37 34427
Affiliated Trade Registry Office	İstanbul
Trade Registry Number	69531
Tax Office	İSTANBUL - Büyük Mükellefler Tax Office Directorate
Tax ID No	1800038140
Governing Legislation	Laws of the Republic of Türkiye
Phone Number	+90 212 393 58 00
Fax Number	+90 212 293 31 65
Website Address	www.borusanboru.com
E-mail Address	bmb.investor@borusan.com
Capital	TL 141,750,000
Registered Capital	-
Stock Exchange/Market Traded on	Stars Market / Outright Purchases and Sales Market (For Qualified Investors)
Indices, in Which the Company is Included	BIST İSTANBUL / BIST INDUSTRIALS / BIST 100 / BIST 100-30 / BIST STARS / BIST BASIC METAL / BIST 500 / BIST 50 / BIST ALL SHARES
Listing Date	12 September 1994
Ticker Symbol	BRSAN
Independent Auditor	Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Independent Auditor's Address	Maslak Mah. Eski Büyükdere Cad. No 27 D.54-57-59 Kat 2-4 SARIYER / İSTANBUL

## STATEMENT OF RESPONSIBILITY

### RESOLUTION OF THE BOARD OF DIRECTORS REGARDING THE APPROVAL OF THE FINANCIAL TABLES

**RESOLUTION DATE: MARCH 1, 2024**

**RESOLUTION NUMBER: 4**

### STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF COMMUNIQUE II-14.1 ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

We hereby declare that;

- We have reviewed the company's consolidated statement of financial position including its footnotes, consolidated statement of profit or loss and comprehensive income statement, consolidated statement of changes in shareholders' equity, and consolidated statement of cash flow for the fiscal period January 1, 2023 – December 31, 2023, which were prepared in accordance with the Communiqué (II-14.1) on the Principles of Financial Reporting in Capital Markets and compliant to the formats defined by the Capital Markets Board ("CMB"), and that were approved by the Audit Committee and the Board of Directors on March 1, 2024.
- Within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company; the consolidated financial tables do not contain any inaccuracy in any material respects and are free of omissions that may be regarded as misleading as of the issue date.
- Within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company; the financial tables - together with those subject to consolidation - prepared in accordance with the effective financial reporting standards fairly present the assets, liabilities, financial position and the facts in regards to the profit/loss of the Company.

Regards,

Bülent Bozdoğan      Audit Committee Chairman

Ahmet Murat Selek      Audit Committee Member

Anıl Karaca      Member of the Executive Committee – Financial Affairs and Foreign Trade

Selman Çataltaş      Financial Control and Strategy Director

## STATEMENT OF RESPONSIBILITY

### RESOLUTION OF THE BOARD OF DIRECTORS REGARDING THE APPROVAL OF THE ANNUAL REPORT AND THE CORPORATE GOVERNANCE COMPLIANCE REPORT (INCLUDING CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND THE CORPORATE GOVERNANCE INFORMATION (CGIF) FORMS)

RESOLUTION DATE: MARCH 8, 2024

RESOLUTION NUMBER: 5

### STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF COMMUNIQUE II-14.1 ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

We hereby declare that;

- We have reviewed the annual report, explanations within the scope of CMB's Sustainability Principles Compliance Framework, and the Corporate Governance Compliance Report (including Corporate Governance Compliance Report (CRF) and the Corporate Governance Information (CGIF) forms disclosed on Public Disclosure Platform (PDP) pursuant to the Corporate Governance Communiqué (II-17.1) as per the CMB resolution numbered 2/49 dated January 10, 2019) for the fiscal period January 1, 2023 - December 31, 2023, which were prepared in accordance with the Turkish Commercial Code and compliant to the Communiqué (II-14.1) on the Principles of Financial Reporting in Capital Markets, and that were approved by the Audit Committee and the Board of Directors on March 8, 2024.
- Within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company; the report does not contain any inaccuracy in any material respects and are free of omissions that may be regarded as misleading as of the issue date.
- Within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company; the annual report prepared in accordance with the Communiqué fairly reflects the progress and performance of the business and financial position of the company - together with those subject to consolidation - along with the material risks and uncertainties to which the company is exposed.

Regards,

Bülent Bozdoğan	Audit Committee Chairman
Ahmet Murat Selek	Audit Committee Member
Anıl Karaca	Member of the Executive Committee – Financial Affairs and Foreign Trade
Selman Çataltaş	Financial Control and Strategy Director



## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

#### 1) Opinion

We have audited the annual report of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2023-31/12/2023.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

#### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Türkiye and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated March 1, 2024 on the full set consolidated financial statements of the Group for the period of 1/1/2023-31/12/2023.

#### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

#### 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group 's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Türkiye. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit 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

March 8, 2024  
İstanbul, Türkiye

## INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

### To the Board of Directors of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi,

We have audited the Early Identification of the Risk System and Committee established by Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi.

### Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

### Responsibility of the independent auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Türkiye. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

### Information Regarding the Early Identification of the Risk System and Committee

The Company established the Early Identification of the Risk System and Committee which consists of 3 members. For the period between January 1 – December 31, 2023, the committee has met for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the reports it has prepared to the Board of Directors.

### Conclusion

Based on our audit, we have reached the conclusion that the early identification of the risk system and committee of Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret Anonim Şirketi is, in all material respects, in compliance with article 378 of the TCC.

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

Zeynep Okuyan Özdemir, SMMM  
Partner  
Istanbul, March 1, 2024

# 05

## FINANCIAL INFORMATION

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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, 2023, 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, 2023, 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) together with the ethical requirements that are relevant to our audit of the financial statements 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.



## INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Revenue recognition</i></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 31 December 2023. 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 31 December 2023.</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>Evaluation of sales contracts made with customers and evaluation of the timing of receipt of revenue for delivery methods.</p>
Key Audit Matter	How our audit addressed the key audit matter
<p><i>Accounting for Business Combinations</i></p> <p>As explained in Note 3, the Group made an acquisition transaction with Berg EuroPipe Holding Corporation, which operates in the same sector, as of April 13, 2023. The transaction has been evaluated within the framework of the provisions of IAS 3 "Business Combinations" standard and, as explained in Note 3, the transactions related to the determination of the fair values of identifiable assets, liabilities and contingent liabilities related to the acquisition have been completed.</p> <p>The business combination is considered to be a key audit matter, based on its materiality to the consolidated financial statements and the level of estimates used in selecting appropriate assumptions.</p>	<p>Audit procedures were performed on the consolidated financial statements dated April 13, 2023, which were taken into account in the merger transaction.</p> <p>The net assets of Berg EuroPipe Holding Corporation, which constitute the basis for the merger, were determined by valuing the real estate and inventories for use within the tangible assets accounts at fair value. In order to examine the valuation methods and assumptions used, valuation experts from another organization were included in the studies and examined by us.</p> <p>For the fair value of Berg EuroPipe Holding Corporation, which was created for use in merger accounting, the Group worked with independent valuation experts, and the key assumptions (weighted average cost of capital, future projections, stock prices, etc.) and valuation methods used in the valuation, among others. It was examined by the organization's valuation experts and examined by us.</p> <p>The forward-looking revenue estimates used in the modeling were compared with the previous year's financial results and budgets for the future years of the relevant companies.</p> <p>In this context, the amount of gain resulting from the bargain purchase arising from the negative difference between the purchase price and the fair value of the net assets subject to the merger were examined.</p> <p>In addition, the compliance of the explanatory information in Note 3 and the accounting of the merger with IAS 3 was evaluated.</p>

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Group Audit</i></p> <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>

## INDEPENDENT AUDITOR'S REPORT

### 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 4, 2024  
İstanbul, Türkiye

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**  
**Consolidated Statement of Financial Position as of 31 December 2023**

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

		Audited	Audited
ASSETS	Note	31 December 2023	31 December 2022
<b>Current assets</b>		<b>1.083.649</b>	<b>734.691</b>
Cash and cash equivalents	5	129.376	80.675
Financial investments	6	-	2.113
Trade receivables	8	197.062	250.501
- Due from related parties	34	10.078	6.164
- Trade receivables from other parties		186.984	244.337
Other receivables	9	17.346	12.388
- Other receivables from other parties		17.346	12.388
Derivative financial instruments	10	463	-
Inventories	11	536.575	334.619
Prepaid expenses	12	69.107	13.931
Current income tax assets	13	16.123	-
Other current assets	23	18.314	40.464
- Other current assets from related parties	34	18	18
- Other current assets from other parties		18.296	40.446
		<b>984.366</b>	<b>734.691</b>
Asset held for sale	31	99.283	-
<b>Non-current assets</b>		<b>815.824</b>	<b>741.271</b>
Trade receivables	8	-	898
- Trade receivables from other parties		-	898
Financial investments	6	82.531	64.861
Property, plant and equipment	17	711.081	665.475
Right of use assets	16	10.928	5.811
Intangible assets	18	2.810	2.015
- Other intangible assets		2.810	2.015
Prepaid expenses	12	1.954	387
Other non-current assets	23	6.520	1.824
<b>TOTAL ASSETS</b>		<b>1.899.473</b>	<b>1.475.962</b>

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

## Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries

### Consolidated Statement of Financial Position as of 31 December 2023

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

LIABILITIES	Note	Audited	Audited
		31 December 2023	31 December 2022
<b>Current liabilities</b>		<b>873.877</b>	<b>680.947</b>
Short-term borrowings	7	197.481	334.259
Short-term portion of long-term borrowings	7	67.655	87.159
- Bank Loans		64.826	84.928
- Lease Liabilities		2.829	2.231
Trade payables	8	293.018	203.153
- Due to related parties	34	5.152	7.661
- Trade payables to other parties		287.866	195.492
Employee benefit obligations	15	977	764
Other payables	9	30.000	3.490
- Other payables from other parties		30.000	3.490
Derivative financial instruments	10	-	2.264
Deferred revenue	14	233.872	3.915
Current income tax liabilities	32	-	13.150
Other current liabilities	23	50.874	32.793
<b>Non-current liabilities</b>		<b>177.959</b>	<b>160.756</b>
Long-term borrowings	7	83.626	78.843
- Bank Loans		74.869	76.436
- Lease Liabilities		8.757	2.407
Provisions for employee benefits	22	5.836	6.140
Other payables		27.713	-
Deferred tax liabilities	32	60.784	75.773
<b>Total liabilities</b>		<b>1.051.836</b>	<b>841.703</b>
<b>EQUITY</b>		<b>847.637</b>	<b>634.259</b>
<b>Equity attributable to equity holders of the parent</b>		<b>847.492</b>	<b>634.113</b>
Paid -in capital	24	68.997	68.997
Other comprehensive income not to be reclassified to profit/(losses)		291.900	275.340
- Investment revaluation reserves	24	62.150	46.192
- Revaluation and measurement gains (losses)	24	229.044	228.513
- Reserve for actuarial loss on employee termination benefits		706	635
Other comprehensive income to be reclassified to profit		(1.293)	(4.018)
- Currency translation differences		(1.293)	(1.939)
- Cash flow hedge reserve		-	(2.079)
Retained earnings		293.794	212.319
Net profit for the period		194.094	81.475
<b>Non-controlling interest</b>	24	<b>145</b>	<b>146</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.899.473</b>	<b>1.475.962</b>

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



**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Consolidated Statement of Profit or Loss for the Year Ended 31 December 2023**

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

		<b>Audited</b>	<b>Audited</b>
	<b>Note</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Revenue	25	1.741.173	1.340.386
Cost of sales (-)	25	(1.423.071)	(1.151.580)
<b>Gross profit</b>		<b>318.102</b>	<b>188.806</b>
General administrative expenses (-)	26-27	(77.506)	(46.911)
Marketing expenses (-)	26-27	(7.439)	(17.736)
Other operating income	28	27.824	24.714
Other operating expenses (-)	28	(2.717)	(2.077)
<b>Operating profit</b>		<b>258.264</b>	<b>146.796</b>
Income from investing activities	29	37.087	12.546
<b>Operating profit before financial income and expense</b>		<b>295.351</b>	<b>159.342</b>
Financial income	30	7.338	9.866
Financial expense (-)	30	(65.113)	(63.054)
<b>Profit before tax from continued operations</b>		<b>237.576</b>	<b>106.154</b>
<b>Tax expense from continued operations</b>		<b>(43.488)</b>	<b>(24.669)</b>
- Current tax expense (-)		(47.818)	(25.043)
- Deferred tax income	32	4.330	374
<b>Profit from continued operations</b>		<b>194.088</b>	<b>81.485</b>
<b>Profit for the period</b>		<b>194.088</b>	<b>81.485</b>
<b>Attributable to:</b>		<b>194.088</b>	<b>81.485</b>
- Non-controlling interest	24	(6)	10
- Equity holders of the parent		194.094	81.475
<b>Earnings per share</b>	<b>33</b>	<b>0,0136927</b>	<b>0,0057478</b>

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

## Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries

**Consolidated Statement of Other Comprehensive Income for the Year Ended 31 December 2023**

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

		Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
	Note		
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>194.088</b>	<b>81.485</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) :</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>16.560</b>	<b>56.816</b>
Gain/(Loss) on revaluation of property, plant, and equipment	24	531	48.539
Gain/(Loss) arising from defined benefit plans		71	(116)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	24	15.958	8.393
<b>Items that will be reclassified to profit or loss</b>		<b>2.730</b>	<b>(3.102)</b>
Currency translation differences		651	(796)
Cash flow hedging		2.079	(2.306)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>19.290</b>	<b>53.714</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>213.378</b>	<b>135.199</b>
<b>Attributable to:</b>			
Non-controlling interest		(1)	3
Equity holders of the parent		213.379	135.196

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

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023**

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

		Other comprehensive income/expense not to be reclassified to profit or loss		
	Issued share capital	Revaluation reserve	Investment revaluation reserve	Reserve for actuarial loss on employment termination benefits
<b>Balance at 1 January 2022</b>	<b>68.997</b>	<b>188.926</b>	<b>37.799</b>	<b>751</b>
Total comprehensive income/(loss) for the period	-	48.539	8.393	(116)
Transfer	-	(8.952)	-	-
<b>Balance at 31 December 2022</b>	<b>68.997</b>	<b>228.513</b>	<b>46.192</b>	<b>635</b>
<b>Balance at 1 January 2023</b>	<b>68.997</b>	<b>228.513</b>	<b>46.192</b>	<b>635</b>
Total comprehensive income/(loss) for the period	-	531	15.958	71
Transfer	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>68.997</b>	<b>229.044</b>	<b>62.150</b>	<b>706</b>

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

Other comprehensive income/expense to be reclassified to profit or loss						
Currency translation reserve	Cash flow hedge reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity	
(1.150)	227	203.367	498.917	143	499.060	
(789)	(2.306)	81.475	135.196	3	135.199	
-	-	8.952	-	-	-	
(1.939)	(2.079)	293.794	634.113	146	634.259	
(1.939)	(2.079)	293.794	634.113	146	634.259	
646	2.079	194.094	213.379	(1)	213.378	
-	-	-	-	-	-	
(1.293)	-	487.888	847.492	145	847.637	

## Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

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

		Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
	Notes		
<b>Cash flows from operating activities:</b>			
Period profit/(loss) from continuing operations		194.088	81.485
<b>Reconciliation of profit from continuing operations before changes in working capital</b>			
Depreciation and amortization expenses	16-17-18	42.068	33.874
Provision for employee termination benefits		3.114	3.642
Interest income	30	(7.338)	(9.866)
Interest expense	30	61.204	60.060
Adjustments in provision		11.297	4.496
Adjustments for fair value loss (gains) of derivative financial instruments		1.616	(155)
Gain on sale of property, plant and equipment and intangibles	29	46	(67)
Tax (income)/expenses adjustments		43.488	24.669
Currency translation differences		(30.102)	(26.392)
Dividend income	29	(5.281)	(12.272)
Adjustments to bargain purchase earnings	3-29	(31.852)	-
Other adjustments to reconcile profit (loss)		3.909	2.994
<b>Operating profit before changes in working capital</b>		<b>286.257</b>	<b>162.468</b>
<b>Changes in working capital:</b>			
Trade receivables		78.483	(99.664)
Inventories		(126.965)	(114.551)
Other current assets and liabilities, net		19.555	(44.544)
Trade payables		86.097	(36.567)
Other non-current assets and liabilities, net		47.578	(2.092)
Taxes paid		(76.329)	(10.073)
Employee benefit obligations paid		(1.786)	(199)
<b>Net cash provided by/(used in) operating activities</b>		<b>312.890</b>	<b>(145.222)</b>
<b>Cash flow from investing activities:</b>			
Cash inflows/outflows related to purchases to obtain control of subsidiaries	3	528	-
Purchase of property, plant and equipment and intangible assets	17-18	(79.395)	(43.686)
Proceeds from sale of property, plant and equipment and intangibles		3.607	131
Dividend received	29	5.281	12.272
<b>Net cash provided by/(used in) investing activities</b>		<b>(69.979)</b>	<b>(31.283)</b>
<b>Cash flow from financing activities:</b>			
Redemption of borrowings		557.662	757.611
Proceeds from borrowings		(690.964)	(619.545)
Payments of lease liabilities		(3.283)	(2.718)
Cash outflows from derivative instruments		(2.264)	-
Interest paid		(58.790)	(54.368)
Interest received	30	7.338	9.866
Other cash inflows/(outflows)		(3.909)	(2.994)
<b>Net cash (used in)/provided by financing activities</b>	<b>5</b>	<b>(194.210)</b>	<b>87.852</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>48.701</b>	<b>(88.653)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>80.675</b>	<b>169.328</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>129.376</b>	<b>80.675</b>

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

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

(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 Istanbul Stock Exchange since 1994. The Company is registered in Turkey and the address of the registered office is; Meclis-i Mebusan Caddesi No: 35 - 37, 34427 Fındıklı - İstanbul. The name of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. was changed to Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. on November 23, 2023.

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

Period	Blue Collar	White Collar	Total
31 December 2023	2.057	535	2.592
31 December 2022	1.700	395	2.095

Consolidated financial statements covering accounting period of 1 January - 31 December 2023 are approved with Board of Directors' decision dated on March 1, 2024.

The parent and the ultimate parent of the Company are BMB Yatırım Holding A.Ş. and Borusan Holding A.Ş., respectively. The name of Borusan Mannesmann Yatırım Holding A.Ş. was changed to BMB Yatırım Holding A.Ş. on November 29, 2023.

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

Business Segment	Subsidiary	Location	2023	2022
Holding	Borusan Pipe Holding BV "(BP Holding BV)" <sup>(*)</sup>	Netherlands	100,0%	100,0%
Steel Pipe	Borusan Pipe US Inc "(Borusan Pipe US)" <sup>(*)</sup>	USA	100,0%	100,0%
Steel Pipe	Borusan Vobarno Tubi SPA "(Vobarno)" <sup>(*)</sup>	Italy	99,0%	99,0%
Steel Pipe	Borusan Tube International GmbH "(Borusan Tube Germany)"	Germany	100,0%	100,0%
Holding	Borusan Pipe Cooperative U.A. "(BP Coop)" <sup>(*)</sup>	Netherlands	99,0%	99,0%
Steel Pipe	Borusan Pipe Espana SA "(BP Espana)" <sup>(*)</sup>	Spain	99,0%	99,0%
Steel Pipe	Borusan Tube Products S.A. "(Borusan Tube Romania)"	Romania	100,0%	100,0%
Holding	Borusan Berg Pipe Holding Corp. "(Berg Pipe)" <sup>(**)</sup> <sup>(***)</sup>	ABD	100,0%	-
Steel Pipe	Berg Pipe Mobile Corp. <sup>(**)</sup>	ABD	100,0%	-
Steel Pipe	Berg Pipe Panama City Corp. <sup>(**)</sup>	ABD	100,0%	-

<sup>(\*)</sup> The name of the subsidiary was changed in December 2023 after the change in the Group's indirect ownership structure.

<sup>(\*\*)</sup> On April 13, 2023, its shares representing the entire capital was acquired by Borusan Pipe US. Berg Pipe Mobile Corp. and Berg Pipe Panama City Corp. companies are 100% owned subsidiaries of Borusan Berg Pipe Holding Corp.

<sup>(\*\*\*)</sup> On April 24, 2023, the name of Berg Europe Holding Corp was changed to Borusan Berg Pipe Holding Corp.



**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

(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 2023 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 use 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 taken to translation gain/(loss) in the consolidated income statement. 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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**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 2023 (1 Euro = 1,1066); income and expense and cash flows are converted with twelve-month average of the exchange rates (1 Euro = 1,0817) (As of 31 December 2022, 1 Euro = 1,0661; 31 December 2022 twelve-month average exchange rate 1 Euro = 1,0490).

**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 new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2023 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 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.5. New and Revised International Financial Reporting Standards("IFRS") (Continued)****The new standards, amendments and interpretations (Continued)****i) The new standards, amendments and interpretations which are effective as at 1 January 2023 are as follows:****IFRS 17 - The new Standard for insurance contracts**

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**Amendments to IAS 8 - Definition of Accounting Estimates**

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. The amendments did not have a significant impact on the financial position or performance of the Group.

**Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments did not have a significant impact on the financial position or performance of the Group.

**Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In May 2021, issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The amendments did not have a significant impact on the financial position or performance of the Group.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.5. New and Revised International Financial Reporting Standards("IFRS") (Continued)****The new standards, amendments and interpretations (Continued)****i) The new standards, amendments and interpretations which are effective as at 1 January 2023 are as follows: (Continued)****Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules**

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant impact on the financial position or performance of the Group.

**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.

**Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

In January 2020 and October 2022, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in October 2022 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, October 2022 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa. Overall, the Group expects no significant impact on its balance sheet and equity.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.5. New and Revised International Financial Reporting Standards("IFRS") (Continued)****The new standards, amendments and interpretations (Continued)****ii) Standards issued but not yet effective and not early adopted (Continued)****Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Overall, the Group expects no significant impact on its balance sheet and equity.

**Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued in May 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. Overall, the Group expects no significant impact on its balance sheet and equity.

**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. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. Overall, the Group expects no significant impact on its balance sheet and equity.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**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 2023 are consistent with those applied in the preparation of financial statements for the year ended at 31 December 2022.

**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 45 days (2022: 70 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.



**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.6. Summary of Significant Accounting Policies (Continued)****Property, plant and equipment (Continued)****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 selling, general and administrative expenses in the consolidated income statement.

**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 2023, the Group is not exposed to any impairment risk for its subsidiaries. The Group has reached positive operating cash flows that they have budgeted for these assessments and revenue growth that has been increasing 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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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

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 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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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

**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.

**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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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

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.

**Steel pipe sales:**

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

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

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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



**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.6. Summary of Significant Accounting Policies (Continued)****Financial Assets (Continued)****Classification and measurement (Continued)****a) Financial assets carried at amortized cost (Continued)***Impairment*

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.

**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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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

**Derivative financial instruments and hedge accounting**

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

These derivative instruments are recorded at fair value at the beginning of the contract and subsequently measured with its fair value. If the fair value is positive, derivatives are classified as financial asset or otherwise financial liability. Such derivative instruments are generally accounted as trading derivative instruments in consolidated financial statements, because they do not have related specifications in terms of hedge accounting. The gains and losses related to the changes in fair values of such financial instruments are shown in the profit or loss statement.

Fair value differences of forward transactions, sourcing from trading contracts in scope of main activities of the Group, are recognised under other real operating income (expense) since they are in scope of main activities of the Group while exchange rate differences, sourcing from forward exchange and exchange of interest rate, are recognised under financing income (expense).

**Cash flow hedges**

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedge reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains until the forecast transaction or firm commitment affects profit or loss.

## Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries

### Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023

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

## 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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

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

**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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.6. Summary of Significant Accounting Policies (Continued)**

**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.

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2.6. Summary of Significant Accounting Policies (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 identified as of 31 December 2022, were determined by equivalent price, discounted cash flow, renewal cost etc. methods. The fair values in financial statement as of 31 December 2023 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, steel sector beta and company dynamics, the cost of capital are calculated as 16.0% for 2024, 14.9% for 2025, 13.9% 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 4-5%. 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 8-10%.

**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.



**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**3. BUSINESS COMBINATION**

On April 13, 2023, the Group acquired the shares representing the entire capital of Berg EuroPipe Holding Corp. operating in the field of steel pipe production in Panama City and Mobile in USA within the scope of IFRS-3 "Business Combinations" standard. Pursuant to the stock purchase agreement, total acquisition price is USD 162 million and negotiations are ongoing to finalize the price.

The purchase price and the fair values of the acquired assets and liabilities within the scope of IFRS 3 are summarized in the table below:

	<b>13 April 2023</b>
Cash and cash equivalents	112.623
Trade receivables	24.077
Inventories	85.542
Other current asset	2.105
Property, plant and equipment	128.357
Right of use assets	5.905
Other non-current asset	4.733
Deferred tax assets	17.521
Trade payables and other payables	(153.136)
Deferred tax liabilities	(26.559)
Other liabilities	(7.221)
<b>Value of total identifiable net assets (100%)</b>	<b>193.947</b>
Bargain purchase gain (Note 29)	(31.852)
<b>Total purchase price</b>	<b>162.095</b>

**Net amount paid for Subsidiary acquisition**

The details of the cash outflow resulting from the acquisition are as follows:

Total amount paid in cash for the acquisition	112.095
Less: Cash and cash equivalents - acquired	112.623
<b>Cash (inflow)/outflow from acquisition, net</b>	<b>(528)</b>
Deferred payment for acquisition	50.000

**4. SEGMENT REPORTING**

None. (31 December 2022: None)

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**5. CASH AND CASH EQUIVALENTS**

	31 December 2023	31 December 2022
Cash in hand	9	2
Cash at banks		
- Time deposits	75.392	38.098
- Demand deposits	53.975	42.575
	<b>129.376</b>	<b>80.675</b>

The details of time deposits as of 31 December 2023 and 2022 are as follows:

			31 December 2023	
Currency	Interest Rate (%)	Maturity (days)	Original currency amount	Amount in USD
USD	2,75-4,65	3	74.372	74.372
TL	30,00-42,00	3	30.051	1.020
				<b>75.392</b>

			31 December 2022	
Currency	Interest Rate (%)	Maturity (days)	Original currency amount	Amount in USD
USD	3,00	2	8.900	8.900
Euro	0,01	2	3.614	3.853
TL	12,00-20,50	2	473.911	25.345
				<b>38.098</b>

As of 31 December 2023, the Group does not have any blockages on cash and cash equivalents (31 December 2022:None).

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss		
Foreign currency protected TL deposit	-	2.113
	-	2.113

**b) Long-term financial investments**

Financial investments as of 31 December 2023 and 2022 are stated below:

	31 December 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Borçelik Çelik Sanayii Ticaret A.Ş. (Borçelik)	82.460	11,78	64.790	11,78
Other	71		71	
	82.531		64.861	

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

**7. BORROWINGS****a) Short-term borrowings**

	31 December 2023			31 December 2022		
Currency	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	123.743	123.743	7,00-10,75	204.996	204.996	2,55-12,00
EURO	17.315	19.160	4,46-6,65	26.522	28.276	2,58-7,50
TL	1.606.693	54.578	23,59-49,98	1.888.282	100.987	13,14-35,00
	197.481			334.259		

As of 31 December 2023, none of short-term borrowings of the Group are secured (31 December 2022: None).

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**7. BORROWINGS (Continued)****b) Short-term portion of long-term borrowings****- Bank Loans**

Currency	31 December 2023			31 December 2022		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	25.910	25.910	5,88-9,14	62.915	62.915	3,50-7,27
EURO	35.169	38.916	3,00-7,95	20.647	22.013	2,89-5,10
		<b>64.826</b>			<b>84.928</b>	

**- Lease Liabilities**

Currency	31 December 2023			31 December 2022		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
TL	7.552	257	18,1 - 21,7	10.827	579	18,1 - 21,7
USD	2.410	2.410	4,3 - 7,4	1.482	1.482	4,3 - 4,8
EURO	146	162	3,0	159	170	3,0
		<b>2.829</b>			<b>2.231</b>	

**c) Long-term borrowings****- Bank Loans**

Currency	31 December 2023			31 December 2022		
	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
USD	56.018	56.018	5,88-9,14	49.350	49.350	5,48-7,27
EURO	17.036	18.851	4,48-8,84	25.406	27.086	2,89-3,50
		<b>74.869</b>			<b>76.436</b>	

As of 31 December 2023; none of the long-term borrowings of the Group are secured (31 December 2022: none). The interest rates of a certain portion of long-term borrowings are linked to LIBOR rates. As of 31 December 2023, all of long-term loans of Borusan Pipe US, are secured by Borusan Pipe US' trade receivables and inventories. (As of 31 December 2022, a portion of USD 37.572 of long-term loans of Borusan Pipe US, are secured by Borusan Pipe US's trade receivables and inventories.)

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**7. BORROWINGS (Continued)****c) Long-term borrowings (Continued)**

The redemption schedule of the long-term borrowings for 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
2024	-	23.071
2025	17.722	2.760
2026	18.606	2.760
2027	20.747	41.082
2028 and more	17.794	6.763
	<b>74.869</b>	<b>76.436</b>

**Lease Liabilities**

	31 December 2023			31 December 2022		
Currency	Amount	USD Equivalent	Interest Rate (%)	Amount	USD Equivalent	Interest Rate (%)
TL	10.606	360	18,1 - 21,7	15.187	813	18,1 - 21,7
USD	8.340	8.340	4,3 - 4,8	1.496	1.496	4,3 - 4,8
EURO	51	57	3,0	92	98	3,0
		<b>8.757</b>			<b>2.407</b>	

The movements of financial borrowing for periods 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows:

**Bank Loans**

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	495.623	377.361
Borrowed during the period	557.662	757.611
Payments during the period	(690.964)	(619.545)
Change in interest accrual	1.983	5.262
Currency translation difference	(27.128)	(25.066)
<b>Closing</b>	<b>337.176</b>	<b>495.623</b>

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**7. BORROWINGS (Continued)****c) Long-term borrowings (Continued)****Lease Liabilities**

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	4.638	4.506
Additions/(disposal), net	2.974	3.091
Interest expense	432	430
Payment	(3.283)	(2.718)
Foreign exchange difference	(427)	(643)
Currency translation difference	31	(28)
Subsidiary acquisition impact	7.221	-
<b>Closing</b>	<b>11.586</b>	<b>4.638</b>

**8. TRADE RECEIVABLES AND PAYABLES****a) Trade receivables**

	31 December 2023	31 December 2022
Trade receivables	185.853	242.101
Receivables from related parties (Note 34)	10.078	6.231
Notes receivable	1.598	5.705
Allowance for doubtful receivables (-) <sup>(1)</sup>	(467)	(3.536)
	<b>197.062</b>	<b>250.501</b>

<sup>(1)</sup> As of 31 December 2023, there are no doubtful trade receivables from related parties (31 December 2022: USD 67).



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**8. TRADE RECEIVABLES AND PAYABLES (Continued)****a) Trade receivables (Continued)**

The movement of the provision for doubtful receivables for the periods 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	3.536	3.694
Provisions no longer required (Note 28)	(2.285)	-
Written off trade receivables	(3.000)	-
Subsidiary acquisition impact	2.224	-
Currency translation differences	(8)	(158)
<b>Closing</b>	<b>467</b>	<b>3.536</b>

As of 31 December 2023, the Group has no long-term trade receivables (31 December 2022: USD 898). Nature and level of the risks arising from trade receivables are disclosed in Note 35.

**b) Trade Payables**

	31 December 2023	31 December 2022
Trade payables	287.866	195.492
Due to related parties (Note 34)	5.152	7.661
	<b>293.018</b>	<b>203.153</b>

Within trade payables in 2023, the Group has USD 173.162 of letter of credits for use of purchases with the weighted average interest rate 8,74% for USD and the average maturity of the payables is 180-360 days (31 December 2022: USD 30.844 and EUR 4.940 of letter of credits for use of purchases with the weighted average interest rate 5,74% for USD and 3,28% for EUR and 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. There are no long-term trade payables (31 December 2022: None).

**9. OTHER RECEIVABLES AND PAYABLES****a) Other receivables**

	31 December 2023	31 December 2022
Receivables from tax authority	15.033	11.723
Due from personnel	635	74
Other	1.678	591
	<b>17.346</b>	<b>12.388</b>

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

**9. OTHER RECEIVABLES AND PAYABLES (Continued)****b) Other payables**

	31 December 2023	31 December 2022
Taxes and charges payable	30.000	3.490
	<b>30.000</b>	<b>3.490</b>

**10. DERIVATIVE FINANCIAL INSTRUMENTS**

Forward transactions are being performed in order to reduce risks deriving from foreign currency exchange rate fluctuations (GBP/USD), (EUR/USD) and (TRY/USD). As of 31 December 2023; USD 463 of derivative instruments consists of forward foreign exchange transactions (Note 35). (31 December 2022: USD 1.136 of derivative instruments consists of forward foreign exchange transactions, USD 1.128 consists of commodity transactions).

	31 December 2023	31 December 2022
Income accrual from derivative financial instruments	463	-
Expense accrual from derivative financial instruments	-	2.264

**11. INVENTORIES**

	31 December 2023	31 December 2022
Raw materials	236.771	112.318
Work in progress	53.342	111.235
Finished goods	244.964	106.586
Trade goods	739	239
Goods-in-transit	759	4.241
	<b>536.575</b>	<b>334.619</b>

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**12. PREPAID EXPENSES**

Details of short time and long term prepaid expenses of the Group as of 31 December 2023 and 31 December 2022 are as follows:

**a) Short-term prepaid expenses**

	31 December 2023	31 December 2022
Advance payments for raw materials	57.487	9.709
Prepaid finance expenses	5.177	1.363
Insurance fees	731	817
Other short term prepaid expenses <sup>(1)</sup>	5.712	2.042
	<b>69.107</b>	<b>13.931</b>

<sup>(1)</sup> Other short term prepaid expenses consists of prepaid expenses for production and export operations.**b) Long-term prepaid expenses**

	31 December 2023	31 December 2022
Advance payments for fixed assets	1.571	387
Other long term prepaid expenses	383	-
	<b>1.954</b>	<b>387</b>

**13. CURRENT INCOME TAX ASSETS**

As of 31 December 2023, current income tax asset is USD 16.123 (31 December 2022: None).

**14. DEFERRED REVENUE**

As of 31 December 2023 and 2022, the short-term deferred income of the Group is as follows:

	31 December 2023	31 December 2022
Advances received	220.906	2.092
Deferred income - Contractual obligations	12.966	1.823
	<b>233.872</b>	<b>3.915</b>

**15. EMPLOYEE BENEFIT OBLIGATIONS**

As of 31 December 2023, accrued salaries of employees USD 977 (31 December 2022 USD 764).

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**16. RIGHT OF USE ASSETS**

<b>Cost</b>	<b>Building</b>	<b>Vehicles</b>	<b>Total</b>
Opening (1 January 2023)	5.195	4.642	9.837
Transfer with business combination	5.980	0	5.980
Currency translation differences	145	51	196
Addition	579	2.364	2.943
Disposal (-)	(1.632)	(142)	(1.774)
<b>Balance at 31 December 2023</b>	<b>10.267</b>	<b>6.915</b>	<b>17.182</b>
<b>Accumulated Depreciation</b>			
Opening (1 January 2023)	2.296	1.730	4.026
Transfer with business combination	75	-	75
Currency translation differences	26	1	27
Addition	2.012	1.888	3.900
Disposal (-)	(1.632)	(142)	(1.774)
<b>Balance at 31 December 2023</b>	<b>2.777</b>	<b>3.477</b>	<b>6.254</b>
<b>Net Book Value</b>	<b>7.490</b>	<b>3.438</b>	<b>10.928</b>
<b>Cost</b>	<b>Building</b>	<b>Vehicles</b>	<b>Total</b>
Opening (1 January 2022)	7.389	3.695	11.084
Currency translation differences	(62)	(2)	(64)
Addition	425	2.666	3.091
Disposal (-)	(2.557)	(1.717)	(4.274)
<b>Balance at 31 December 2022</b>	<b>5.195</b>	<b>4.642</b>	<b>9.837</b>
<b>Accumulated Depreciation</b>			
Opening (1 January 2022)	3.156	2.197	5.353
Currency translation differences	(34)	(7)	(41)
Addition	1.731	1.257	2.988
Disposal (-)	(2.557)	(1.717)	(4.274)
<b>Balance at 31 December 2022</b>	<b>2.296</b>	<b>1.730</b>	<b>4.026</b>
<b>Net Book Value</b>	<b>2.899</b>	<b>2.912</b>	<b>5.811</b>

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.

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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**17. PROPERTY, PLANT AND EQUIPMENT**

	1 January 2023	Currency transaction differences	Additions	Disposals	Transfers	Increase/ (Decrease) in Revaluation	Assets transferred through business combination	31 December 2023
<b>Cost</b>								
Land	190.217	29	-	-	(39.919)	800	13.040	164.167
Land improvements and leaseholds	5.471	-	-	-	(23.306)	-	4.413	(13.422)
Buildings	158.966	656	-	(289)	(35.641)	(6.097)	27.903	145.498
Machinery and equipment	369.429	1.164	5.046	(4.858)	21.350	(16.180)	74.219	450.170
Motor vehicles	4.002	13	-	(88)	228	-	147	4.302
Furniture and fixtures	28.206	14	-	-	1.207	-	1.172	30.599
Construction in progress	29.792	140	74.109	-	(27.424)	-	5.563	82.180
	<b>786.083</b>	<b>2.016</b>	<b>79.155</b>	<b>(5.235)</b>	<b>(103.505)</b>	<b>(21.477)</b>	<b>126.457</b>	<b>863.494</b>
<b>Less: Accumulated depreciation</b>								
Land improvements and leaseholds	992	-	248	-	-	-	-	1.240
Buildings	16.808	110	5.602	(131)	(1.049)	-	-	21.340
Machinery and equipment	76.754	654	29.171	(1.363)	(3.173)	-	-	102.043
Motor vehicles	3.549	13	224	(88)	-	-	-	3.698
Furniture and fixtures	22.505	12	1.575	-	-	-	-	24.092
	<b>120.608</b>	<b>789</b>	<b>36.820</b>	<b>(1.582)</b>	<b>(4.222)</b>	<b>-</b>	<b>-</b>	<b>152.413</b>
<b>Net book value</b>	<b>665.475</b>							<b>711.081</b>

There is no financial expense capitalized in 2023 and 2022. As of 31 December 2023 and 2022, the Group has no mortgages or pledges on its intangible and on property, plant and equipment.

## Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries

## Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023

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

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Currency transaction differences	Additions	Disposals	Transfers	Increase/ (Decrease) in Revaluation	31 December 2022
<b>Cost</b>							
Land	140.244	(135)	852	-	-	49.256	190.217
Land improvements and leaseholds	5.045	-	-	(269)	695	-	5.471
Buildings	149.490	(1.067)	40	-	664	9.839	158.966
Machinery and equipment	364.045	(1.429)	1.882	-	10.846	(5.915)	369.429
Motor vehicles	4.082	(21)	-	(103)	44	-	4.002
Furniture and fixtures	28.320	(21)	9	(667)	565	-	28.206
Construction in progress	2.794	-	39.812	-	(12.814)	-	29.792
	<b>694.020</b>	<b>(2.673)</b>	<b>42.595</b>	<b>(1.039)</b>	<b>-</b>	<b>53.180</b>	<b>786.083</b>
<b>Less: Accumulated depreciation</b>							
Land improvements and leaseholds	1.076	-	183	(267)	-	-	992
Buildings	12.036	(165)	4.937	-	-	-	16.808
Machinery and equipment	54.603	(929)	23.080	-	-	-	76.754
Motor vehicles	3.369	(20)	263	(63)	-	-	3.549
Furniture and fixtures	21.649	(17)	1.518	(645)	-	-	22.505
	<b>92.733</b>	<b>(1.131)</b>	<b>29.981</b>	<b>(975)</b>	<b>-</b>	<b>-</b>	<b>120.608</b>
<b>Net book value</b>	<b>601.287</b>						<b>665.475</b>



**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

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**18. INTANGIBLE ASSETS**

	31 December 2023	31 December 2022
<b>Cost:</b>		
Cost at 1 January	9.740	8.699
Transfer with business combination	1.900	-
Currency transaction differences	30	(50)
Additions	240	1.091
	<b>11.910</b>	<b>9.740</b>
<b>Less: Accumulated depreciation</b>		
Accumulated amortisation at 1 January	7.725	6.857
Currency transaction differences	27	(37)
Amortisation of current period	1.348	905
	<b>9.100</b>	<b>7.725</b>
<b>Net book value</b>	<b>2.810</b>	<b>2.015</b>

Intangible assets consist of brand and license fee.

**19. GOODWILL**

None (31 December 2022: None).

**20. CONTINGENT ASSETS AND LIABILITIES**

None (31 December 2022: None).

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**21. COMMITMENTS****- Export Commitments**

Export commitments amount to USD 180.995 as of 31 December 2023 (31 December 2022: USD 265.119).

**- Letters of credit**

As of 31 December 2023, the Group has open letter of credit agreements for the future purchases from suppliers amounting to USD 130.578 (31 December 2022: USD 28.888).

**- Guarantees, Pledges and Mortgages**

Guarantees, pledges and mortgages ("GPM") given by the Group as of 31 December 2023 and 2022 are as follows:.

31 December 2023	USD	EUR	TL	Total USD Equivalent
A. GPM's given in the name of its own legal personality	44.454	7.697	384.750	66.040
B. GPM's given on behalf of the fully consolidated companies	119.575	27.331	-	149.818
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	-	-	-	-
	<b>164.029</b>	<b>35.028</b>	<b>384.750</b>	<b>215.858</b>

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**21. COMMITMENTS (Continued)**

There are no CPMs that the Group is liable on its immediate parent company (31 December 2022: None)

31 December 2022	USD	EUR	TL	Total USD Equivalent
A. GPM's given in the name of its own legal personality	202.448	8.431	140.569	218.954
B. GPM's given on behalf of the fully consolidated companies	30.000	20.290	-	51.632
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	-	-	-	-
	<b>232.448</b>	<b>28.721</b>	<b>140.569</b>	<b>270.586</b>

There is no other GPM given by the Group in favor of the main partner (31 December 2022: None). The ratio of other GPM's given by the Group to the Group's equity is 0% as of 31 December 2023 (31 December 2022: 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 23.489,83 as of 31 December 2023 (TRY 15.371,40 as of 31 December 2022). It has been taken into account in the calculation of the severance pay provision of the Group, the amount of 35.058,58 TL effective from 1 January 2024. (1 January 2023: TRY 19.982,83).

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 2023 and 2022 the actuarial assumptions that are used in the calculation of liability are as follows:

	31 December 2023	31 December 2022
Discount rate	3,7%	3,5%
Probability of retirement	92%	92%

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**22. PROVISIONS FOR EMPLOYEE BENEFITS (Continued)**

The movements of provision for employment termination benefits for the periods ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	6.140	3.653
Service cost	2.221	3.047
Finance cost	893	595
Actuarial loss	(95)	155
Paid during the period	(1.786)	(296)
Currency translation difference	(1.537)	(1.014)
<b>Closing</b>	<b>5.836</b>	<b>6.140</b>

**23. OTHER ASSETS AND LIABILITIES****a) Other current assets**

	31 December 2023	31 December 2022
VAT receivable	12.968	23.539
Income accruals	2.000	14.869
Deposits given	858	827
Other current assets from related parties (Note 34)	18	18
Other	2.470	1.211
	<b>18.314</b>	<b>40.464</b>

**b) Other non-current assets**

As of 31 December 2023, other non-current assets equal USD 6.520 (31 December 2022: USD 1.824).

**c) Other short-term liabilities**

	31 December 2023	31 December 2022
Accrued cost of sales expenses	19.315	10.524
Accrued export expenses	10.869	5.124
Other	20.690	17.145
	<b>50.874</b>	<b>32.793</b>

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**24. EQUITY****a) Paid-in share capital**

The legal capital structure of the group as of 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
	TRY	Share (%)	TRY	Share (%)
BMB Holding A.Ş.	104.157	73,48	104.157	73,48
Public Share and Other	37.593	26,52	37.593	26,52
	<b>141.750</b>	<b>100</b>	<b>141.750</b>	<b>100</b>
USD Equivalent	<b>68.997</b>		<b>68.997</b>	

As of 31 December 2023, there are 14.175.000.000 shares, each of which has 1 Kr nominal value. As of 31 December 2023, 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 2022: Group A 10%, Group B 90%). Also, the Group has 100 dividend shares that do not grant voting power (31 December 2022: 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.

BMB Holding A.Ş. (formerly known as Borusan Mannesmann Yatırım Holding A.Ş.), the owner of shares representing 73,48% of the Company's share capital, has completed the transaction regarding the transfer of 230.000.000 shares with the total nominal value of TRY 2.300.000 representing 23% of the its share capital from Salzgitter Mannesmann GmbH ("Salzgitter") to Borusan Holding A.Ş. on November 27, 2023. As a result of the transaction, there has been no change in the Company's direct shareholding structure; nevertheless, Salzgitter's indirect shareholding ratio in the Company's share capital has decreased to 0% from 16,9%, and Borusan group companies' total indirect shareholding ratio in the Company's share capital has increased to 73,48% from 56,58%.

**b) Revaluation funds**

As of 31 December 2023 and 31 December 2022 the movement of revaluation funds are as follows:

	1 January 31 December 2023		1 January 31 December 2022	
	Property, plant and equipment revaluation reserve	Investment revaluation reserve	Property, plant and equipment revaluation reserve	Investment revaluation reserve
Balance at 1 January	228.513	46.192	188.926	37.799
Current year revaluation on property, plant and equipment	531	-	48.539	-
Transfer	-	-	(8.952)	-
Current year revaluation of financial investments	-	15.958	-	8.393
<b>Closing at 31 December</b>	<b>229.044</b>	<b>62.150</b>	<b>228.513</b>	<b>46.192</b>

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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**24. EQUITY (Continued)****Revaluation funds of property, plant and equipment:**

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

**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.

**Investment revaluation reserve:**

Investment revaluation reserve occurs as a result of valuation of the available-for-sale financial assets over their fair values. In the event of a disposal of a financial instrument that has been appraised over its fair value, the portion of the appreciation fund related to the disposed financial asset is recognised directly as a profit or loss. If the reappraised financial instrument is impaired, the portion of the appreciation fund related to the impaired financial asset is recognised directly as a profit or loss.

**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.

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**24. EQUITY (Continued)****d) Non-controlling interests**

The movement of non-controlling interests for the periods as of 31 December 2023 and 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	146	143
Share in current year result	(6)	10
Currency translation difference	5	(7)
<b>Closing</b>	<b>145</b>	<b>146</b>

**25. REVENUE AND COST OF SALES****a) Revenue**

	1 January - 31 December 2023			1 January - 31 December 2022		
	Sales to Turkey	Sales outside Turkey	Total	Sales to Turkey	Sales outside Turkey	Total
Steel Pipe	391.824	1.349.349	1.741.173	325.497	1.014.889	1.340.386

**b) Cost of sales**

	1 January - 31 December 2023	1 January - 31 December 2022
Direct material	1.161.737	966.624
Repair, maintenance and other production expenses	128.824	91.088
Direct labor	95.541	54.121
Depreciation and amortization	36.960	27.660
Cost of trade goods sold	9	12.087
	<b>1.423.071</b>	<b>1.151.580</b>



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**26. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES**

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	77.506	46.911
Marketing expenses	7.439	17.736
	<b>84.945</b>	<b>64.647</b>

**27. EXPENSES BY NATURE****Marketing expenses**

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel	2.986	3.204
Sales distribution	1.729	6.403
Consultancy	903	1.660
Transportation and travel	718	625
Vehicle expenses	189	252
Other	914	5.592
	<b>7.439</b>	<b>17.736</b>

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

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**27. EXPENSES BY NATURE (Continued)**

**General administrative expenses**

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel	39.743	20.611
Consultancy	13.729	8.465
Depreciation and amortisation	5.107	3.707
Insurance	2.856	2.397
Tax and charges	2.736	2.025
Outsourced services	2.220	1.592
Information technology	2.016	2.284
Transportation and travel	1.665	523
Donations	1.168	1.076
Maintenance	921	569
Energy	522	635
Vehicle expenses	432	343
Communication	285	161
Other	4.106	2.523
	<b>77.506</b>	<b>46.911</b>

**Depreciation and amortization expenses**

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	36.960	27.660
General administrative expenses	5.108	3.707
Marketing expenses	-	2.507
	<b>42.068</b>	<b>33.874</b>

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

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	95.541	54.121
General administrative expenses	39.743	20.611
Marketing expenses	2.986	3.204
	<b>138.270</b>	<b>77.936</b>

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

	1 January - 31 December 2023	1 January - 31 December 2022
Interest on credit sales	21.154	16.636
Provision no longer required (Note 8)	2.285	-
Compensation income	2.000	-
Foreign exchange gain	1.336	6.996
Scrap sales	520	588
Other	529	494
	<b>27.824</b>	<b>24.714</b>

**Other expense**

	1 January - 31 December 2023	1 January - 31 December 2022
Impairment on plant, property and equipment	1.144	1.816
Other	1.573	261
	<b>2.717</b>	<b>2.077</b>

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

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**29. INCOME FROM INVESTING ACTIVITIES**

	1 January - 31 December 2023	1 January - 31 December 2022
Bargain purchase gain	31.852	-
Dividend income	5.281	12.272
Gain/(Loss) on disposal of plant, property and equipment	(46)	67
Currency protected deposit fair value through profit or loss	-	207
	<b>37.087</b>	<b>12.546</b>

**30. FINANCIAL INCOME AND EXPENSE**

**Financial income**

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	7.338	9.866
	<b>7.338</b>	<b>9.866</b>

**Financial expenses**

	1 January - 31 December 2023	1 January - 31 December 2022
Interest expenses	52.199	42.862
Factoring expense	2.052	9.879
Interest charges	6.953	7.319
Bank expense	3.909	2.994
	<b>65.113</b>	<b>63.054</b>

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**31. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

As of 31 December 2023 and 2022, the details of the Group's assets held for sale are as follows:

	31 December 2023	31 December 2022
Classifications at the beginning <sup>(1)</sup>	99.283	-
	<b>99.283</b>	<b>-</b>

<sup>(1)</sup> 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 2023, to assets held for sale as a result of the disclosure made on Public Disclosure Platform on 18 December 2023.

**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 2023 is 25% (2022:23%).

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.

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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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 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	237.576	106.154
At statutory income tax calculated with rate at 25% (2022: 23%)	59.394	24.415
Disallowable expenses	9.074	9.060
Tax exempt income	(13.581)	(3.981)
The effect of the foreign companies that have different tax rates	(11.399)	(4.825)
<b>Tax expense</b>	<b>43.488</b>	<b>24.669</b>

Current income tax for the periods ended 31 December 2023 and 2022 are summarized below:

	31 December 2023	31 December 2022
- Turkey tax charge	287	-
- U.S.A. tax charge	47.531	24.968
- Italy tax charge	-	75
Total statutory income tax charge for the year	47.818	25.043
Prepaid taxes	(63.941)	(11.893)
<b>Income taxes (asset)/liability</b>	<b>(16.123)</b>	<b>13.150</b>

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 2023 deferred tax rate used is 25% in Turkey, 21% (Borusan Pipe US) and 26% (Berg Pipe) in USA, 24% in Italy (31 December 2022: 23% in Turkey, 21% in the USA, 24% in Italy).

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**32. INCOME TAX ASSETS AND LIABILITIES (Continued)**

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 2023	31 December 2022	31 December 2023	31 December 2022
Net differences between the tax base and the amounts reported:				
- carrying value of tangible and intangible assets	(262.016)	(348.999)	(63.139)	(71.194)
- carrying value of lands	(164.484)	(166.576)	(30.841)	(16.658)
- carrying value of financial assets	(58.629)	(63.083)	(3.664)	(3.154)
- carrying value of stocks	18.854	(15.541)	4.711	(3.085)
Provision for employee benefits obligation	5.702	5.983	1.425	1.197
Temporary differences of trade receivables	258	-	65	-
Temporary differences of trade payables	7.512	-	1.878	-
Carry forward tax losses	101.928	71.348	25.821	14.270
Derivative financial instruments	463	2.264	116	464
Other provisions and accruals	14.313	10.990	2.844	2.387
<b>Deferred tax liability, net</b>	<b>(336.099)</b>	<b>(503.614)</b>	<b>(60.784)</b>	<b>(75.773)</b>

The expiry dates of unused previous year losses as of December 31, 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
2023	-	1.828
2024	4.680	2.383
2025	5.035	6.638
2026	28.777	39.359
2027	15.125	21.140
2028	48.311	-
	<b>101.928</b>	<b>71.348</b>



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**32. INCOME TAX ASSETS AND LIABILITIES (Continued)**

The distribution of deferred tax assets/(liabilities) for the periods ended on 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Deferred tax liability	(60.784)	(75.773)
Deferred tax liability, net	<b>(60.784)</b>	<b>(75.773)</b>

Deferred tax liability for the periods ended on 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening	(75.773)	(70.088)
Currency translation reserve	(65)	94
Tax charge recognized in the statement of comprehensive income	19.762	(6.153)
Business combination	(9.038)	-
Tax charge recognized in the statement of income	4.330	374
<b>Closing</b>	<b>(60.784)</b>	<b>(75.773)</b>

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 2023		31 December 2022	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Borusan Birleşik Boru Fabrikaları	-	38.440	-	60.167
Borusan Pipe US	-	11.859	-	14.252
Berg	-	9.091	-	-
Vobarno	-	1.394	-	1.354
	<b>-</b>	<b>60.784</b>	<b>-</b>	<b>75.773</b>

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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 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Average number of shares existing during the period	14.175.000.000	14.175.000.000
Net profit for the period attributable to equity holders of the parent	194.094	81.475
<b>Earnings per share</b>	<b>0,01369</b>	<b>0,00575</b>

**34. RELATED PARTY BALANCES AND TRANSACTIONS****a) Receivables and Payables to Related Parties**

	31 December 2023	31 December 2022
<b>Trade receivables</b>		
Borusan İstikbal Ticaret T.A.Ş. (İstikbal) <sup>(1)</sup>	9.214	5.813
Other	864	418
Less: Allowance for doubtful receivables	-	(67)
	<b>10.078</b>	<b>6.164</b>

<sup>(1)</sup> The receivable from İstikbal is derived from the export sales performed through İstikbal.

	31 December 2023	31 December 2022
<b>Trade payables</b>		
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Tic. A.Ş. <sup>(3)</sup>	3.602	6.967
Borçelik Çelik Sanayii Tic. A.Ş. <sup>(3)</sup>	896	283
Other	654	411
	<b>5.152</b>	<b>7.661</b>

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.

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**34. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)****b) Other current assets from related parties**

	31 December 2023	31 December 2022
Personnel advances	18	18

**c) Transactions with related parties**

	1 January- 31 December 2023	1 January- 31 December 2022
<b>Material purchases</b>		
Borçelik Çelik Sanayii Tic. A.Ş. <sup>(4)</sup>	2.438	5.747
	<b>2.438</b>	<b>5.747</b>
<b>Service purchases</b>		
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Tic. A.Ş. <sup>(3)</sup>	40.314	74.525
Borusan Holding A.Ş. <sup>(1)</sup>	2.949	2.991
Borusan İstikbal Ticaret T.A.Ş. <sup>(3)</sup>	180	294
Other	136	141
	<b>43.579</b>	<b>77.951</b>
<b>Sales</b>		
Borusan İstikbal Ticaret T.A.Ş. <sup>(3)</sup>	36.603	59.372
Salzgitter Mannesmann <sup>(2) (*)</sup>	15.395	22.281
	<b>51.998</b>	<b>81.653</b>
<b>Dividend income</b>		
Borçelik Çelik Sanayii Tic. A.Ş. <sup>(4)</sup>	5.281	12.272
	<b>5.281</b>	<b>12.272</b>

<sup>(1)</sup> Ultimate partner<sup>(2)</sup> Shareholder of the ultimate partner<sup>(3)</sup> Subsidiary of the ultimate partner<sup>(4)</sup> Financial investment<sup>(\*)</sup> Not a related company as of November 2023.

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**34. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)****Payments to key management**

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and short-term benefits provided to top management	2.949	1.600
Salaries and short-term benefits provided to board of directors	167	126
	<b>3.116</b>	<b>1.726</b>

The top management consist of the members of the Board of Directors and member of the Executive Board of the Company.

**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**

	Receivables				
	Trade receivables		Other receivables		
	Related parties	Other	Related parties	Other	Bank accounts
31 December 2023					
Maximum credit risk exposed as of balance sheet date	10.078	186.984	-	17.346	129.367
- the part under guarantee with collaterals, etc.	-	72.499	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	10.078	178.154	-	17.346	129.367
- the part under guarantee with collaterals, etc.	-	69.622	-	-	-
B. Net book value of overdue but not impaired	-	8.830	-	-	-
- the part under guarantee with collaterals, etc.	-	2.877	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
- Past due (gross carrying amount)	-	467	-	-	-
- Impairment (-)	-	(467)	-	-	-
- 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	-	-	-	-	-

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**35. FINANCIAL RISK MANAGEMENT (Continued)****(b) Financial risk management objectives (Continued)****b.1) Credit risk (Continued)**

31 December 2023	Receivables				Bank accounts
	Trade receivables		Other receivables		
	Related parties	Other	Related parties	Other	
Maximum credit risk exposed as of balance sheet date	6.164	244.337	-	12.388	80.673
- the part under guarantee with collaterals, etc.	-	131.108	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	6.164	233.791	-	12.388	80.673
- the part under guarantee with collaterals, etc.	-	124.018	-	-	-
B. Net book value of overdue but not impaired	-	10.546	-	-	-
- the part under guarantee with collaterals, etc.	-	7.090	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
- Past due (gross carrying amount)	67	3.469	-	-	-
- Impairment (-)	(67)	(3.469)	-	-	-
- 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	-	-	-	-	-

<sup>(1)</sup> In determining the amounts, guarantees received and factors that increase credit reliability were not taken into account.<sup>(2)</sup> 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)****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 2023	31 December 2022
Group 1	6.732	35.491
Group 2	181.500	204.464
Group 3	8.830	10.546
<b>Total trade receivables</b>	<b>197.062</b>	<b>250.501</b>

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 2022: None).

As of 31 December 2023, the part of overdue trade receivables for which no impairment was calculated equals USD 8.830 (31 December 2022: USD 10.546). Below is the aging of such trade receivables:

	31 December 2023	31 December 2022
1-30 days overdue	3.055	5.306
1-3 months overdue	3.448	1.896
3- 12 months overdue	2.327	3.344
<b>Total overdue receivables</b>	<b>8.830</b>	<b>10.546</b>
<b>The part under guarantee with collaterals</b>	<b>2.877</b>	<b>7.090</b>

As of 31 December 2023, the Group holds letters of guarantee equals to USD 192, pledges equal to USD 2.685 (31 December 2022 respectively: letters of guarantee equals to USD 1.114, pledges equal to USD 5.976). Overdue and impaired receivables are not secured.



**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**35. FINANCIAL RISK MANAGEMENT (Continued)****(b) Financial risk management objectives (Continued)****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.

**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.

		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 2023	Carrying value					
<b>Non derivative financial liabilities</b>						
Borrowings	337.176	344.495	145.451	108.100	87.020	3.924
Lease Liabilities	11.586	12.021	603	2.166	4.067	5.185
Trade payables	293.018	293.018	202.139	90.879	-	-
Other payables	57.713	60.250	10.250	20.000	30.000	-
Derivative financial liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>699.493</b>	<b>709.784</b>	<b>358.443</b>	<b>221.145</b>	<b>121.087</b>	<b>9.109</b>
<b>31 December 2022</b>						
<b>Non derivative financial liabilities</b>						
Borrowings	495.623	512.718	138.551	290.419	76.148	7.600
Lease Liabilities	4.638	5.337	699	1.609	3.029	-
Trade payables	203.153	203.153	190.934	12.219	-	-
Other payables	3.490	3.490	3.490	-	-	-
Derivative financial liabilities	2.264	2.264	2.034	230	-	-
<b>Total liabilities</b>	<b>709.168</b>	<b>726.692</b>	<b>335.708</b>	<b>304.477</b>	<b>79.177</b>	<b>7.600</b>

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**35. FINANCIAL RISK MANAGEMENT (Continued)****(b) Financial risk management objectives (Continued)****b.2) Liquidity risk (Continued)**

The details of the committed outstanding future contracts as of 31 December 2023 and 2022 are as below;

	Average exchange rates		Buying Amount		Selling amount		Fair value	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
USD buy - TL sell								
Between 1-3 months	31,2677	-	6.000	-	187.606	-	(37)	-
Between 1-6 months	33,4024	19,5524	13.000	13.910	434.231	271.974	(113)	(362)
USD buy - GBP sell								
Between 1-3 months	0,7910	-	2.655	-	2.100	-	(14)	-
Between 1-6 months	-	0,8392	-	2.586	-	2.170	-	(41)
USD buy - EUR sell								
Between 1-6 months	-	0,9490	-	36.165	-	34.320	-	(1.082)
EUR buy - USD sell								
Between 1-3 months	1,0707	1,0335	17.000	10.000	18.202	10.335	627	349

**(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.

**(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 2022: 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.

## Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries

## Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023

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

## 35. FINANCIAL RISK MANAGEMENT (Continued)

## (d) Foreign currency risk management (Continued)

	31 December 2023			
	Profit/(loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1- EUR net assets/liabilities	(10.535)	10.535	2.896	(2.896)
2- EUR hedged from risks (-)	-	-	-	-
<b>3- EUR net effect (1+2)</b>	<b>(10.535)</b>	<b>10.535</b>	<b>2.896</b>	<b>(2.896)</b>
4- TRY net assets/liabilities	1.468	(1.468)	-	-
5- TRY hedged from risks (-)	-	-	-	-
<b>6- TRY net effect (4+5)</b>	<b>1.468</b>	<b>(1.468)</b>	<b>-</b>	<b>-</b>
7- GBP net assets/liabilities	369	(369)	-	-
8- GBP hedged from risks (-)	-	-	-	-
<b>9- GBP net effect (7+8)</b>	<b>369</b>	<b>(369)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6 + 9)</b>	<b>(8.698)</b>	<b>8.698</b>	<b>2.896</b>	<b>(2.896)</b>

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Foreign currency risk management (Continued)**

	31 December 2022			
	Profit/(loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1- EUR net assets/liabilities	(6.092)	6.092	2.930	(2.930)
2- EUR hedged from risks (-)	-	-	-	-
<b>3- EUR net effect (1+2)</b>	<b>(6.092)</b>	<b>6.092</b>	<b>2.930</b>	<b>(2.930)</b>
4- TRY net assets/liabilities	(8.300)	8.300	-	-
5- TRY hedged from risks (-)	-	-	-	-
<b>6- TRY net effect (4+5)</b>	<b>(8.300)</b>	<b>8.300</b>	<b>-</b>	<b>-</b>
7- GBP net assets/liabilities	534	(534)	-	-
8- GBP hedged from risks (-)	-	-	-	-
<b>9- GBP net effect (7+8)</b>	<b>534</b>	<b>(534)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6 + 9)</b>	<b>(13.858)</b>	<b>13.858</b>	<b>2.930</b>	<b>(2.930)</b>

## Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries

## Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023

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

## 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 2023 and 2022 are as follows, in the original currencies and amounts, and denominated in their USD equivalents:

	31 December 2023				31 December 2022			
	TRY	EUR	GBP	USD equivalents	TRY	EUR	GBP	USD equivalents
1. Trade receivables	1.813.129	29.410	1.751	96.360	595.248	45.567	2.779	83.757
2a. Monetary financial assets (Including cash and cash equivalents)	62.436	3.993	654	7.371	509.584	15.284	454	44.093
3. Other	1.016.907	316	-	34.544	236.991	-	-	12.674
<b>4. Current Assets (1+2+3)</b>	<b>2.892.472</b>	<b>33.719</b>	<b>2.405</b>	<b>138.275</b>	<b>1.341.823</b>	<b>60.851</b>	<b>3.233</b>	<b>140.524</b>
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Other assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS (4+8)</b>	<b>2.892.472</b>	<b>33.719</b>	<b>2.405</b>	<b>138.275</b>	<b>1.341.823</b>	<b>60.851</b>	<b>3.233</b>	<b>140.524</b>
10. Trade payables	407.941	11.025	56	26.128	192.439	16.568	19	27.979
11. Financial liabilities	1.614.263	52.631	-	113.072	1.899.117	47.328	-	152.025
12a. Other monetary liabilities	643.530	581	-	187	11.045	24	-	616
<b>13. Short-term liabilities (10+11+12)</b>	<b>2.665.734</b>	<b>64.237</b>	<b>56</b>	<b>139.387</b>	<b>2.102.601</b>	<b>63.920</b>	<b>19</b>	<b>180.620</b>
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	10.627	17.087	-	19.268	15.187	25.499	-	27.997
16a. Other monetary liabilities	-	-	-	-	-	-	-	-
<b>17. Long-term liabilities (14+15+16)</b>	<b>10.627</b>	<b>17.087</b>	<b>-</b>	<b>19.268</b>	<b>15.187</b>	<b>25.499</b>	<b>-</b>	<b>27.997</b>
<b>18. TOTAL LIABILITIES (13+17)</b>	<b>2.676.361</b>	<b>81.324</b>	<b>56</b>	<b>158.655</b>	<b>2.117.788</b>	<b>89.419</b>	<b>19</b>	<b>208.617</b>
<b>19. Net asset and liability positions of derivatives out of statement of financial situation(19a-19b)</b>	<b>(621.837)</b>	<b>17.000</b>	<b>(2.100)</b>	<b>(3.653)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Total Hedged Assets	-	17.000	-	20.141	-	-	-	-
19b. Total Hedged Liabilities	621.837	-	2.100	23.794	-	-	-	-
<b>20. Net foreign currency Asset/(Liability) position (9-18+19)</b>	<b>(405.726)</b>	<b>(30.605)</b>	<b>249</b>	<b>(24.033)</b>	<b>(775.965)</b>	<b>(28.568)</b>	<b>3.214</b>	<b>(68.093)</b>
<b>21. Monetary Items Net Foreign Currency Asset/(Liability) (=1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>216.111</b>	<b>(47.605)</b>	<b>2.349</b>	<b>(20.380)</b>	<b>(775.965)</b>	<b>(28.568)</b>	<b>3.214</b>	<b>(68.093)</b>
<b>22. Fair value of the financial instruments used for foreign currency hedging</b>	<b>(3.339)</b>	<b>568</b>	<b>-</b>	<b>(127)</b>	<b>(6.778)</b>	<b>(687)</b>	<b>(34)</b>	<b>(1.485)</b>
<b>23. Total Hedged Assets in Foreign Currency</b>	<b>(621.837)</b>	<b>17.000</b>	<b>(2.100)</b>	<b>(3.653)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

From 1 January 2023 to 31 December 2023, the Group imported amounting to 210.220 USD, 20.991 EUR and 63 GBP and exported amounting to 165.563 USD, 81.527 EUR ve 5.638 GBP (From 1 January 2022 to 31 December 2022, the Group imported amounting to 178.314 USD, 16.167 EUR and 42 GBP and exported amounting to 280.798 USD, 161.530 EUR ve 11.703 GBP)

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**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.

**36. FINANCIAL INSTRUMENTS**

	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
<b>31 December 2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	129.376	-	-	129.376
Trade receivables	186.984	-	-	186.984
Due from related parties	10.078	-	-	10.078
Financial investments	71	82.460	-	82.531
Other receivables	17.346	-	-	17.346
Derivatives	-	-	463	463
<u>Financial liabilities</u>				
Borrowings	348.762	-	-	348.762
Trade payables	287.866	-	-	287.866
Due to related parties	5.152	-	-	5.152
Other payables	30.000	-	-	30.000

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**36. FINANCIAL INSTRUMENTS (Continued)**

31 December 2022	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
<u>Financial assets</u>				
Cash and cash equivalents	80.675	-	-	80.675
Trade receivables	244.337	-	-	244.337
Due from related parties	6.164	-	-	6.164
Financial investments	71	64.790	2.113	66.974
Other receivables	12.388	-	-	12.388
<u>Financial liabilities</u>				
Borrowings	500.261	-	-	500.261
Trade payables	195.492	-	-	195.492
Due to related parties	7.661	-	-	7.661
Other payables	3.490	-	-	3.490
Derivative instruments	-	2.614	(350)	2.264



**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries**

**Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**36. FINANCIAL INSTRUMENTS (Continued)**

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

	Financial assets at fair value through profit or loss		Financial assets at fair value through comprehensive income	
	Trading purpose	Derivative financial instruments	Financial investments	Total
<b>31 December 2023</b>				
Opening balance	-	(2.264)	64.790	62.526
Total gain or losses				
- Recognized in profit and loss	-	2.727	-	2.727
- Recognized in other comprehensive income	-	-	17.670	17.670
- Currency translation difference	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>463</b>	<b>82.460</b>	<b>82.923</b>
<b>31 December 2022</b>				
Opening balance	-	489	55.955	56.444
Total gain or losses				
- Recognized in profit and loss	-	156	-	156
- Recognized in other comprehensive income	-	(2.909)	8.835	5.926
- Currency translation difference	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>(2.264)</b>	<b>64.790</b>	<b>62.526</b>

**Borusan Birleşik Boru Fabrikaları Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**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:

	Level 1 USD	Level 2 USD	Level 3 USD
<b>31 December 2023</b>			
Permanent fair value measurements:			
Derivative financial instruments at fair value through comprehensive income statement	-	-	-
Financial investment	-	-	82.531
Property, plant and equipment	-	636.452	-
Non-permanent fair value measurements:	-	-	-
Assets held for sale	-	99.283	-
	Level 1 USD	Level 2 USD	Level 3 USD
<b>31 December 2022</b>			
Permanent fair value measurements:			
Derivative financial instruments at fair value through comprehensive income statement	-	156	-
Financial investment	-	-	64.861
Property, plant and equipment	-	625.050	-
Non-permanent fair value measurements:	-	-	-
Assets held for sale	-	-	-

**Borusan Birleşik Boru Fabrikalari Sanayi ve Ticaret A.Ş. and its Subsidiaries****Notes to Consolidated Financial Statements for the Period 1 January - 31 December 2023**

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

**38. SUBSEQUENT EVENTS**

The sale of the land and buildings associated with the large-diameter pipe production facility located in Gemlik Facilities, where we currently operate with 3 factories, to Borçelik Çelik Sanayii Ticaret A.Ş., a company within the Borusan Group, for a total of USD 66.000.000 has been completed on February 22, 2024. A payment, totaling USD 32.500.000 was received on the day the transaction completed, while the remaining portion of USD 33.500.000 is scheduled to be collected by December 15, 2024, which is the projected date for the vacant delivery of the real estate. The relevant amount has been secured through a letter of guarantee.

The machinery, equipment, land, and buildings used in the production of pipes, which have been manufactured in Turkey for many years and are currently located at our Gemlik Facilities, and offered to customers in the industrial, construction, and automotive segments, are not included in the scope of the relevant sales transaction. The company will continue its production activities at Gemlik, Halkalı and Bursa facilities in Turkey.

**39. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS**

The fees for the services received from the independent auditor/independent audit firm as of 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Fees for Independent audit the reporting period	293	191
Fees related to tax consultancy services	75	35
Fees for other assurance services	3	-
	<b>371</b>	<b>227</b>

## DISCLAIMER

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This Annual Report ("Report") is prepared solely to provide information to the shareholders, and is not intended to form the basis of any investment decisions. The realization of forward-looking opinions and estimated figures in this Report may differ depending on the variables and assumptions on which the relevant estimates are based. Accordingly, Borusan Boru, and its Board members, advisors, or employees shall not be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report.

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