

*(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)*

**GERSAN ELEKTRİK TİCARET VE SANAYİ A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

*CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH*

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi

A) Audit of the Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi ("Company") and its subsidiary (referred to as the "Group"), which comprise the consolidated statement of financial position as of 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended, and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and consolidated its financial performance and its consolidated cash flows for the period ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the ethical rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3) Key Audit Matters

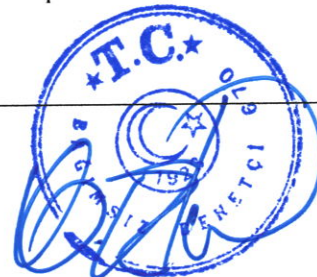
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How our audit addressed the key audit matter
<p>Provision for impairment of trade receivables</p> <p>As of December 31, 2023, trade receivables amounting to TRY 304.063.619 constitute 26% of total consolidated assets and there is an impairment provision amounting to TRY 100.630.047 for these receivables as of the same date.</p> <p>Provision for impairment of trade receivables is recognized based on the estimates made by taking into consideration the guarantees received from customers, past payment performance of customers and maturity analysis of receivable balances.</p> <p>Trade receivables have been identified as a key audit matter by us due to the fact that they constitute a significant portion of the Group's total assets and the valuation method applied involves significant judgment and estimates.</p> <p>Detailed explanations related to trade receivables are disclosed in Note 2 and Note 6.</p>	<p>During our audit, we performed the following audit procedures related to impairment of trade receivables:</p> <ul style="list-style-type: none"> - Understanding the Group's process for collection follow-up of trade receivables, - Investigating whether there are any disputes or lawsuits regarding the trade receivable balance and obtaining information from legal advisors regarding ongoing receivable follow-up cases, - Reviewing trade receivables aging lists for potential overdue receivables and reviewing the aging model, - Evaluation of the methods and assumptions used in the calculation of the provision for doubtful trade receivables on an individual basis within the framework of the aging model, payments received in the subsequent period and commercial practices, - Testing trade receivable balances by sending confirmation letters, - Testing the collections made in the subsequent period - Evaluating the adequacy of the disclosures in the notes to the financial statements for impairment of trade receivables. <p>As a result of these studies regarding the impairment of trade receivables, we did not have any significant findings.</p>



Key Audit Matters	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group mainly generates revenue from busbar duct systems, production of systems and materials that carry, connect and protect conductors, energy transmission lines, carrier systems, line, field, building, region grounding, cable carrier systems, cable carriers, various cable joining, separation, connection and transportation, special carrier and steel construction joining and fixing systems that can be applied in various projects and design, project management, electrical and mechanical, contracting services in Turkey and abroad. The Group recognizes revenue when it fulfils its performance obligation by transferring the control of the products to its customers.</p> <p>Revenue is one of the most important indicators in the performance evaluation of the Group. Revenue is of great importance in terms of evaluating the results of the strategies implemented during the year and monitoring performance. Revenue recognition has been identified as a key audit matter as it is an important measurement criterion for the Group's performance evaluation and should be recognized in the period to which it relates and in the correct amount due to its nature. The Group's accounting policies and amounts related to revenue are disclosed in Note 2 and Note 19.</p>	<p>During our audit, we performed the following audit procedures related to revenue recognition:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the Group's accounting policies for revenue recognition, - Performing tests on the accuracy of customer invoices using the sampling method and checking the recognition of the related contracts within the scope of TFRS 15, "Revenue from Contracts with Customers", - Evaluating the performance obligations determined by the customer and checking that revenue is recognized in accordance with the relevant accounting policies, - Testing the periodicity of revenue by using the sample method for revenue items at the end of the period and the beginning of the next period, - Evaluating the adequacy of the disclosures and disclosures for revenue recognition in Note 2 and Note 19 within the scope of TFRS 15, "Revenue from Contracts with Customers", <p>As a result of these studies on revenue recognition, we did not have any significant findings.</p>
<p>Application of the hyperinflationary accounting</p> <p>As stated in 2.1 to the consolidated financial statements, the Group has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of 31 December 2023.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in general purchasing power of Turkish lira, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in note 2.1.</p> <p>Given the significance of the impact of TAS 29 on reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>The audit procedures performed are described below;</p> <ul style="list-style-type: none"> - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed. - We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations. - We have audited the restatements of corresponding figures as required by TAS 29. <p>We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29</p>



4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control 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.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error.

Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.).
- Assess the 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

B) Other Responsibilities Arising From Regulatory Requirements

- 1) In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 4 April 2024.
- 3) In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Barış ÖZKURT.

İstanbul, 4 April 2024

Ventera Bağımsız Denetim A.Ş.
(A member firm of BOKS International)



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GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

ASSETS	Note	<i>(Audited)</i> Current Period 31 December 2023	<i>(Audited)</i> Previous Period 31 December 2022
Current Assets			
Cash And Cash Equivalents	4	54.076.598	98.241.689
Financial Investments		--	1.563.061
<i>Restricted Bank Balances</i>	8	--	1.563.061
Trade Receivables		304.063.619	273.416.363
<i>Trade Receivables from Related Parties</i>	6	208.259	466.103
<i>Trade Receivables from Third Parties</i>	6-26	303.855.360	272.950.260
Other Receivables		15.482	219.252
<i>Other Receivables from Third Parties</i>	7	15.482	219.252
Inventories	9	235.573.324	316.323.844
Prepaid Expenses		55.920.582	62.352.729
<i>Prepaid Expenses from Third Parties</i>	10	55.920.582	62.352.729
Current Income Tax Assets	24	2.017.916	357.476
Other Current Assets	17	11.947.181	9.413.354
TOTAL CURRENT ASSETS		663.614.702	761.887.768
Non-Current Assets			
Other Receivables		235.421	310.101
<i>Other Receivables from Third Parties</i>	7	235.421	310.101
Property, Plant and Equipment	12	410.119.657	412.278.758
Intangible Assets		1.126.728	1.533.004
<i>Other Intangible Assets</i>	13	1.126.728	1.533.004
Prepaid Expenses	10	7.103.614	20.601.983
Deferred Tax Asset	24	21.289.024	13.554.823
TOTAL NON-CURRENT ASSETS		439.874.444	448.278.669
TOTAL ASSETS		1.103.489.146	1.210.166.437

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

LIABILITIES	Note	<i>(Audited)</i> Current Period 31 December 2023	<i>(Audited)</i> Previous Period 31 December 2022
Current Liabilities			
Short Term Borrowings	5	60.180.600	78.042.859
Short-Term Portions of Long-Term Borrowings	5	144.392.834	125.335.929
Other Financial Liabilities	5	1.258.401	--
Trade payables	6.2	244.185.561	182.745.733
<i>Trade Payables to Related Parties</i>	6	134.687	200.280
<i>Trade Payables to Third Parties</i>	6-26	244.050.874	182.545.453
Payables Related to Employee Benefits	16	51.084.676	14.764.441
Other Payables	7	13.654.790	14.806.595
Deferred Incomes	10.2	50.740.910	132.354.180
Current Income Tax Liabilities		--	10.524.267
Short Term Provisions		8.635.068	5.980.709
<i>Provisions for Employee Benefits</i>	16	5.753.222	3.665.902
<i>Other Short-Term Provisions</i>	15	2.881.846	2.314.807
TOTAL CURRENT LIABILITIES		574.132.840	564.554.713
Non-Current Liabilities			
Long Term Borrowings	5	33.617.110	80.700.943
Other Payables		31.463.540	51.843.393
<i>Other Payables to Related Parties</i>	6	31.463.540	51.843.393
Long Term Provisions		15.497.283	13.130.980
<i>Provision for Employee Termination Benefits</i>	16	15.497.283	13.130.980
TOTAL NON-CURRENT LIABILITIES		80.577.933	145.675.316
EQUITY			
Equity Attributable to Owners of The Parent		448.727.988	501.001.756
Paid-in Capital	18	80.000.000	80.000.000
Adjustment to Share Capital	18	585.870.386	585.870.386
Share Premiums	18	252.017.466	252.017.466
Other Accumulated Comprehensive Income and Expenses	18		
That Will Not Be Reclassified Through Profit or Loss		72.669.365	76.493.836
<i>Revaluation and Measurement Gain / (Loss)</i>	18	79.564.412	79.564.412
<i>Defined Benefit Plans Remeasurement Gains / (Losses)</i>	18	(6.895.047)	(3.070.576)
Other Accumulated Comprehensive Income and Expenses			
To Be Reclassified to Profit or (Loss)		79.223.806	12.295.996
<i>Currency Translation Differences</i>	18	79.223.806	12.295.996
Restricted Reserves	18	30.029.338	23.917.155
Retained Earnings	18	(535.705.266)	(498.885.018)
Net Income/(Loss) For the Period	18	(115.377.107)	(30.708.065)
Non-Controlling Interests	18	50.385	(1.065.348)
TOTAL EQUITY		448.778.373	499.936.408
TOTAL LIABILITIES AND EQUITY		1.103.489.146	1.210.166.437

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		<i>(Audited)</i> Current Period 1 January– 31 December 2023	<i>(Audited)</i> Previous Period 1 January– 31 December 2022
PROFIT OR LOSS	Note		
Revenue	19	1.459.655.352	1.606.956.605
Cost of Sales (-)	19	(1.250.032.766)	(1.272.173.113)
Gross Profit / (Loss)		209.622.586	334.783.492
General Administrative Expenses (-)	20	(68.511.968)	(45.531.860)
Marketing, Selling and Distribution Expenses (-)	20	(134.180.602)	(158.432.621)
Other Income from Operating Activities	21	267.331.765	263.276.423
Other Expenses from Operating Activities (-)	21	(176.410.150)	(134.459.014)
Operating Profit / (Loss)		97.851.631	259.636.420
Income from Investment Activities	22	467.878	245.085
Expenses from Investment Activities (-)		(19.900)	(896.707)
OPERATING INCOME BEFORE FINANCIAL EXPENSE		98.299.609	258.984.798
Financial Expenses (-)	23	(119.910.864)	(175.500.204)
Financial income (+)	23	34.472.465	42.878.244
Net monetary position gain/(loss)		(122.893.950)	(125.876.181)
INCOME / EXPENSE BEFORE TAX FROM CONTINUING OPERATIONS		(110.032.740)	486.657
Tax Income / (Expense) from Continuing Operations		(4.228.634)	(29.477.944)
Taxes on Income	24	(16.016.469)	(30.417.662)
Deferred Tax Income/(Expense)		11.787.835	939.718
INCOME/(LOSS) FOR THE PERIOD CONTINUING OPERATIONS		(114.261.374)	(28.991.287)
NET INCOME / (LOSS) FOR THE PERIOD		(114.261.374)	(28.991.287)
Net Income for The Period			
Non-Controlling Interests		1.115.733	1.716.778
Equity Holders of the Parent		(115.377.107)	(30.708.065)
Earnings Per Share			
Earnings Per Share from Continuing Operations	25	(1,442)	(0,384)
OTHER COMPREHENSIVE INCOME			
Income/Expense Not to Be Reclassified to Profit or Loss		(3.824.471)	76.493.836
Increases / Decreases in Revaluation of Tangible Fixed Assets		--	89.398.217
Defined Benefit Plans Remeasurement Gains / Losses	16	(5.099.295)	(3.936.636)
Taxes Related with Other Comprehensive Income/Expense		1.274.824	(8.967.745)
Deferred Tax Income/(Expense)		1.274.824	(8.967.745)
Income/Expense to Be Reclassified to Profit or Loss		66.927.810	(10.427.262)
Currency Translation Differences		66.927.810	(10.427.262)
OTHER COMPREHENSIVE INCOME		63.103.339	66.066.574
TOTAL COMPREHENSIVE INCOME / LOSS		(51.158.035)	37.075.287
Total Comprehensive Income		(51.158.035)	37.075.288
Non-Controlling Interests		1.115.733	1.716.779
Equity Holders of the Parent		(52.273.768)	35.358.509

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified Through Profit or Loss		Other Accumulated Comprehensive Income and Expenses To Be Reclassified to Profit or (Loss)	Accumulated Profits					
				Revaluation and Measurement Gain / (Loss)	Defined Benefit Plans Remeasurement Gains / (Losses)	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income/(Loss) For the Period	Equity Holders of The Parent	Non-Controlling Interests	Total Equity
Balance at 1 January 2022	80.000.000	585.870.386	252.017.466	--	--	22.723.258	21.286.583	(496.254.446)	--	465.643.247	(2.782.126)	462.861.121
Transfers	--	--	--	--	--	--	2.630.572	(2.630.572)	--	--	--	--
Net Income (Loss) For the Period	--	--	--	--	--	--	--	--	(30.708.065)	(30.708.065)	1.716.778	(28.991.287)
Other Comprehensive Income (Loss)	--	--	--	79.564.412	(3.070.576)	(10.427.262)	--	--	--	66.066.574	--	66.066.574
Balance at 31 December 2022	80.000.000	585.870.386	252.017.466	79.564.412	(3.070.576)	12.295.996	23.917.155	(498.885.018)	(30.708.065)	501.001.756	(1.065.348)	499.936.408
Transfers	--	--	--	--	--	--	6.112.183	(6.112.183)	--	--	--	--
Transfer of Previous Period Income / (Loss)	--	--	--	--	--	--	--	(30.708.065)	30.708.065	--	--	--
Net Income (Loss) For the Period	--	--	--	--	--	--	--	--	(115.377.107)	(115.377.107)	1.115.733	(114.261.374)
Other Comprehensive Income (Loss)	--	--	--	--	(3.824.471)	66.927.795	--	--	--	63.103.339	--	63.103.339
Balance at 31 December 2023	80.000.000	585.870.386	252.017.466	79.564.412	(6.895.047)	79.223.791	30.029.338	(535.705.266)	(115.377.107)	448.727.988	50.385	448.778.373

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	(Audited) Current Period 1 January– 31 December 2023	(Audited) Previous Period 1 January– 31 December 2022
Note		
A. CASH FLOWS FROM OPERATING ACTIVITIES	(139.076.590)	(40.410.471)
Profit/(Loss) For The Period	(114.261.374)	(28.991.286)
Period Profit/(Loss) from Continuing Activities	24 (114.261.374)	(28.991.286)
Adjustments Related to Reconciliation of Net (Loss) / Profit for The Period	--	--
Adjustments For Depreciation and Amortization Expenses	12-13 14.371.551	14.331.042
Adjustments For Impairment Loss	6 10.096.931	4.759.787
Adjustment Related to Provisions	22.121.792	9.392.479
<i>Adjustments For Provisions/(Reversals) Related to Employee Benefit Obligations</i>	16 20.644.793	9.188.614
<i>Adjustments For Provisions/(Reversals) Related to Lawsuit and/or Penalties</i>	15 1.476.999	203.865
Adjustment Related to Interest Financing (Incomes)And Expenses	31.938.687	25.871.523
<i>Adjustment Related to Interest Incomes</i>	23 (2.020.433)	(1.228.356)
<i>Adjustment Related to Interest Expense</i>	23 31.283.745	27.025.889
<i>Deferred Financing Costs Arising from Forward Purchases</i>	6 (4.825.784)	(1.702.020)
<i>Unearned Finance Income Arising from Forward Sales</i>	6 7.501.159	1.776.010
Adjustments For Losses (Gains) On Disposal of Non-Current Assets	(447.978)	651.623
Adjustment to Tax (Income)Expense	24 4.228.634	29.477.944
Monetary Gain/(Loss)	(113.857.348)	(202.226.308)
Changes In Operating Capital	49.621.232	132.864.070
Adjustments for Decrease / (Increase) in Trade Receivables	(48.245.346)	117.153.349
<i>Adjustments for Decrease / (Increase) in Trade Receivables from Related Parties</i>	26 257.844	149.556
<i>Adjustments for Decrease / (Increase) in Trade Receivables from Third Parties</i>	6 (48.503.190)	117.003.793
Adjustments for Decrease / (Increase) in Other Receivables	278.450	(178.021)
<i>Adjustments for Decrease / (Increase) in Other Receivables from Third Parties</i>	7 278.450	(178.021)
Adjustments for Decrease / (Increase) in Inventories	9 80.750.520	(3.150.803)
Adjustments for (Increase) / Decrease in Prepaid Expenses	10 19.930.516	(26.554.575)
Adjustments for (Decrease) / Increase in Trade Payables	66.265.612	(31.693.952)
<i>Adjustments for (Decrease) / Increase in Trade Payables to Related Parties</i>	26 (65.594)	200.305
<i>Adjustments for (Decrease) / Increase in Trade Payables to Third Parties</i>	6 66.331.206	(31.894.257)
Increase / (Decrease) in Payables Due to Employee Benefits	16 36.320.235	(5.620.800)
Adjustments for Increase / (Decrease) in Other Payables Related to Operations	(21.531.658)	(7.973.047)
<i>Adjustments for Increase / (Decrease) in Other Payables to Related Parties Due to Operations</i>	(20.379.853)	(21.377.391)
<i>Adjustments for Increase / (Decrease) in Other Payables to Third Parties Due to Operations</i>	(1.151.805)	13.404.344
Increase / (Decrease) in Deferred Income	10 (81.613.270)	87.384.452
Adjustments for Other Increase (Decrease) in Working Capital	18 (2.533.827)	3.497.467
Cash Flows Generated from Operations	(96.187.873)	(13.869.126)
Payments Related with Provisions for Employee Benefits	15 (14.687.541)	(1.770.220)
Tax Returns (Payments)	24 (28.201.176)	(24.771.125)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(13.553.349)	(4.334.146)
Cash Outflows for the Acquisition of Shares or Debt Instruments of Other Enterprises or Funds	8 1.563.061	(154.919)
Cash inflows from sale of property, plant and equipment	12 494.958	1.347.083
Cash outflows from purchases of property, plant and equipment and intangible assets	(15.611.368)	(5.526.310)
<i>Cash outflows from purchases of property, plant and equipment</i>	12 (15.500.915)	(4.572.187)
<i>Cash outflows from purchases of intangible assets</i>	13 (110.453)	(954.123)
C. CASH FLOWS FROM FINANCING ACTIVITIES	37.778.824	(70.401.003)
Cash Inflows from Borrowing	238.009.383	199.357.099
<i>Cash Inflows from Bank Loans</i>	5 236.750.982	199.357.099
<i>Cash Inflows Related to Other financials</i>	5 1.258.401	--
Cash (Outflows) from Borrowing	5 (180.769.619)	(253.832.870)
Interest Paid	23 (21.481.373)	(17.153.588)
Interest REceived	23 2.020.433	1.228.356
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)	(114.851.115)	(115.145.620)
D. THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS	70.686.024	55.414.612
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(44.165.091)	(59.731.008)
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	98.241.689	157.972.697
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	54.076.598	98.241.689

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
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1. ORGANIZATION AND FIELD OF ACTIVITIES OF THE GROUP

Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi (the "Company") was established in 1985 in Istanbul. Company and its subsidiary ("Group"), busbar trunking systems, production of systems and materials that carry, connect, protect conductors, energy transmission lines, carrier systems, line, field, building, zone grounding, cable carrier systems, cable carriers, various cables joining, separating, connecting and transporting, producing special carrier and steel construction joining and fixing systems that can be applied in various projects, and is engaged in design, Project management, electrical and mechanical, contracting services.

The headquarters of the Group is located in İstanbul Anadolu Yakası Organize Sanayi Bölgesi, Gazi Bulvarı, No:39 Tuzla, İstanbul/Turkey. In addition, the Group has a production facility at Veliöğlü Organize Sanayi Bölgesi Mahallesi, 1.Cadde, 6 ve 7 Sokak, Çaycuma, Zonguldak/Turkey.

The Group has a representative office in Dubai

The Group has opened a branch at 189, Rue 1788 Bastos-Yaoundé, Republic of Cameroon, with the decision of the board of directors dated 06.09.2021 and numbered 2021/11. The capital of the branch is 10.000.000 West African CFA Francs (approximately 15.000 Euros). The branch is established to engage in construction, electrical, mechanical, contracting, and other activities as specified in the company's articles of association.

The group, with the decision of the board of directors dated 07.10.2021 and numbered 2021/13, has opened a branch at Marcory Zone 4C Bietry 26 BP28 Abidjan, Republic of Côte d'Ivoire. The capital of the branch is 10.000.000 West African CFA Francs (approximately 15.000 Euros). The branch is established to engage in rough and fine construction works, as well as electrical and mechanical works, within the scope of hospital construction projects.

Company shares have been traded on Borsa İstanbul A.Ş. (BIST) since 11.05.2003. Central Registry Agency Inc. According to his records; As of 30 September 2023, it is accepted that the shares corresponding to 81.03% of the Company's capital are in circulation (31 December 2022: 81.10%).

As of 31 December 2023, 574 people are working within the group (31 December 2022: 565).

The partnership structure of the Company as of the end of the periods is as follows:

Shareholders	31 December 2023		31 December 2022	
	Share Rate	Amount	Share Rate	Amount
Publicly Traded Shares and Other Shareholders	86,10%	68.880.832	81,10%	64.877.732
Yüksel Kardeş	13,49%	10.787.850	18,49%	14.787.850
Gülfem Oktay	0,41%	331.318	0,42%	334.418
Total	100%	80.000.000	100%	80.000.000

Approval of Financial Statements

The accompanying consolidated financial statements for the period 01.01-31.12.2023 were authorized and signed for issue on 4 April 2024 by the Company's Board of Directors. General Assembly has the power to amend the financial statements.

Subsidiaries/Affiliates

The Group's subsidiaries within the scope of consolidation, participation rates, countries of operation and main areas of activity as of the end of the periods are as follows:

Company Name	Field of Activity	Type of Activity	Country
Gersan Şarj Sistemleri Sanayi Ticaret A.Ş.	Electromechanical Contracting	Service	Turkey
Gersan-R OOO (Previous Title "Gersan-R" Zao)	Electrical Equipment Production	Production	Russia

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2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basic Principles Regarding the Presentation of Summary Consolidated Financial Statements

The Group keeps and prepares its legal books and statutory financial statements in accordance with the Turkish Commercial Code (“TCC”) and the accounting principles determined by tax legislation.

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TFRS contains Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations.

Companies reporting in accordance with the Capital Markets Board (CMB) regulations apply the Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight, Accounting, and Auditing Standards Authority (POAASA) in accordance with Article 5 of the regulation, along with their supplementary and interpretative notes.

Group accounting records and statutory financial statements for the current commercial legislation in Turkey, according to Turkish Lira keep the financial regulations and the Uniform Chart of Accounts issued by the Ministry of Finance required.

The consolidated financial statements are based on the Group's statutory accounts and has been expressed in TRY, according to Turkey Financial Reporting Standards issued by the POAAS is subjected to certain adjustments and reclassifications to provide as needed the status of the Group are prepared.

Preparation of consolidated financial statements in accordance with TFRS requires the use of certain assumptions and significant accounting estimates that will affect the explanatory notes on assets and liabilities and contingent assets and liabilities. Although these estimates are based on management's best estimates of current events and actions, actual results may differ from those predicted. Complicated assumptions and estimates that require more advanced interpretation can have a significant impact on the financial statements. As of 31 December 2023, there has been no change in the assumptions and important accounting estimates used in the preparation of the consolidated financial statements.

There are no seasonal or periodic changes that will significantly affect the activities of the Group.

Condensed consolidated financial statements are prepared on the basis of historical cost, except for financial instruments, lands, and the revaluation of buildings.

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, 31 December 2022 and 2021, inflation adjustment has been made in accordance with TAS 29.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

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As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT)

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1.859,38	1.000	268%
31.12.2022	1.128,45	1.647	156%
31.12.2021	686,95	2.706	74%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

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Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary and nonmonetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

Consolidation Principles

Consolidated financial statements include the accounts of the Company, which is the parent company, and the subsidiary until the end of control. Control is provided by having power over the financial and operational policies of an enterprise in order to benefit from its activities.

Subsidiaries

Subsidiaries are businesses controlled by the Group. The company controls the business when it is exposed to variable returns or is entitled to these returns due to its relationship with a business and at the same time has the ability to influence these returns with its power over the business. The financial statements of the subsidiary have been included in the consolidated financial statements from the date control commences until the date that it ceases.

The accounting policies of the subsidiary have been changed when deemed necessary in order to comply with the policies accepted by the Company. Even if the situation in question results in a reverse balance in non-controlling interests, total comprehensive income is transferred to the parent company shareholders and non-controlling interests.

The direct and indirect participation rate of the partnership that is subject to consolidation as of 31 December 2023 is as follows:

Subsidiaries	Establishment and Place of Activity	Main Activity	Functional Currency	Effective Share Rate in Capital %	
				31 December 2023	31 December 2022
Gersan Şarj Sistemleri Sanayi Ticaret A.Ş.	Turkey	Electromechanical Contracting	TRY	70,00	70,00
Gersan-R OOO (Previous Title Gersan-R Zao)	Russia	Electrical Equipment Production	RUB	99,38	99,38

Elimination transactions in consolidation

During the preparation of the condensed consolidated financial statements, intra-group transactions, inter-group balances and unrealized income and expenses arising from intra-group transactions are eliminated mutually. The profits and losses resulting from the transactions between the parent company and the consolidated subsidiary of the parent company have been netted off in proportion to the share of the parent company in the subsidiary. Unrealized losses are deleted in the same way as unrealized gains, unless there is evidence of impairment.

Full Consolidation Method:

Paid-in capital and balance sheet items of the Group and its subsidiary have been collected. In the collection process, the receivables and debts of the partnership subject to the consolidation method from each other have been mutually deducted.

- The paid-in capital of the consolidated balance sheet is the paid-in capital of the Group, the paid-in capital of the subsidiary is not included in the consolidated balance sheet.

- All equity group items of the subsidiary within the scope of consolidation, including paid / issued capital, the amounts corresponding to the parent company and non-subsidiary shares have been deducted and shown as the "Non- Controlling Shares" account group after the equity account group of the consolidated balance sheet.

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- Current and non-current assets purchased by the partnership subject to consolidation method from each other, in principle, are included in the consolidated balance sheet over the amounts found before the sale by making adjustments to show these assets at the acquisition cost of the partnerships subject to the consolidation method.

- The income statement items of the Group and the subsidiary were collected separately, and the sales of goods and services made by the partnerships subject to the consolidation method were deducted from the total sales amount and cost of goods sold. The profit arising from the purchase and sale of goods between these partnerships related to the stocks of the companies subject to the consolidation method was deducted from the inventories in the consolidated financial statements and added to the cost of the sold goods, the loss was added to the inventories and deducted from the cost of the goods sold. Income and expense items arising from the transactions of the partnerships subject to consolidation method with each other are mutually offset in the relevant accounts.

- Out of the net profit or loss of the subsidiary within the scope of consolidation, the part corresponding to the shares other than the company subject to the consolidation method is shown as the "Non-Controlling Shares" account group after the net consolidated profit for the period.

- When deemed necessary, adjustments were made in order to harmonize the financial statements of subsidiaries with the accounting principles applied by other group companies.

Comparative Information and Adjustment of Prior Period Financial Statements

Financial statements of the Group are prepared by comparing with previous periods in order to allow determination of consolidated financial status and performance trends. Comparative details are classified again and important differences are explained in terms of providing compliance with the presentation of current period consolidated financial statements.

Changes in Accounting Policies

Accounting policy changes arising from the application of a new TAS for the first time are applied retrospectively or prospectively in accordance with the transition provisions of the said TAS. Significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged. Changes in accounting estimates are applied in the current period if the change is made for only one period, and in the period in which the change is made and prospectively if the change is related to future periods.

The Company has implemented the accounting policy changes arising from the new standards, changes and interpretations effective as of January 1, 2019, and the first implementation of the "IFRS 16 Leases" standard, in accordance with the transitional provisions of the relevant standard.

Significant Accounting Valuations, Estimates and Assumptions

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates that will affect the reported asset and liability amounts and determine the liabilities and commitments that are likely to occur as of the balance sheet date and the income and expense amounts as of the reporting period. Although these estimates and assumptions are based on the best information of the Group management regarding current events and transactions, actual results may differ from them. The estimates are reviewed regularly, necessary corrections are made and they are reflected in the income statement for the period in which they are realized.

Comments that may have a significant effect on the amounts reflected in the consolidated financial statements and assumptions made by considering the main sources of estimates that exist at the balance sheet date or that may be realized in the future are as follows:

- a) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the upcoming years. In cases where taxable income is likely to occur, deferred tax asset is calculated over deductible temporary differences. For the year ended December 31, 2023, the Group recorded the deferred tax asset in the records, as the indicators of the taxable profit in the foreseeable future were sufficient.
- b) Severance pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

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- c) Provisions for doubtful receivables reflect the amounts that management believes will cover the future losses of the receivables that exist as of the balance sheet date but have the risk of not being collected under current economic conditions. While evaluating whether the receivables are impaired, the past company-based performances of the debtors other than the related party, their credibility in the market, their performance from the balance sheet date to the date of approval of the financial statements and the re-negotiated conditions are also taken into account.
- d) While allocating provisions for the lawsuits, the possibilities of losing the lawsuits and liabilities that will arise in case of loss are evaluated by the Group's legal advisors and expert opinions by the Group Management. The Group Management determines the lawsuit provisions based on the best estimates.
- e) The Group Management has made important assumptions in the determination of the useful economic lives of tangible and intangible assets in line with the experiences of its technical team.
- f) The Group Management has accounted for land and buildings in property, plant and equipment using the revaluation model.

Changes and Errors in Accounting Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the date of the consolidated statement of financial position, disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the best available information about current events and transactions, actual results may differ from the assumptions.

Summary of Significant Accounting Policies

Changes in accounting estimates are applied in the current period if the change is related to only one period, and if they are related to future periods, they are applied both in the period in which the change is made and in the future periods, prospectively. The Group did not have any significant changes in the accounting estimates in the current year.

Significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged.

The summary of the important accounting policies applied during the preparation of the financial statements is as follows:

Offsetting

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

Revenue and Income

Revenue is measured at the fair value of the amount of receivables collected or to be received. Estimated customer returns, discounts and provisions are deducted from the said amount.

Sale of goods

Income from the sale of goods is recognized when all the following conditions are met:

- The Group's transfer of all important risks and gains related to ownership to the buyer,
- The Group's lack of an ongoing administrative participation associated with ownership and an effective control over the goods sold,
- Measuring the income amount reliably,
- It is probable that the economic benefits associated with the transaction will flow to the business, and
- Reliable measurement of costs arising from or to be resulted from the transaction.

Presentation of service

The income generated from the service provision contract is recognized according to the completion stage of the contract.

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The completion phase of the contract is determined as follows:

- Electrical contracting works are accounted for according to their completion stage. The completion phase is determined as the ratio of the time passed as of the balance sheet date to the total time estimated for the completion of the commitment,
- Service fees included in prices of goods sold are accounted for based on the total cost of services rendered for goods sold, taking into account the number of services provided in previous sales of goods, and
- Income from contracts that depend on the time spent, working hours and direct expenses are recognized over contract fees as they occur.

Construction contract activities

Contract income and expenses are recorded as income and expense items when the return on the construction contract can be accurately estimated. Contract revenues are reflected in the financial statements according to the method of completion rate of the contract. The ratio of the total contract expenses incurred as of the period to the total estimated cost of the contract indicates the percentage of completion of the contract, and this ratio is used to reflect the portion of the contract's total revenue corresponding to the current period in the financial statements.

Income arising from cost plus profit type contracts is reflected in the records with the profit margin calculated over the cost incurred.

Construction contract costs include all raw materials and direct labor costs, indirect costs related to contract performance, such as indirect labor, materials, repairs and depreciation expenses. Selling and general administrative expenses are expensed as they occur. Provisions for estimated losses on incomplete contracts are separated in the periods in which these losses are determined. Changes in business performance, business conditions and estimated profitability due to contract penalties and final contract arrangements may cause cost and revenue revisions. These revisions are reflected in the consolidated financial statements in the period they are determined. Profit incentives are included in income when their realization is reasonably guaranteed.

Contract assets arising from ongoing construction and contracting works show how much the income reflected in the consolidated financial statements exceeds the invoice amount; Contractual obligations arising from ongoing construction contracts show how much the invoice amount is above the income reflected in the consolidated financial statements.

Rent Incomes

Rental income from real estate is accounted for on a straight-line basis throughout the relevant lease agreement.

Interest Income

Interest income from financial assets is recognized when it is probable that the Group will obtain economic benefits and the income can be measured reliably. Interest income is accrued over the remaining principal amount and the expected life of the financial asset at the effective interest rate that discounts estimated future cash inflows through the expected life of the asset to its carrying amount.

If there is a financing element in the sales, the fair value is determined by discounting the future collections with the interest rate included in the financing element. The difference is recognized as financial income on an accrual basis in the related periods. Maturities are not separately stated on the sales invoices issued by the Group.

If there is a financing element in cost of sales, the fair value is determined by discounting future payments using the interest rate included in the financing element. The difference is recognized as finance expense on an accrual basis in the related periods.

Inventories

It is the item in which the assets found held for sale in the normal course of business, produces to be sold, or to be used in production process or service presentation are found in form of matters and materials. Order advances given are classified as other current assets until the related inventory is recognized.

Stocks are valued by their costs and the lower one of the net realizable value. The cost of inventories includes all procurement costs, conversion costs and other costs incurred to bring the inventories to their present state and position. The conversion costs of inventories include directly related costs to production, such as direct labor costs. These costs also include amounts that are distributed systematically through the fixed and variable general production costs incurred in converting the raw matters and materials into finished goods.

Net realizable value is obtained by deducting the sum of estimated finishing cost and estimated costs required to be incurred to realize the sale from the estimated sales price in the ordinary commercial activity. Inventories cannot be displayed on the financial statements at a higher price than the amount expected to be gained as the result of their uses or sales.

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When the net realizable value of inventories is less than its cost, inventories are reduced to net realizable value and reflected in the income statement as an expense in the year of deprecation. In cases where it is proven that conditions causing the decreasing the stocks to the net realizable value lose their validity or increase has occurred in the net realizable value due to variable economic conditions, provision for the deprecation made is cancelled. Cancelled amount is limited to the deprecation value previously made.

"The weighted average cost method" is used to calculate the cost of inventories.

Tangible Fixed Assets

The Group's physical assets, other than land and buildings, which are held for use in the production or supply of goods and services, for lease to others (for non-current assets other than real estate) or for administrative purposes and which are expected to be used for more than one period, are stated at cost within the framework of the cost model.

The cost value of the tangible fixed asset; The purchase price, import taxes and non-refundable taxes consist of the costs incurred to make the tangible fixed asset ready for use. Expenses such as repair and maintenance incurred after the tangible fixed asset is started to be used are reported in the income statement as an expense in the period they occur. If the expenses made provide an economic value increase for the related tangible fixed asset in its future use, these expenses are added to the cost of the asset.

Leasehold Improvements include the expenses incurred for the leased real estate and are subject to depreciation during the lease term if the useful life is longer than the term of the lease contract, or over the useful life if it is shorter.

Depreciation is reserved from the date tangible fixed assets are ready for use. Depreciation continues in the period in which the related assets are idle.

The economic life and depreciation method are regularly reviewed, accordingly, it is checked whether the method and the depreciation period are in line with the economic benefits to be obtained from the relevant asset, and correction is made when necessary.

Revaluation Model

Land and buildings that are kept in use for production or the provision of goods or services or for administrative purposes are expressed in their revalued amounts. The revalued amount is determined by deducting the accumulated depreciation and the accumulated impairment in the periods after the fair value determined at the revaluation date. Revaluations are made at regular intervals in a way that does not significantly differ from the book value of the fair value to be determined on the balance sheet date.

Lands and buildings reported in tangible fixed assets are shown over their revalued amount. The fair value of the buildings was determined by an independent valuation company licensed by the CMB. The revalued amount is calculated by deducting the subsequent accumulated depreciation and subsequent accumulated impairment losses from its fair value at the revaluation date. Increases in revalued value are reported in equities.

If the book value of an asset has increased as a result of revaluation, this increase is accounted for in other comprehensive income and is collected directly under the name of revaluation value increase in the equity account group. However, a revaluation increase is recognized as income to the extent that the same asset reverses the revaluation value acquisition previously associated with profit or loss.

If the book value of an asset has decreased as a result of revaluation, this decrease is recognized as an expense. However, this decrease is recognized in other comprehensive income to the extent of any receivable balance in revaluation surplus in relation to this asset. The said decrease recognized in other comprehensive income decreases the amount accumulated in equity under the title of revaluation surplus.

Depreciation of the re-evaluated buildings are included in the income statement. When the revalued real estate is sold or withdrawn from service, the remaining balance in the revaluation fund is directly transferred to the undistributed profits. Unless the asset is derecognised, no transfer is made from the revaluation fund to undistributed profits.

Assets under construction for leasing or administrative purposes or for other purposes not yet determined are shown by deducting the impairment loss, if any, from their cost values. Legal fees are also included in the cost. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

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Cost Method

Tangible fixed assets other than lands and buildings that are valued with the revaluation model are shown over the amount after the accumulated depreciation and accumulated impairment losses are deducted from their cost values.

Assets under construction for leasing or administrative purposes or for other unspecified purposes are shown by deducting the impairment loss, if any, from their cost values.

Legal fees are also included in the cost. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets. Except for land and ongoing investments, cost amounts of tangible fixed assets are subjected to depreciation using the straight-line depreciation method according to their expected useful lives. The expected useful life, residual value and depreciation method are reviewed every year for the possible effects of changes in estimates and if there is a change in estimates, they are accounted for prospectively.

The gain or loss resulting from the disposal of tangible fixed assets or decommissioning a tangible fixed asset is determined as the difference between the sales revenue and the asset's book value and is included in the income statement.

Intangible Fixed Assets

Purchased intangible assets

Intangible fixed assets consist of separately acquired computer software and usage licenses.

Purchased intangible fixed assets are shown with the amount after accumulated amortization and accumulated impairment losses are deducted from their cost values. These assets are amortized using the linear depreciation method according to their expected useful lives. The expected useful life and depreciation method are reviewed each year to determine the possible effects of changes in estimates and changes in estimates are accounted for prospectively. There are no intangible assets created within the business.

Derecognition of intangible assets

When an intangible asset is disposed of, or if no future economic benefits are expected from its use or sale, it is derecognised from the statement of financial position (balance sheet). Profit or loss arising from the exclusion of an intangible fixed asset from the statement of financial position (balance sheet) is calculated as the difference between net collections from disposal of assets and their book values, if any. This difference is recognized in profit or loss when the relevant asset is taken out of the statement of financial position (balance sheet).

Impairment on Assets

At each reporting date, the Group assesses whether there is any indication that an asset, other than goodwill, may be impaired. If any such indication exists, the carrying amount of the asset is compared with its recoverable amount, which is the higher of its value in use and its recoverable amount. An impairment loss is recognized if the carrying amount of the asset or any cash-generating unit to which the asset belongs is greater than the amount that will be recovered through use or sale.

Impairment losses are recognized in the consolidated statement of comprehensive income. The increase in the carrying amount of the asset (or cash-generating unit) resulting from the reversal of an impairment loss must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized in prior years. Reversal of an impairment loss is recognized in the consolidated statement of comprehensive income.

Right of Use Assets

The Company recognizes right-of-use assets at the date the lease contract commences (for example, as of the date when the relevant asset is available for use). Right-of-use assets are calculated by deducting accumulated depreciation and impairment losses from their cost value. This figure is also corrected in case of revaluation of lease debts.

The cost of the right-of-use asset includes:

- (a) the initial measurement amount of the lease liability,
- (b) all lease payments made on or before the actual commencement date, less any lease incentives received, and
- (c) All initial direct costs incurred by the company.

Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably certain, the Company depreciates the right of use asset from the actual commencement date to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

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Lease Liabilities

The Group measures the lease liability over the present value of the unpaid lease payments at the time the lease commences.

The lease payments included in the measurement of the lease liability at the actual commencement date consist of the following payments to be made for the right to use the underlying asset during the lease term and not paid at the actual commencement date:

- (a) fixed payments,
- (b) variable lease payments based on an index or rate, initially measured using an index or rate at the date the lease actually commences;
- (c) Amounts expected to be paid by the Company under residual value commitments.
- (d) If the company is reasonably sure that it will use the option, the exercise price of this option and
- (e) If the rental period indicates that the Company will use an option to terminate the lease, penalty payments regarding the termination of the lease.

Variable lease payments that are not dependent on an index or rate are recorded as an expense in the period in which the event or condition triggering the payment occurs.

The Group uses the revised discount rate for the remaining part of the lease term, if the implied interest rate in the lease can be easily determined, as this rate; If it cannot be determined easily, the Company determines it as the alternative borrowing interest rate on the date of reassessment.

The Group measures the lease liability as follows, after the date the lease actually commences:

- (a) Increase the book value to reflect the interest on the lease liability; and
- (b) It reduces the book value to reflect the lease payments made. In addition, in the event of a change in the lease term, a change in essentially fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the lease obligations is remeasured.

Practices that facilitate

Short-term lease contracts with a lease term of 12 months or less and leases related to leases that are determined as low value by the Group are considered within the scope of the exemption granted by the TFRS 16 Leasing Standard, and the payments for these contracts continue to be accounted as expense in the period they occur.

Borrowing Costs

Borrowing costs are recognized as an expense. Borrowing costs directly attributable to a qualifying asset are included in the cost of that qualifying asset. Capitalization of borrowing costs is discontinued when the activities necessary to prepare the qualifying asset for its intended use or sale are substantially completed.

Related Parties

Related parties of the Group include companies that can directly or indirectly control or significantly affect the other party through shareholding, contractual rights, family relations or similar means. In the attached consolidated financial statements, the shareholders of the Group and the companies owned by these shareholders, their key management personnel and other companies that are known to be related are defined as related parties.

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are for a price.

Financial Assets

Financial assets that are bought and sold in the normal way are recorded or removed on the transaction date.

The Group uses financial assets (a) the business model used by the entity for the management of financial assets, (b) the amortized cost of the financial asset in subsequent recognition, based on the characteristics of the contractual cash flows, at fair value through other comprehensive income or at fair value change in profit or classifies as measured reflected in loss. Only when the entity changes the business model it uses to manage financial assets, it reclassifies all financial assets affected by this change. Reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustments are made for gains, losses (including impairment gains or losses) or interest that were previously recognized in the financial statements.

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Classification of financial assets

Financial assets that meet the following conditions are measured at amortized cost later:

- holding the financial asset under a business model aimed at collecting contractual cash flows; and
- The terms of the contract for the financial asset lead to cash flows at certain dates that include only principal and interest payments arising from the principal balance.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income:

- holding the financial asset under a business model aimed at collecting contractual cash flows and selling the financial asset; and
- the terms of the contract for the financial asset lead to cash flows at certain dates that include only principal and interest payments arising from the principal balance

If a financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss. In the initial recognition, the Group may make an irreversible choice to present the subsequent changes in the fair value of its investment in the equity instrument not held for commercial purposes in other comprehensive income.

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for the following:

- a) Financial assets with credit-impairment when purchased or created. For such financial assets, the entity applies a loan-adjusted effective interest rate to the amortized cost of the financial asset from its initial recognition.
- b) Financial assets that are not credit-impaired financial assets when purchased or created, but subsequently become credit-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods.

Interest income is accounted for using the effective interest method for debt instruments whose amortized costs and fair value changes are reflected in other comprehensive income in subsequent recognition.

Interest income is recognized in profit or loss and shown in "finance income - interest income".

(ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria of measurement at amortized cost or by reflecting the fair value changes to other comprehensive income are measured by reflecting the fair value changes to profit or loss.

Financial assets at fair value through profit or loss are measured at their fair value at the end of each period, and all fair value changes are recognized in profit or loss unless the relevant financial assets are part of hedging transactions.

(iii) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the collection of the financial asset, the contractual cash flows and the sale of the financial asset as part of an intended business model,
- (b) the terms of the contract for the financial asset are based solely on principal and principal balances at specified dates cash flows involving interest payments.

Gains or losses arising from a financial asset measured at fair value through other comprehensive income, other than impairment gains or losses and foreign exchange gains or losses, are recognized in other comprehensive income until the financial asset is derecognised or reclassified. When a financial asset is reclassified, the total gain or loss previously reflected in other comprehensive income is deducted from equity as a reclassification adjustment to profit or loss at the reclassification date. If a financial asset is reclassified at fair value through other comprehensive income, the entity recognizes the total gain or loss previously recognized in other comprehensive income. Interest calculated using the effective interest method is recognized as profit or loss in the financial statements.

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On initial recognition, the entity may make an irreversible choice to present in other comprehensive income any subsequent changes in the fair value of the investment made in the equity instrument not held for commercial purposes.

Foreign exchange gains and losses

The book value of financial assets denominated in foreign currency is determined in the relevant foreign currency and translated at the prevailing rate at the end of each reporting period. Especially,

- For financial assets that are shown at amortized cost and are not part of a defined hedging, exchange differences are recognized in profit or loss;
- Exchange differences calculated over the amortized cost of debt instruments that are measured by reflecting fair value changes in other comprehensive income and are not part of a defined hedging transaction, are accounted in profit or loss for the period. All other exchange differences arising are recognized in other comprehensive income;
- Exchange differences on financial assets that are measured at fair value through profit or loss and are not part of a defined hedging transaction are recognized in profit or loss for the period; and
- Exchange differences related to equity instruments, whose fair value is measured by reflecting on other comprehensive income, are recognized in other comprehensive income.

Impairment of financial assets

The Group recognizes a provision for impairment in the financial statements for expected credit losses on debt instruments, lease receivables, trade receivables, assets arising from contracts with customers and investments in financial guarantee contracts that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit loss is revised at each reporting date to reflect changes in the credit risk since the initial recognition of the financial asset.

The Group uses the simplified approach for trade receivables, assets arising from contracts with customers and lease receivables that do not have a significant financing element and calculates impairment losses equal to the expected credit loss over the life of the related financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes a loss allowance equal to 12 months expected credit losses for that financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss on default (for example, the size of the loss if defaulted) and the amount at risk in the event of default. Assessment of probability of default and loss in case of default is based on historical data corrected with forward looking information. The amount of financial assets subject to risk in case of default is reflected over the gross book value of the related assets at the reporting date.

The expected credit loss of financial assets is the initial effective interest rate of the difference between all of the cash flows that the Group expects to receive as the contractual maturity of the Group and all of the cash flows the Group expects to receive (or the initial effective interest rate (or credit-impairment when purchased or generated). is the present value calculated on the basis of the effective interest rate adjusted according to the credit for the financial assets found.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to cash flows arising from the financial asset expire or when the financial asset and any risks and rewards arising from the ownership of the financial asset are transferred substantially to another entity.

When derecognising a financial asset that is measured at amortized cost, the difference between the asset's book value and the amount collected and receivable is recognized in profit or loss. Also, the truthful in the derecognition of a debt instrument whose value change is reflected in other comprehensive income, the total gain or loss previously accumulated in the revaluation fund for the relevant instrument is reclassified to profit or loss.

When an equity instrument that the Group has elected to measure at fair value through other comprehensive income at initial recognition is derecognized, the cumulative gain or loss accumulated in the revaluation reserve is not recognized in profit or loss but transferred directly to retained earnings.

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Financial Liabilities

When the Group recognizes the financial liability for the first time, it measures it at its fair value. In the first measurement of liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that can be directly associated with their acquisition or issuance are also added to the fair value.

An entity classifies all financial liabilities as measured at amortized cost on subsequent recognition, except for:

- a. Financial liabilities at fair value through profit or loss: These liabilities, including derivative products, are measured at fair value in subsequent accounting.
- b. Financial liabilities that arise when the transfer of the financial asset does not meet the conditions of derecognition or the continuing relationship approach is applied: In the case that the Group continues to show an asset in the financial statement to the extent of its continuing relationship, it also reflects a related liability in the financial statement. The transferred asset and associated liability is measured to reflect the rights and obligations that the business continues to hold. The liability linked to the transferred asset is measured in the same manner as the net book value of the transferred asset.
- c. The contingent amount included in the financial statements by the acquirer in a business combination to which TFRS 3 is applied: After being included in the financial statements for the first time, the fair value changes in such a contingent amount are measured by reflecting on profit or loss.

The entity does not reclassify any financial liabilities.

Derecognition of financial liabilities

The Group excludes financial liabilities only when the liabilities of the Group are eliminated, canceled or expired. The difference between the book value of the financial liability derecognised and the amount paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits and other short-term highly liquid investments with maturities of 3 months or less, easily convertible into cash and not bearing the risk of significant value changes (Note 6). Bank deposits with a maturity of more than 3 months and less than 1 year are classified under short-term financial investments.

Trade receivables

Trade receivables are recognized at amortized cost in the financial statements.

The "simplified approach" is applied for the impairment calculations of trade receivables that are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses".

A provision matrix is used to measure expected credit losses on trade receivables. In the relevant matrix, certain reserve ratios are calculated depending on the number of days when the due dates of trade receivables are exceeded, and these ratios are reviewed in each reporting period and revised when necessary. The change in the expected loan loss provisions is recognized in the "other income / expense from operating activities" account in the income statement.

Trade payables

Trade payables are related to the goods and services provided from suppliers in ordinary activities refers to the payments. Trade payables are measured first from their fair value and amortized cost calculated by effective interest method in the following periods (Note 9).

Effects of Changes in Exchange Rates

The consolidated financial statements of the Group are presented in the currency (functional currency) valid in the main economic environment in which it operates. The financial condition and operating results of the Group are expressed in TRY, which is the valid currency unit of the Group and the presentation unit for consolidated financial statements.

During the preparation of the consolidated financial statements of the Group, transactions in foreign currency (currencies other than TRY) are recorded based on the exchange rates on the date of the transaction.

The monetary assets and liabilities indexed to foreign currency in the balance sheet are converted into Turkish Lira by using the exchange rates valid on the date of the balance sheet. Among the non-monetary items monitored with their fair value, those recorded in foreign currency are converted to TRY based on the exchange rates on the date the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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Exchange differences are recognized in profit or loss in the period in which they occur, except for the cases specified below:

- Exchange differences associated with assets under construction for future use and included in the cost of such assets, which are considered as an adjustment to interest costs on liabilities denominated in foreign currency.
- Exchange differences arising from transactions carried out in order to provide financial protection against risks originating from foreign currency (accounting policies regarding financial protection against risks are explained in Note 38),
- Exchange differences arising from monetary debts and receivables from foreign operations that are not intended or likely to be paid, which are part of the net investment in foreign operations, are recognized in conversion reserves and associated with profit or loss on the sale of the net investment.

Earnings Per Share

Earnings/loss per share is calculated by dividing the profit/loss for the period and earnings/loss from continuing operations is calculated by dividing the profit/loss from continuing operations for the period by the time weighted average number of shares of the Company during the period.

In Turkey, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share computations. Accordingly, the weighted average number of shares used in these computations has been determined by taking into consideration the retrospective effect of such share distributions. There are no preferred shares or potential dilutive potential shares that would require adjustment in the calculation of earnings per share (Note 36).

Events after Reporting Period

Events after the balance sheet date represent events that occur in favour of or against the Company between the balance sheet date and the date the Financial Statements are approved for issue. There are two types of cases, depending on whether or not the correction is made:

- Events necessitating post-balance sheet adjustments, when there are conditions indicating evidence that the related events exist as of the balance sheet date,
- Developments indicating that the related events occurred after the balance sheet date (events that do not require post-balance-sheet adjustments)

In the accompanying consolidated financial statements of the Group, adjusting events after the reporting period are recognized and non-adjusting events after the reporting period are disclosed in the notes (Note 28).

Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the balance sheet date based on the most realistic estimate of the expenditure required to settle the obligation, discounted to present value where the effect is material.

Contingent Liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are considered as contingent liabilities and are not included in the financial statements. Because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably enough. The Group discloses contingent liabilities in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent Assets

Assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are considered as contingent assets. Contingent assets are disclosed in the notes to the financial statements if the inflow of resources embodying economic benefits is uncertain.

When all or part of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized and reported as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. (Note 24)

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Government Grants

Government grants are recorded at their fair value when there is a reasonable assurance that the donations will be received and that the Group meets the conditions that it is obliged to comply with (Note 22).

Government grants related to costs are accounted as income consistently during the relevant periods when they are matched with the costs they will meet.

Government grants related to tangible fixed assets are classified under non-current liabilities as deferred government grants and are credited to the statement of profit or loss by applying linear depreciation over their useful lives.

Taxes on Corporate Income

Tax expense comprises current tax expense and deferred tax expense. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity (Note 35). Otherwise, the tax is recognized in equity together with the related transaction.

Current tax expense is calculated in accordance with the tax laws enacted or substantively enacted at the reporting date in the countries in which the Group's subsidiaries and equity accounted investees operate.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, except for business combinations, deferred tax assets and liabilities are not recognized if the assets and liabilities are recognized for the first time in the financial statements in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

The principal temporary differences arise from the difference between the tax bases of assets and liabilities and their carrying amounts, provisions for currently tax deductible/taxable expenses and unused tax credits and allowances.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

Employee Benefits and Severance Pay

Provision for severance pay refers to the present value of the estimated total provision of the Group's possible future liabilities arising from the retirement of the personnel in accordance with the Turkish Labor Law. accordance with the law and the Turkish Labor Law regulates the current working life in Turkey, Group, at least one year of service completed voluntarily by redundancy or inappropriate behavior as a result of the issued work for reasons other than termination of employment, dies or retiring all staff to public is obliged to pay severance pay. The provision made for the present value of the defined benefit pension is calculated by using the prescribed liability method. All actuarial profits / losses are recognized in the statement of comprehensive income (Note 24).

Cash Flow Statement

The Group prepares cash flow statements in order to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows according to changing conditions. In the statement of cash flows, cash flows for the period are classified and reported based on operating, investing and financing activities.

Cash flows from operating activities represent the Group's cash flows from operating activities. Cash flows from investing activities represent the Group's cash flows used in and provided from investing activities (fixed asset investments and financial investments). Cash flows from financing activities represent the Group's resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise cash on hand and demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less.

Dividends

Ordinary shares are classified as equity. Dividend payables are reflected in financial statements as a liability in the period in which they are declared as an element of profit distribution.

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Going Concern Assumption

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realize the benefits from its assets and settle its liabilities within the next year and in the normal course of business.

The new standards, amendments and interpretation

a) The new and revised IFRS Standards that are effective for the current year

Amendments to IAS 1 Disclosure of Accounting Policies

Amendments to IAS 8 Definition of Accounting Estimates

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

Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules

Amendments to IAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 8 Definition of Accounting Estimates

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	<i>Insurance Contracts</i>
IFRS 17 (Amendments)	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)</i>
IFRS 4 (Amendments)	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
TMS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-Current</i>
IFRS 16 (Amendments)	<i>Lease Liability in a Sale and Leaseback</i>
IAS 1 (Amendments)	<i>Non-current Liabilities with Covenants</i>
IAS 7 ve TFRS 7 (Amendments)	<i>Supplier Finance Arrangements</i>
ISRS 1	<i>General Requirements for Disclosure of Sustainability related Financial Information</i>
ISRS 2	<i>Climate-related Disclosures</i>

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. T-IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2024 for insurance and reinsurance and pension companies.

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Amendments to IFRS 17 Insurance Contracts and Initial Application of IFRS 17 and IFRS 9 — Comparative Information

Amendments have been made in IFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of IFRS 17.

Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9, so that insurance and reinsurance and pension companies would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 Non-current Liabilities with Covenants

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

ISRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

ISRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with ISRS.

ISRS 2 Climate-related Disclosures

ISRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with ISRS.

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B. Compliance to TFRS

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), Serial II, No. 14.1, published in the Official Gazette No. 28676 dated June 13, 2013 of the CMB.

In accordance with Article 5 of the Communiqué, the Group applies Turkish Accounting Standards / Turkish Financial Reporting Standards and related appendices and interpretations ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). The accompanying consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB, including the mandatory disclosures.

3. SEGMENT REPORTING

Based on the internal reports that are regularly reviewed by the competent authority to make decisions regarding the activities of the Group, the operating segments have been determined.

The Group's decision-making authority examines the results and activities on the basis of product types in order to make decisions regarding the resources to be allocated to the departments and to evaluate the performance of the departments.

The distribution of the Group on the basis of product groups is as follows: Production of electrical materials ("Electrical Materials"), electromechanical contracting works ("Electromechanical Contracting").

Information on the operating segments of the Group is as follows:

Reporting by Geographical Segments

<u>Geographical Segments</u>	31 December 2023			
	<u>Turkey</u>	<u>Russia</u>	<u>Eliminations</u>	<u>Total</u>
Total Assests	1.341.623.860	98.790.831	(336.925.545)	1.103.489.146
Total Liabilities	750.491.932	137.536.976	(233.318.135)	654.710.773
Equity	591.131.928	(38.746.145)	(103.607.410)	448.778.373
Revenue	1.459.659.596	16.956	(21.200)	1.459.655.352
Net income/(loss) for the period	(79.247.278)	(35.014.096)	(1.115.733)	(115.377.107)

<u>Geographical Segments</u>	31 December 2022			
	<u>Turkey</u>	<u>Russia</u>	<u>Eliminations</u>	<u>Total</u>
Total Assests	1.496.743.000	131.474.044	(418.050.607)	1.210.166.437
Total Liabilities	823.929.830	141.220.548	(254.920.349)	710.230.029
Equity	672.813.170	(9.746.504)	(163.130.258)	499.936.408
Revenue	1.603.713.027	6.887.732	(3.644.154)	1.606.956.605
Net income/(loss) for the period	(53.540.467)	24.549.181	(1.716.779)	(30.708.065)

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	31 December 2023			Total
	Electrical Materials	Electromechanical Contracting	Consolidation Adjustments	
Net Sales	1.459.676.552	--	(21.200)	1.459.655.352
Cost of Sales (-)	(1.250.032.766)	--	--	(1.250.032.766)
Gross Profit	209.643.786	--	(21.200)	209.622.586
Marketing Expenses (-)	(134.180.602)	--	--	(134.180.602)
General and Administrative Expenses (-)	(68.087.241)	(445.927)	21.200	(68.511.968)
Other Incomes from Operating Activities	267.237.159	94.606	--	267.331.765
Other Expenses from Operating Activities (-)	(176.409.814)	(336)	--	(176.410.150)
Operating Profit / Loss	98.203.288	(351.657)	--	97.851.631
Income from Investment Activities	467.878	--	--	467.878
Expenses from Investment Activities (-)	(19.900)	--	--	(19.900)
Operating Profit/(Loss) Before Financing Income and Expense	98.651.266	(351.657)	--	98.299.609
Financial Income	(119.910.864)	--	--	(119.910.864)
Financial Expenses (-)	34.472.465	--	--	34.472.465
Net monetary position gain/(loss)	(122.679.944)	(214.006)	--	(122.893.950)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	(109.467.077)	(565.663)	--	(110.032.740)
Tax Income / (Expense) from Continuing Operations				
-Taxes on Income	(16.016.469)	--	--	(16.016.469)
-Deferred Tax Income/(Expense)	11.754.467	33.368	--	11.787.835
NET INCOME/(LOSS) FOR THE PERIOD	(113.729.079)	(532.295)	--	(114.261.374)
<i>Investment Expenses</i>				
Property, Plant and Equipment	15.500.915	--	--	15.500.915
Intangible Assets	110.453	--	--	110.453
Total Investment Expenses	15.611.368	--	--	15.611.368
Depreciation Expenses	(13.841.679)	(14.448)	--	(13.856.127)
Amortization	(515.424)	--	--	(515.424)
<i>Other Informations</i>				
- Total Assets	1.438.721.511	1.693.180	(336.925.545)	1.103.489.146
- Total Liabilities	1.438.721.511	1.693.180	(336.925.545)	1.103.489.146

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	31 December 2022			Total
	Electrical Materials	Electromechanical Contracting	Consolidation Adjustments	
Net Sales	1.610.600.759	--	(3.644.154)	1.606.956.605
Cost of Sales (-)	(1.275.817.267)	--	3.644.154	(1.272.173.113)
Gross Profit	334.783.492	--	--	334.748.492
Marketing Expenses (-)	(158.432.621)	--	--	(158.432.621)
General and Administrative Expenses (-)	(45.173.590)	(358.270)	--	(45.531.860)
Other Incomes from Operating Activities	261.879.082	1.397.341	--	263.276.423
Other Expenses from Operating Activities (-)	(134.458.874)	(140)	--	(134.459.014)
Operating Profit / Loss	258.597.489	1.038.931	--	259.636.420
Income from Investment Activities	245.085	--	--	245.085
Expenses from Investment Activities (-)	--	(896.707)	--	(896.707)
Operating Profit/(Loss) Before Financing Income and Expense	258.842.574	142.224	--	258.984.798
Financial Income	(175.500.204)	--	--	(175.500.204)
Financial Expenses (-)	42.878.244	--	--	42.878.244
Net monetary position gain/(loss)	(129.230.609)	3.354.428	--	(125.876.181)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	(3.009.995)	3.496.652	--	486.657
Tax Income / (Expense) from Continuing Operations				
-Taxes on Income	(30.417.662)	--	--	(30.417.662)
-Deferred Tax Income/(Expense)	878.831	60.887	--	939.718
NET INCOME/(LOSS) FOR THE PERIOD	(32.548.826)	3.557.539	--	(28.991.287)
<u>Investment Expenses</u>				
Property, Plant and Equipment	4.572.187	--	--	4.572.187
Intangible Assets	436.736	517.387	--	954.123
Total Investment Expenses	5.008.923	517.387	--	5.526.310
Depreciation Expenses	(13.933.551)	(26.584)	--	(13.960.135)
Amortization	(368.037)	(2.870)	--	(370.907)
<u>Other Informations</u>				
- Total Assets	1.625.722.583	2.494.463	(418.050.609)	1.210.166.437
- Total Liabilities	1.625.722.583	2.494.463	(418.050.609)	1.210.166.437

4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	1.528.666	52.011
Cash at banks	52.547.932	98.189.678
- Demand deposits	52.547.932	66.825.534
- Time deposits	--	31.364.144
Total	54.076.598	98.241.689

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As of December 31, 2022, the details of time deposits are as follows:

Currency	Due Date	Vade Tarihi	31 December 2022
			Book Value
TRY	9.01.2023	16,8%	14.886.853
TRY	4.01.2023	17,0%	8.238.645
TRY	11.01.2023	17,5%	8.238.646
Total			31.364.144

Explanations on the nature and level of risks in cash and cash equivalents are explained in Note 27.

5. FINANCIAL BORROWINGS

Short-Term Borrowings	31 December 2023	31 December 2022
Bank loans	59.231.308	78.042.859
Financial lease liabilities	1.177.074	--
Deferred finance lease borrowing costs (-)	(227.782)	--
Total	60.180.600	78.042.859

Short Term Portion of Long-Term Borrowings	31 December 2023	31 December 2022
Short term parts of long-term bank loans	144.392.834	125.335.929
Total	144.392.834	125.335.929

Long Term Financial Borrowings	31 December 2023	31 December 2022
Bank loans	32.187.314	80.700.943
Financial lease liabilities	1.565.785	--
Deferred finance lease borrowing costs (-)	(135.989)	--
Total	33.617.110	80.700.943

Other Financial Liabilities	31 December 2023	31 December 2022
Credit card debts	1.258.401	--
Total	1.258.401	--

Short Term Borrowings	Currency	31 December 2023	
		Average Interest Rate (%)	TRY Amount
Bank loans	TRY	15,53-47,58	11.501.702
Bank loans	USD	8,03-10,24	47.729.606
Financial lease liabilities	USD	10,32	949.292
Credit card debts	TRY	--	1.258.401
Total			61.439.001

Short Term Portion of Long-Term Borrowings	Currency	31 December 2023	
		Average Interest Rate (%)	TRY Amount
Bank loans	TRY	10,08-43,60	15.838.864
Bank loans	USD	3,39-11,92	128.553.970
Total			144.392.834

Long Term Financial Borrowings	Currency	31 December 2023	
		Average Interest Rate (%)	TRY Amount
Bank loans	TRY	8,20-17,74	2.360.706
Bank loans	USD	3,39-8,28	29.826.608
Financial lease liabilities	USD	10,32	1.429.796
Total			33.617.110

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31 December 2022			
		Average Interest Rate (%)	TRY Amount
Short Term Borrowings	Currency		
Bank loans	TRY	21,30	9.724.151
Bank loans	USD	3,20-18,20	68.318.708
Total			78.042.859

		Average Interest Rate (%)	TRY Amount
Short Term Portion of Long-Term Borrowings	Currency		
Bank loans	TRY	7,88-22,09	13.963.076
Bank loans	USD	2,84 - 10,43	111.372.853
Total			125.335.929

		Average Interest Rate (%)	TRY Amount
Long Term Financial Borrowings	Currency		
Bank loans	TRY	10,47 - 20,59	3.735.767
Bank loans	USD	3,11 -10,43	76.965.176
Total			80.700.943

Repayment plans of financial borrowings are as follows:

	31 December 2023	31 December 2022
Up to 3 months	81.370.852	82.517.024
3 - 12 months	124.460.984	120.861.764
1 - 5 years	33.617.110	80.700.943
Total	239.448.945	284.079.731

6. TRADE RECEIVABLES AND PAYABLES

6.1. Trade Receivables

Group's short-term trade receivables are as follows:

	31 December 2023	31 December 2022
Trade receivables	218.780.338	245.386.021
-Due from related parties (note 26)	208.456	466.235
-Due from third parties	218.571.882	244.919.786
Notes receivables	94.171.273	30.973.710
-Due from third parties	94.171.273	30.973.710
Deferred financing income (-)	(7.501.159)	(1.776.010)
Doubtful trade receivables	100.630.047	165.758.429
Provision for doubtful trade receivables (-)	(100.630.047)	(165.758.429)
Provision for expected credit losses (-) (TFRS 9)	(1.386.833)	(1.167.358)
Total	304.063.619	273.416.363

Effective weighted average interest rates used for unaccrued financing income calculated for short-term trade receivables in TRY, USD, and EUR respectively, as of 31 December 2023, are %39,75, %5,76 and %5,02 per annum, and the weighted average maturity of the receivables is 56 days (31 December 2022: 65 days).

The Group has no long-term trade receivables (31 December 2022: None).

The aging analysis of trade receivables are as follows:

	31 December 2023	31 December 2022
Up to 3 months	282.105.771	268.665.109
3 - 12 months	30.845.840	7.694.622
Total	312.951.611	276.359.731

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The movements of the doubtful trade receivables are as follows:

	31 December 2023	31 December 2022
Provision amount at the beginning of the period	165.758.429	276.351.466
Inflation effect	(65.160.327)	(108.121.026)
Additions (*)	9.418.563	4.759.787
Currency Translation Differences	266.056	474.402
Cancellation of provisions (-)	(9.652.674)	(7.706.200)
Provision amount at the end of the period	100.630.047	165.758.429

The doubtful receivable provision allocated for trade receivables has been determined based on past experience of non-collectability. Explanations on the nature and level of risks in commercial receivables are explained in detail in Note 27.

(*) Additional provisions set aside during the period also include exchange rate differences arising from the exchange rate valuation of foreign currency doubtful receivables.

6.2. Trade Payables

The short-term trade payables of the Group are as follows:

	31 December 2023	31 December 2022
Trade payables	147.139.428	145.583.704
- Payables to related parties (note 26)	134.709	200.305
- Payables to third parties	147.004.719	145.383.399
Note payables	81.378.576	3.904.541
- Payables to third parties	81.378.576	3.904.541
Deferred finance expenses (-)	(4.825.784)	(1.702.020)
Other	20.493.341	34.959.508
Total	244.185.561	182.745.733

As of 31 December 2023, the effective weighted average interest rate used for the unaccrued financing expenses calculated for short-term trade payables in TRY, USD and EUR is 40,24%, 5,69%, 5,26% per year, respectively, and the weighted average maturity of the debts is 50 days. (31 December 2022: 68 days)

The Group has no long-term trade payables (31 December 2022: None).

The aging analysis of trade payables are as follows:

	31 December 2023	31 December 2022
Up to 3 months	137.441.565	184.447.753
3 – 12 months	111.569.780	--
Total	249.011.345	184.447.753

Explanations on the nature and level of risks in commercial debts are explained in detail in Note 28.

7. OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables	31 December 2023	31 December 2022
VAT refund receivables from Tax office	15.482	--
Other doubtful receivables	133.065	--
Provision for other doubtful receivables (-)	(133.065)	--
Other	--	219.252
Total	15.482	219.252

Long Term Other Receivables	31 December 2023	31 December 2022
Deposits and guarantees given	235.421	310.101
Total	235.421	310.101

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The aging analysis for other receivables is as follows:

	31 December 2023	31 December 2022
Up to 3 months	15.482	219.252
1-5 years	235.421	310.101
Total	250.903	529.353

The movements of provision for doubtful other receivables are as follows:

	31 December 2023	31 December 2022
Provision amount at the beginning of the period	--	--
Additions	133.065	--
Provision amount at the end of the period	133.065	--

Short Term Other Payables	31 December 2023	31 December 2022
Deposits and guarantees received	7.071.425	11.265.033
Taxes and funds payable	5.518.581	3.541.562
Other	1.064.784	--
Total	13.654.790	14.806.595

Long Term Other Payables	31 December 2023	31 December 2022
- Payables to related parties (note 26)	31.463.540	51.843.393
Total	31.463.540	51.843.393

The aging analysis for other payables is as follows:

	31 December 2023	31 December 2022
Up to 3 months	13.654.790	14.806.595
1-5 years	31.463.540	51.843.393
Total	45.118.330	66.649.988

8. FINANCIAL INVESTMENTS

Short Term Financial Investments	31 December 2023	31 December 2022
Financial Investment	--	1.563.061
- Restricted Bank Balances	--	1.563.061
Total	--	1.563.061

There is no long-term financial investment of the Group (31 December 2022: None).

9. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	147.774.567	169.229.403
Semi-finished goods	9.730.136	14.416.831
Finished goods	50.697.468	107.385.358
Merchandises	32.565.096	32.124.603
Other inventories	7.172.750	86.283
Provision for impairment of inventory (-)	(12.366.693)	(6.918.634)
Total	235.573.324	316.323.844

Movements for impairment of inventory are as follows:

	31 December 2023	31 December 2022
Provision amount at the beginning of the period	(6.918.634)	(7.579.160)
Additional provisions allocated during the period	(7.118.893)	--
Currency translation difference	(1.048.910)	(2.304.779)
Inflation effect	2.719.744	2.965.305
Total provision amount at the end of the period	(12.366.693)	(6.918.634)

As of 31 December 2023, the Group has no stocks pledged as collateral for loans used (31 December 2022: None).

As of 31.12.2023, there is 195000.000 TRY insurance coverage on the stocks (31.12.2022: 214.204.794 TRY).

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10. PREPAID EXPENSES AND DEFERRED INCOME

10.1. Prepaid Expenses

Group's short-term prepaid expenses are as follows:

	31 December 2023	31 December 2022
Advances given	51.111.055	58.647.478
-Advances given to third parties	51.111.055	58.647.478
Expenses related to following months	4.809.527	3.705.251
Total	55.920.582	62.352.729

Group's long-term prepaid expenses are as follows:

	31 December 2023	31 December 2022
Expenses related to following years	7.103.614	20.601.983
Total	7.103.614	20.601.983

10.2. Deferred Income

Group's short-term deferred incomes are as follows:

	31 December 2023	31 December 2022
Advances received	50.740.910	132.354.180
-Advances received from third parties	50.740.910	132.354.180
Total	50.740.910	132.354.180

The Group does not have any long-term deferred income. (31 December 2022: None).

11. INVESTMENTS VALUED BY EQUITY METHOD

Investments valued by equity method as are follows:

Gersan-Alan Ordinary Partnership

Gersan Alan Ordinary Partnership, Gersan Elektrik Ticaret ve Sanayi A.Ş. and Alan İnşaat İnşaat Elektromekanik Sanayi ve Ticaret A.Ş. was established at the address of Istanbul Anadolu Yakası OSB Gazi Bulvarı No: 39 Tuzla / Istanbul with a contract dated September 20, 2016, which allows joint control of the said ordinary partnership. The foundation capital is 10.000 TRY, and the shares of the parties in the ordinary partnership are determined to be 50% -50%.

As of 31 December 2023 and 31 December 2022, the equity value within the Group has been decreased to zero due to the negative equity of the investment valued by the equity method.

Gersan Elektrik Oman LLC

The company titled "Gersan Elektrik Oman LLC", which the Group participated in its capital with 19% share and established in Sultanate of Oman together with Petrohouse International LLC residing in Sultanate of Oman, completed its establishment procedures on 29 November 2016. There is no activity from the date of establishment until 31 December 2023. Therefore, it has no effect on the attached consolidated financial statements.

Gersan A.Ş. – Gersan Georgia JSC Joint Venture

Where the Group participates in its capital with a 50% share and at the address of 59 Tsereteli Ave. Tbilisi 0105 Georgia established in Georgia with resident Gersan George JSC company. "The company titled Gersan A.Ş.- Gersan Georgia JSC Joint Venture "completed its establishment procedures on April 9, 2018. There is no activity from the date of establishment until 31 December 2023. Therefore, it has no effect on the attached consolidated financial statements.

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12. PROPERTY, PLANT AND EQUIPMENTS

31.12.2023

Cost	Land		Buildings	Machinery and		Furniture and Fixtures	Leasehold Improvements	Construction In Progress	Total
	Lands	Improvements		Equipment's	Vehicles				
Beginning of the period	4.174.165	8.199.306	403.778.828	300.638.152	9.603.247	29.836.436	1.336.415	19.605.521	777.172.070
Additions	--	--	--	--	4.987.994	1.349.278	--	9.163.643	15.500.915
Currency translation differences	(185.819)	--	(4.251.140)	(2.830.031)	(22.217)	(50.933)	(10.127)	--	(7.350.267)
Disposals	--	--	--	--	(1.487.779)	(1.260.891)	(1.108.946)	--	(3.857.616)
Closing of the period	3.988.346	8.199.306	399.527.688	297.808.121	13.081.245	29.873.890	217.342	28.769.164	781.465.102
Accumulated Depreciation									
Beginning of the period	--	(6.184.318)	(80.968.024)	(245.658.858)	(4.356.428)	(26.526.802)	(1.198.882)	--	(364.893.312)
Period expense	--	(479.531)	(3.274.872)	(6.373.623)	(1.527.302)	(2.200.799)	--	--	(13.856.127)
Currency translation differences	--	--	2.168.328	1.383.027	10.858	24.891	4.949	--	3.592.053
Disposals	--	--	--	--	1.487.779	1.215.216	1.108.946	--	3.811.941
Closing of the period	--	(6.663.849)	(82.074.568)	(250.649.454)	(4.385.093)	(27.487.494)	(84.987)	--	(371.345.445)
Property, Plant and Equipments, net	3.988.346	1.535.457	317.453.120	47.158.667	8.696.152	2.386.396	132.355	28.769.164	410.119.657

As of 31.12.2023, there is 195.000.000 TRY insurance coverage on tangible fixed assets (31.12.2022: 368.511.737 TRY).

As of 31 December 2023, 24.000.000 TRY 1st degree and 100.000.000 TRY 2nd degree investments on the Group's Tuzla factory, 40.000.000 TRY 1st degree and 150.000.000 TRY 2nd degree investments on the Zonguldak/Çaycuma factory building and land. There are mortgages based on borrowings from first-tier financial institutions (31 December 2022: 517.386.964 TRY). Explanations regarding the Group's guarantees, pledges and mortgages are included in note 16.

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12. PROPERTY, PLANT AND EQUIPMENTS

31.12.2022

Cost	Land		Buildings	Machinery and		Furniture and Fixtures	Leasehold Improvements	Construction In Progress	Total
	Lands	Improvements		Equipment's	Vehicles				
Beginning of the period	3.308.441	8.199.306	303.100.698	291.455.694	8.858.401	28.418.532	1.332.339	18.160.011	662.833.422
Additions	--	--	--	182.657	1.813.305	1.130.715	--	1.445.510	4.572.187
Revaluation	--	--	89.398.217	--	--	--	--	--	89.398.217
Currency translation differences	865.724	--	13.421.381	10.399.399	247.739	287.189	4.076	--	25.225.508
Disposals	--	--	(2.141.468)	(1.399.598)	(1.316.198)	--	--	--	(4.857.264)
Closing of the period	4.174.165	8.199.306	403.778.828	300.638.152	9.603.247	29.836.436	1.336.415	19.605.521	777.172.070
Accumulated Depreciation									
Beginning of the period	--	(5.679.465)	(60.766.949)	(225.827.323)	(2.793.616)	(25.253.778)	(1.193.702)	--	(321.514.833)
Period expense	--	(504.853)	(3.285.579)	(8.013.745)	(1.247.944)	(908.012)	--	--	(13.960.133)
Currency translation differences	--	--	(17.058.261)	(13.217.387)	(1.631.064)	(365.012)	(5.180)	--	(32.276.904)
Disposals	--	--	142.765	1.399.597	1.316.196	--	--	--	2.858.558
Closing of the period	--	(6.184.318)	(80.968.024)	(245.658.858)	(4.356.428)	(26.526.802)	(1.198.882)	--	(364.893.312)
Property, Plant and Equipments, net	4.174.165	2.014.988	322.810.804	54.979.294	5.246.819	3.309.634	137.533	19.605.521	412.278.758

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- a) Eva Gayrimenkul Değerleme Danışmanlık A.Ş. organized by, dated 07 June 2022 According to the appraisal report, the value of Tuzla – İstanbul properties is appraised as 73.702.927 TRY depending on marketing approach and cost approach methods in determining the value of the related real estates.
- b) Eva Gayrimenkul Değerleme Danışmanlık A.Ş. organized by, dated 07 June 2022 According to the appraisal report, the value of real estate in Çaycuma – Zonguldak properties is appraised as 201.889.667 TRY depending on marketing approach and cost approach methods in determining the value of the related real estates.

Fair value measurements of the Group’s lands and buildings

The accumulated depreciation of the buildings and lands owned by the Group to the their value as of 31.12.2022 together with the revaluation amounts, which are the deducted amount.

As a result of this valuation, lands and buildings have increased by 89.398.217 TRY on 31.12.2022.

31 December 2022

Real estates	Valuation Date	Net Book Value	Valuation Amount	Valuation Difference
Istanbul Tuzla Factory Building’s Land	7 June 2022	40.912.617	47.085.510	6.172.893
Istanbul Tuzla Factory Building	7 June 2022	16.833.345	26.617.417	9.784.072
Zonguldak Çaycuma Factory Building Land	7 June 2022	14.228.030	14.292.514	64.484
Zonguldak Çaycuma Factory Building	7 June 2022	114.220.385	187.597.153	73.376.768
Total		186.194.377	275.592.594	89.398.217
Reflected in other comprehensive income:				31 December 2022
<i>Not to be reclassified to profit or loss</i>				79.564.412
Increases / Decreases in Revaluation of Tangible Fixed Assets				89.398.217
<i>Taxes Related with Other Comprehensive Income/Expense</i>				
Deferred Tax Expense/Income				(9.833.805)

13. INTANGIBLE ASSETS

31.12.2023

Cost	Rights	Other intangible assets	Total
Beginning of the period	8.163.059	6.847.141	15.010.200
Additions	110.453	--	110.453
Disposal	(100.357)	(8.488)	(108.845)
Closing of the period	8.173.155	6.838.653	15.011.808
<u>Accumulated amortization</u>			
Beginning of the period	(6.667.281)	(6.809.915)	(13.477.196)
Period expense	(503.581)	(11.843)	(515.424)
Disposal	99.052	8.488	107.540
Closing of the period	(7.071.810)	(6.813.270)	(13.885.080)
Intangible assets, net	1.101.345	25.383	1.126.728

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31.12.2022

Cost	Rights	Other intangible assets	Total
Beginning of the period	7.208.935	6.847.141	14.056.076
Additions	954.124		954.124
Closing of the period	8.163.059	6.847.141	15.010.200
<u>Accumulated amortization</u>			
Beginning of the period	(6.310.305)	(6.795.982)	(13.106.287)
Period expense	(356.976)	(13.933)	(370.909)
Closing of the period	(6.667.281)	(6.809.915)	(13.477.196)
Intangible assets, net	1.495.778	37.226	1.533.004

The economic lives of intangible assets are listed below:

	<u>The economic lives (Year)</u>
Rights	3 - 15
Other intangible assets	3 - 15

14. GOVERNMENT GRANTS

The Group has an investment incentive certificate for parts and accessories of Electrical Distribution and Control Devices with a starting date of 19.11.2009 regarding its investment expenditures. The expiry date of the relevant incentive certificate is 19.11.2012, and within the scope of this incentive certificate, the right to benefit from the investment discount arising from the investment expenditures made until the said date continues.

- VAT exemption,
- Interest support,
- Tax reduction rate is 80%, investment contribution rate is 40%,
- Insurance premium employer share support,
- Customs duty exemption.

The Group has an investment incentive certificate for parts and accessories of Electrical Distribution and Control Devices with a starting date of 16.05.2017 regarding its investment expenditures. The expiry date of the relevant incentive certificate is 16.05.2020, and within the scope of this incentive certificate, the right to benefit from the investment discount arising from the investment expenditures made until the said date continues.

- Customs duty exemption,
- VAT exemption,
- Tax reduction rate is 70%, investment contribution rate is 30%,
- Interest support,
- Insurance premium employer share support.

The Group has an investment incentive certificate for parts and accessories of Electrical Distribution and Control Devices with a starting date of 20.01.2020 regarding its investment expenditures. The expiry date of the relevant incentive certificate is 20.07.2024, and within the scope of this incentive certificate, the right to benefit from the investment discount arising from the investment expenditures made until the said date continues.

- Customs duty exemption,
- VAT exemption,
- Tax reduction rate is 70%, investment contribution rate is 30%,
- Interest support,
- Insurance premium employer share support.

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15. PROVISIONS, CONTINGENT ASSETS AND PAYABLES

Short Term Provisions

	31 December 2023	31 December 2022
Provision for lawsuits	2.881.846	2.314.807
Total	2.881.846	2.314.807

Guarantee - Pledges – Mortgages - Bails

Guarantee / pledges / mortgages (“GPM”) and bails position of the Company as of 31 December 2023 and 31 December 2022 is as follows:

Guarantee, Pledge, Mortgages Received by the Company (TRY)

	31 December 2023	31 December 2022
- Guarantee	--	329.546
- Pledges	--	--
- Mortgages	--	--
Total	--	329.546

Guarantee, Pledge, Mortgages Given by the Company (TRY)

	31 December 2023	31 December 2022
A. Total Amount of GPM Given on Behalf of Legal Entity	577.655.356	755.819.868
B. Total Amount of GPM Given for Partnerships which are Included in Full Consolidation	--	--
C. Total Amount of GPM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	--	--
D. Total Amount of Other GPM Given	--	--
i. Total Amount of GPM Given for the Parent Company	--	--
ii. Total Amount of GPM Given for Other Group Companies not Included in B and C Clauses	--	--
iii. Total Amount of GPM Given for Third Parties not Included in C Clause	--	--
Total	577.655.356	755.819.868

The ratio of other GPM given by the Group to the Group's equity is 0%. (31 December 2022: 0%).

The distribution of GPMB's given as of December 31, 2023 and December 31, 2022 by types is shown below.

	31 December 2023			
	Total TRY Equivalentents	USD	EUR	TRY
A. GPM's given for Company's own legal personality				
- Guarantees	263.655.356	4.529.089	78.444	127.771.909
- Mortgages	314.000.000	--	--	314.000.000
Total	577.655.356	4.529.089	78.444	441.771.909

	31 December 2022			
	Total TRY Equivalentents	USD	EUR	TRY
A. GPM's given for Company's own legal personality				
- Guarantees	238.432.904	6.738.923	650.935	9.427.003
- Mortgages	517.386.964	--	--	517.386.964
Total	755.819.868	6.738.923	650.935	526.813.967

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16. EMPLOYEE BENEFIT OBLIGATIONS

Short-Term Employee Benefits

	31 December 2023	31 December 2022
Payables to personnel	38.120.003	10.603.480
Social security premiums payable	12.964.673	4.160.961
Total	51.084.676	14.764.441

Provision for Short-Term Employee Benefits

	31 December 2023	31 December 2022
Provision for unused vacation	5.753.222	3.665.902
Total	5.753.222	3.665.902

The movements of the provision for unused vacation during the year are as follows:

	31 December 2023	31 December 2022
The balance on 1 January	3.665.902	3.057.747
Inflation effect	(1.441.081)	(1.196.328)
Provision in the period	3.528.401	1.804.483
Closing of the period	5.753.222	3.665.902

Provision for Long-Term Employee Benefits

	31 December 2023	31 December 2022
Provision for employee termination benefits	15.497.283	13.130.980
Total	15.497.283	13.130.980

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of Group's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

	31 December 2023	31 December 2022
Discount rate	53,40%	20,40%
Inflation rate	48,25%	19,00%
Net discount rate	0,03%	1,18%
Real salary increase rate	48,25%	19,00%
Probability of leaving work due to severance pay	94,00%	93,95%
Severance pay limit	35.059	19.340

The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, as of December 31, 2023, the provisions in the attached consolidated financial statements are calculated by estimating the present value of the potential obligation arising from the future retirement of employees.

The movements of the provision for employee termination benefits during the year are as follows:

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	31 December 2023	31 December 2022
The balance on 1 January	13.130.980	5.881.562
Inflation effect	(5.161.843)	(2.301.130)
Inflation effect	17.111.836	7.314.937
Interest cost	4.556	69.195
Actuarial (gain) / loss	5.099.295	3.936.636
Termination benefits paid	(14.687.541)	(1.770.220)
Termination benefits paid	15.497.283	13.130.980

17. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2023	31 December 2022
Deferred VAT	99.875	193.437
Advances given for business purpose	896.851	164.541
Advances given to personnel	--	1.959.860
Other VAT	10.950.455	7.095.516
Total	11.947.181	9.413.354

There is no non-current asset of the Group (31 December 2022: None).

18. CAPITAL, RESERVES AND OTHER SHAREHOLDERS 'EQUITY

Shareholders Name	31 December 2023		31 December 2022	
	Share Rate	Amount	Share Rate	Amount
Publicly traded shares and other shareholders ⁽¹⁾	86,10%	68.880.832	81,10%	64.877.732
Yüksel Kardeş	13,49%	10.787.850	13,49%	14.787.850
Gülfem Oktay	0,41%	331.318	0,42%	334.418
Total	100%	80.000.000	100%	80.000.000
Adjustment to share capital		585.870.386		585.870.386
Total paid-in capital		665.870.386		665.870.386

(1) The part of the Group's capital that publicly traded shares are traded in Borsa Istanbul A.Ş. (BIST).

The Group is in the registered capital system and its registered capital is 400.000.000 TRY.

The issued capital of the Group as of 31 December 2023 is 80.000.000 TRY. (31 December 2022: 80.000.000 TRY). This capital is divided into 80.000.000 shares, each with a nominal value of 1 TRY. (31 December 2022: 80.000.000 TRY). There are no privileged shares.

The comparison of the relevant equity items presented as inflation-adjusted in the consolidated financial statements of the Group as of December 31, 2023, with the inflation-adjusted amounts in the financial statements prepared in accordance with the Tax Procedure Law is as follows:

31 December 2023	Amounts adjusted for inflation in financial statements prepared in accordance with the Tax Procedure Law	Amounts adjusted for inflation in financial statements prepared in accordance with TAS/IFRS Financial Statements	Difference in retained earnings
Adjustment to share capital	1.045.483.334	665.870.386	379.612.948
Share Premiums	390.763.579	252.017.466	138.746.113
Revaluation	147.003.442	79.564.412	67.439.030
Restricted Reserves	40.707.496	30.029.338	10.678.158

Repurchased Shares (-)

The Group has no repurchased shares (31 December 2022: None).

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Share Premiums

	31 December 2023	31 December 2022
Share Premiums	252.017.466	252.017.466
Total	252.017.466	252.017.466

Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified Through Profit or Loss

	31 December 2023	31 December 2022
Defined Benefit Plans Remeasurement Gains / (Losses)	(6.895.047)	(3.070.576)
Revaluation and Measurement Gain / (Loss)	79.564.412	79.564.412
Total	72.669.365	76.493.836

Other Accumulated Comprehensive Income and Expenses To Be Reclassified to Profit or Loss

	31 December 2023	31 December 2022
Currency Translation Differences	79.223.806	12.295.996
Total	79.223.806	12.295.996

Restricted Reserves

	31 December 2023	31 December 2022
Legal reserves	23.917.155	21.286.583
Current period additions	6.112.183	2.630.572
Total	30.029.338	23.917.155

Retained Earnings

	31 December 2023	31 December 2022
Beginning of the period	(498.885.018)	(496.254.446)
Transfer to restricted reserves	(6.112.183)	(2.630.572)
Transfer from net profit / loss for the period	(30.708.065)	--
Total	(535.705.266)	(498.885.018)

Non-Controlling Interests

	31 December 2023	31 December 2022
Beginning of the period	(1.065.348)	(2.782.126)
Non-controlling profit / (loss) share	1.115.733	1.716.778
Total	50.385	(1.065.348)

Dividend Distribution

Listed companies distribute dividends according to the Communiqué numbered II-19.1 and published on 1 February 2014 in the Official Gazette. Shareholders distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies. In addition, dividends can be paid in installments with equal or different amounts and dividend advances can be distributed in cash over the profit in the interim financial statements.

Unless the reserves required to be set aside according to the TCC and the dividend determined in the articles of association or the dividend policy for the shareholders are allocated, it is decided to allocate other reserves, to transfer profits to the following year, and to distribute dividends to dividend shareholders, board members, partnership employees and persons other than shareholders. Unless the dividend determined for the shareholders is paid in cash, they cannot be distributed to these people.

Equity capital inflation adjustment differences and recorded values of extraordinary reserves can be used for free capital increase, cash dividend distribution or loss offset. However, equity inflation adjustment differences will be subject to corporate tax if used in cash profit distribution.

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19. REVENUE

Sales	1 January – 31 December 2023	1 January – 31 December 2022
Domestic sales	645.791.581	706.885.763
Foreign sales	826.420.732	905.151.613
Gross Sales	1.472.212.313	1.612.037.376
Sales Returns (-)	(12.556.961)	(5.080.771)
Sales Discounts (-)	(12.556.961)	(5.080.771)
Net Sales	1.459.655.352	1.606.956.605

Costs	1 January – 31 December 2023	1 January – 31 December 2022
Cost of goods sold (-)	(1.134.165.179)	(1.138.210.310)
Cost of merchandise sold (-)	(110.464.741)	(127.646.828)
Personnel vacation expenses (-)	(3.212.995)	(1.266.659)
Personnel termination benefits expenses (-)	(2.189.851)	(5.049.316)
Cost of Sales	(1.250.032.766)	(1.272.173.113)
Gross Profit / (Loss)	209.622.586	334.783.492

20. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES

General administrative expenses, marketing, sales and distribution expenses of the Group are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Marketing, selling and distribution expenses (-)	(134.180.602)	(158.432.621)
General administrative expenses (-)	(68.511.968)	(45.531.860)
Total	(202.692.570)	(203.964.481)

Marketing, selling and distribution expenses (-)	1 January – 31 December 2023	1 January – 31 December 2022
Outsourced benefits	45.975.410	37.171.258
Personnel expenses	30.999.564	23.650.740
Export expenses	18.490.386	41.262.029
Commission expenses	10.416.663	30.800.870
Shipping and freight expenses	8.705.335	7.401.468
Electricity, water, natural gas expenses	4.585.569	3.573.961
Representation and hospitality expenses	3.969.588	2.557.360
Travel expenses	1.216.752	801.273
Fair expenses	1.046.661	--
Vehicle expense (fuel,rent, maintenance etc.)	1.018.030	1.040.449
Maintenance and repairment expenses	758.408	598.887
Depreciation and amortization expense	707.932	817.733
Insurance expenses	636.579	1.023.616
Other	5.653.725	7.732.977
Total	134.180.602	158.432.621

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General administrative expenses (-)	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses	28.492.257	14.708.618
Consulting expenses	8.609.941	9.435.319
Shipping and freight expenses	6.389.476	4.504.635
Taxes and funds	6.040.454	2.916.693
Electricity, water, natural gas expenses	4.225.852	1.618.296
Depreciation and amortization expense	4.056.741	2.058.569
Gersan R OOO General administrative expenses	2.422.999	2.247.835
Insurance expenses	1.421.167	692.239
Stationery expenses	1.330.810	1.507.702
Subscription and dues expenses	1.034.351	682.554
Telephone and communication expenses	459.795	458.603
Vehicle expense (fuel, rent, maintenance etc.)	276.634	65.211
Unused vacation provisions	265.438	330.935
Maintenance and repairment expenses	260.218	415.452
Provision for employee termination benefits	256.335	520.450
Shipping, courier and postal expenses	253.370	203.129
Lawsuit provisions and lawsuit compensation expenses	237.647	679.227
Donation and aid expenses	229.784	160.944
Other	2.248.699	2.325.449
Total	68.511.968	45.531.860

20.2 Expenses by nature

Depreciation and Amortization Expenses	1 January – 31 December 2023	1 January – 31 December 2022
Cost of sales	9.606.878	11.454.740
General administrative expenses	4.056.741	2.058.569
Marketing, selling and distribution expenses	707.932	817.733
Total	14.371.551	14.331.042

Personnel Expenses	1 January – 31 December 2023	1 January – 31 December 2022
Salary and wages	194.956.110	112.918.547
Social security expenses	41.725.166	24.128.738
Expenses for employee termination benefits	17.116.392	7.384.132
Unused vacation provisions	3.528.401	1.804.483
Other benefits	14.851.428	11.579.535
Total	272.177.497	157.815.435

21. INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Incomes from Operating Activities	1 January – 31 December 2023	1 January – 31 December 2022
Foreign exchange incomes	224.237.748	228.032.903
Government grants	16.273.644	9.025.995
Provisions no longer required	9.652.674	8.683.355
Maturity difference income	7.069.720	10.224.501
Unaccrued financial income	6.601.794	4.507.495
Insurance, freight, shipping revenues	1.727.491	456.703
Price difference incomes	420.016	1.362.544
Other incomes	1.348.678	982.927
Total	267.331.765	263.276.423

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Other Expenses from Operating Activities (-)	1 January – 31 December 2023	1 January – 31 December 2022
Foreign exchange expense (-)	(138.600.109)	(95.485.765)
Provision for doubtful receivables (-)	(10.229.997)	(4.759.789)
Unaccrued financial expense (-)	(9.203.179)	(4.772.450)
Maturity difference expense (-)	(8.052.708)	(14.024.093)
Foreign exchange loss in revenue (-)	(7.701.100)	(7.492.546)
Lawsuit provision expenses (-)	(1.476.999)	(203.865)
Price difference expenses (-)	(1.122.777)	(1.401.273)
Other expenses (-)	(23.281)	(6.319.233)
Total	(176.410.150)	(134.459.014)

22. INCOME AND (EXPENSES) FROM INVESTMENT ACTIVITIES

Incomes from investment activities	1 January – 31 December 2023	1 January – 31 December 2022
Profits on sales of fixed assets	467.878	245.085
Total	467.878	245.085

Expenses from Investment Activities	1 January – 31 December 2023	1 January – 31 December 2022
Losses on sales of fixed assets (-)	(19.900)	(896.707)
Total	(19.900)	(896.707)

23. FINANCIAL INCOMES AND (EXPENSES)

Financial Incomes	1 January – 31 December 2023	1 January – 31 December 2022
Financial exchange difference incomes	32.452.032	41.649.888
Interest incomes	2.020.433	1.228.356
Total	34.472.465	42.878.244

Financial Expenses	1 January – 31 December 2023	1 January – 31 December 2022
Loan interest expenses	(31.283.745)	(27.025.889)
Loan exchange difference expenses	(84.008.840)	(142.716.068)
Commission expenses related to letter of guarantee	(3.532.146)	(4.525.834)
Other	(1.086.133)	(1.232.413)
Total	(119.910.864)	(175.500.204)

24. INCOME TAXES

Current Assets Related to Current Period Taxation

	31 December 2023	31 December 2022
Prepaid taxes and funds	2.017.916	357.476
Total	2.017.916	357.476

Non-Current Assets Related to Current Period Taxation

The Group has no non-current assets related to current period taxation (31 December 2022: None).

Tax Income / (Expenses) in the Income Statement

	1 January – 31 December 2023	1 January – 31 December 2022
Corporate tax provisions	(16.016.469)	(30.417.662)
Deferred tax income/(loss)	11.787.835	939.718
Total	(4.228.634)	(29.477.944)

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Tax Income / (Expenses) in the Other Comprehensive Income Statement

	1 January – 31 December 2023	1 January – 31 December 2022
Deferred tax income / (expense) in other comprehensive income statement	1.274.824	(8.967.745)
Total	1.274.824	(8.967.745)

Corporate Taxes Liabilities

	31 December 2023	31 December 2022
Current corporation tax provision	16.016.469	30.417.662
Prepaid taxes and funds	(16.016.469)	(19.893.395)
Total	--	10.524.267

Deferred Taxes Assets/Liabilities

	31 December 2023	31 December 2022
Deferred tax assets	21.289.024	13.554.823
Deferred tax liabilities (-)	--	--
Total	21.289.024	13.554.823

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between its statutory tax financial statements and its consolidated financial statements prepared in accordance with TFRS. These differences generally arise from the fact that the taxable amounts of some income and expense items are included in different periods in the financial statements prepared in accordance with TFRS.

Corporate Tax

As of 31.12.2023 the corporate tax rate in Turkey is 25% (31.12.2022: %23). The corporate tax rate is applied to the net corporate income, which is determined by adding non-deductible expenses per tax laws, deducting exemptions and discounts specified in tax laws.

Losses can be carried forward for up to 5 years to be deducted from taxable profits in future years. However, losses cannot be deducted retrospectively from profits generated in previous years. Corporate tax is assessed based on the declaration of the taxpayer according to Article 20 of the Corporate Tax Law.

In Turkey, there is no definitive and absolute reconciliation procedure regarding tax assessments. Companies prepare their tax returns by the 17th of the fourth month following the closing of the relevant fiscal year. The tax returns and the underlying accounting records can be reviewed and amended by the tax authorities within a period of 5 years.

Tax risk

When determining the current tax expense and deferred tax expense amounts, the Group takes into account uncertain tax positions and whether there is any additional tax and interest liability to be paid. Based on the evaluations made based on the tax law and past experiences, the Group believes that tax provisions are sufficient for the periods that have not undergone tax audit.

This assessment may involve many professional judgments regarding future events and is based on estimates and assumptions. If new information emerges that will change the professional opinion of the Company and its subsidiary regarding the adequacy of the current tax liability, this change in tax liability will affect the tax expense for the period in which this situation is determined.

Income Tax Withholding

In addition to corporate taxes, in case of allocating get a dividend, and also on any dividends that dividends of corporate income to the statement that the resident corporations by including and excluding those distributed to Branches of foreign companies in Turkey, income tax withholding should be calculated. The income tax withholding rate was 15% for all companies between July 22, 2006, and December 21, 2021. As of December 22, 2021, it is applied at a rate of 10% by the Presidential Decree No. 4936. Dividends not distributed but added to the capital are not subject to income tax withholding

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Deferred Tax

The tax rate used in the calculation of deferred tax assets and liabilities is 25% (31 December 2022: 22%).

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred Tax Assets and Liabilities	Total Temporary Differences	Total Temporary Differences	Assets / (Liabilities)	Assets / (Liabilities)
Provision for doubtful receivables	85.085.084	115.792.993	21.271.271	25.474.458
Inventory adjustments	(206.544.678)	(202.156.903)	(51.636.170)	(44.474.518)
Provision for employee termination benefits	15.497.283	13.130.980	3.874.321	2.888.816
Personnel unused vacation provisions	5.753.222	3.665.902	1.438.306	806.499
Adjustment related to expenses related to following months	(80.666)	(157.473)	(20.166)	(34.644)
Adjustments related to job advance	--	3.797.129	--	835.368
Adjustments related to advance given	616.084	1.053.583	154.021	231.788
Adjustments related to subsidiaries	(5.355.924)	(5.937.467)	(1.338.981)	(1.306.243)
Deferred interest expenses	(4.825.784)	(1.702.020)	(1.206.437)	(374.444)
Inventory impairment adjustments	257.853	(5.265.427)	64.463	(1.158.394)
Provisions for Lawsuits	2.881.846	2.314.807	720.462	509.258
Investment discounts	217.324.286	253.851.223	45.816.869	38.958.995
Deferred interest incomes	7.501.159	1.776.010	1.875.290	390.722
Revaluation and Measurement Gain	--	(89.398.216)	--	(9.833.804)
Financial debt adjustment	(608.720)	109.444	(149.665)	24.078
Restricted bank balance adjustment	1.701.759	2.804.038	425.440	616.888
Deferred Tax Assets			21.289.024	13.554.823

Reconciliation of Deferred Tax Income / Expense	31 December 2023	31 December 2022
Opening balance	13.554.823	35.454.059
Inflation effect	(5.328.458)	(13.871.209)
Deferred tax income / (expense) for the period	11.787.835	939.718
Deferred tax income / (expense) in other comprehensive income statement	1.274.824	(8.967.745)
End of the period	21.289.024	13.554.823

25. EARNING PER SHARE

	1 January – 31 December 2023	1 January – 31 December 2022
Net period profit/loss/(TRY)	(115.377.107)	(30.708.065)
Weighted Average Number of Shares	80.000.000	80.000.000
Profit / (loss) per share from continuing operations	(1,442)	(0,384)

26. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, are not disclosed in this note since they are eliminated on consolidation.

The details of the transactions between the Group and other related parties are explained below.

	31 December 2023		31 December 2022	
	Trade	Non-trade	Trade	Non-trade
Short-term receivables				
Trade receivables (Note 6)				
Gersan-Alan Adi Ortaklığı	208.456	--	284.985	--
Asfa-Gersan Adi Ortaklığı	--	--	181.250	--
Gross Total	208.456	--	466.235	
Deferred financing income (-)	(197)	--	(132)	
Total, net	208.259	--	466.103	

The company does not have long-term receivables. (31 December 2022: None).

Payables to related parties:

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	31 December 2023		31 December 2022	
	Trade	Non-trade	Trade	Non-trade
Short-term payables				
Trade Payables (Note 6)				
Gersan Elektrik Middle East	134.709	--	200.305	--
Gross Total	134.709	--	200.305	--
Deferred financing expense	(22)	--	(25)	--
Total, net	134.687	--	200.280	--

	31 December 2023		31 December 2022	
	Trade	Non-trade	Trade	Non-trade
Long-term payables				
Other Payables Borçlar (Note 7)				
Yüksel Kardeş (*)	--	31.463.540	--	51.843.393
Total	--	31.463.540	--	51.843.393

(*) On February 7, 2019, the Group entered into a share-secured hybrid financing agreement with Silo Equity Partners SPC ("Silo"), an international investment fund, and on the same date, Yüksel Kardeş entered into a share pledge agreement ("Pledge Agreement") under which its shares in Gersan were pledged as collateral in favor of Silo under the Loan Agreement. However, the Loan Agreement was subsequently amended by the Amendment Agreement dated June 26, 2020 ("Amendment Agreement").

Within the scope of the Loan Agreement, the Group utilized a loan amounting to TRY 19.051.500 and within this scope, 7.673.737 shares of GEREL.IS were given to Silo by Yüksel Kardeş as collateral with a Pledge Agreement.

Therefore, within the scope of the Amendment Agreement, 6.500.000 shares were sold by Silo on the Stock Exchange without the knowledge of Yüksel Kardeş and the loan was closed, and 1.173.737 shares held as loan collateral margin were sold by Silo on the Stock Exchange. And with the notice dated September 24, 2020 sent by Silo to the Group, it was notified that the Loan Agreement was terminated. These shares given as collateral were sold from the market and the loan was closed. In this context, Silo Equity Partners SPC unjustly terminated the Loan Agreement on September 24, 2020 and did not return the shares given by Yüksel Kardeş as collateral.

In this framework, the Group and Yüksel Kardeş have entered into a recourse agreement dated 31.07.2021 and Gersan owes Yüksel Kardeş TRY 19.051.500. The remaining debt amounting to TRY 12.412.040 consists of the cash amount deposited by Yüksel Kardeş to the Group bank accounts.

Transactions with related parties between 1 January- 31 December 2023 and 1 January- 31 December 2022 are as follows:

Sales and / or revenues from related parties:

1 January- 31 December 2023	Sales of goods	Sales of services
Gersan-Alan Ordinary Partnership	--	16.800
Gersan Elektrik Middle East	115.278	--
Total	115.278	16.800

1 January- 31 December 2022	Sales of goods	Sales of services
Gersan-Alan Ordinary Partnership	--	27.682
Asfa-Gersan Ordinary Partnership	--	20.267
Gersan Elektrik Middle East	144.307	--
Total	144.307	47.949

Purchases and/or paid expenses from related parties:

Group has no purchases from related parties and/or expenses paid in the current period.

1 January- 31 December 2022	Purchase of trade goods	Purchase of service
Gersan Elektrik Middle East	212.921	492.915
Total	212.921	492.915

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Key management of the Group consists of the Chairman and members of the Board of Directors, general manager and assistant general managers. For the periods January 1 - December 31, 2023 and January 1 - December 31, 2022, benefits provided to key management are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Benefits provided to key management	4.893.807	3.774.376
Total	4.893.807	3.774.376

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt including borrowings disclosed in Note 18, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising paid-in capital, share capital adjustment differences, share premium / discount, revaluation gains and losses, foreign currency translation differences, defined benefit plans remeasurement gains / losses, restricted reserves and retained earnings / (losses) disclosed in Note 4.

Management assesses the Group's cost of capital and the risks associated with each class of capital. Based on their assessment, management aims to stabilize the capital structure through the payment of dividends and the issuance of new shares, as well as through the acquisition of new debt or the repayment of existing debt.

The Group monitors capital using the debt/total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated by deducting cash and cash equivalents from total debt (which includes financial liabilities and obligations, finance leases and trade payables as presented in the statement of financial position).

As of December 31, 2023 and December 31, 2022, net debt / total equity ratio is as follows

	31.12.2023	31.12.2022
Total debts	654.710.773	710.230.029
Cash and cash equivalents (-)	(54.076.598)	(98.241.689)
Net Debt	600.634.175	611.988.340
Total Equity	448.778.373	499.936.408
Net Debt/Equity	1,34	1,22

The Group management aims to reach a higher level of profitability and equity in order to manage existing debts.

The current period capital risk management strategy of the Group does not differ from previous periods.

b) Financial Risk Factors

The Group is exposed to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk due to its activities. The Group's risk management program generally focuses on minimizing the potential negative effects of uncertainty in financial markets on the financial performance of the Group.

b.1) Credit Risk Management

Credit risk is the risk that a party to a financial instrument will default on a contractual obligation, resulting in a financial loss to the Group. The Group seeks to mitigate credit risk by only dealing with creditworthy counterparties and, where possible, obtaining sufficient collateral. The Group's exposure to credit risk and the credit ratings of its customers are monitored on an ongoing basis.

Trade receivables comprise a large number of customers, generally concentrated in different sectors and geographical areas. Credit assessments are made on an ongoing basis based on the trade receivable balances of customers.

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31 December 2023		Receivables					Bank Deposits
		Trade receivables		Other receivables			
Current Period		Related parties	Third parties	Related parties	Third parties		
Exposure to maximum credit risk as at reporting date (A+B+C+D) ⁽¹⁾		208.456	303.855.163	--	250.903	52.547.932	
- Secured part of the maximum credit risk		--	--	--	--	--	
A. Net carrying value of financial assets which are neither impaired nor overdue ⁽²⁾		208.456	303.855.163	--	250.903	52.547.932	
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired		--	--	--	--	--	
- Part secured by collateral, etc		--	--	--	--	--	
C. Net book values of the impaired assets ⁽³⁾		--	--	--	--	--	
- Overdue (gross book value)		--	100.630.047	--	133.065	--	
- Impairment		--	(100.630.047)	--	(133.065)	--	
- Secured part of net value with collaterals		--	--	--	--	--	
- Not overdue (gross book value)		--	--	--	--	--	
- Impairment (-)		--	--	--	--	--	
- Secured part of net value with collaterals		--	--	--	--	--	
D. Off statement of financial position items with credit risk		--	--	--	--	--	
31 December 2022		Receivables					Trade receivables
		Trade receivables		Other receivables			
Previous Period		Related parties	Third parties	Related parties	Third parties	Related parties	
Exposure to maximum credit risk as at reporting date (A+B+C+D) ⁽¹⁾		466.235	272.950.128	--	529.353	98.189.678	
- Secured part of the maximum credit risk		--	--	--	--	--	
A. Net carrying value of financial assets which are neither impaired nor overdue ⁽²⁾		466.235	272.950.128	--	529.353	98.189.678	
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired		--	--	--	--	--	
- Part secured by collateral, etc		--	--	--	--	--	
C. Net book values of the impaired assets		--	--	--	--	--	
- Overdue (gross book value)		--	165.758.429	--	--	--	
- Impairment		--	165.758.429	--	--	--	
- Secured part of net value with collaterals		--	--	--	--	--	
- Not overdue (gross book value)		--	--	--	--	--	
- Impairment (-)		--	--	--	--	--	
- Secured part of net value with collaterals		--	--	--	--	--	
D. Off statement of financial position items with credit risk		--	--	--	--	--	

⁽¹⁾ In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account.

⁽²⁾ Significant portion of trade receivables consists of customers' receivables with and without promissory notes. Considering the past experience, the Group management anticipates that there will be no problems in the collection of the relevant amounts.

⁽³⁾ Impairment tests were carried out within the framework of the doubtful receivables policy determined by the management regarding the receivables of the Group from its customers.

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b.2) Liquidity risk

The main responsibility for liquidity risk management lies with the board of directors. The board of directors has established an appropriate liquidity risk management framework for the short, medium and long term funding and liquidity requirements of the Group management.

The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturities of financial assets and liabilities to ensure that sufficient funds and borrowing reserves are maintained.

The following table presents the maturity profile of the Group's non-derivative financial liabilities.

Non-derivative financial liabilities are undiscounted and based on the earliest payment dates. prepared. Interest payable on these liabilities is included in the table below.

Tables on liquidity risk are given below:

31.12.2023

Contract based maturities	Book value	Total cash outflows per contract	Up to 3 months	3 – 12 months	1 – 5 years
		Non derivative financial liabilities	238.190.544	250.270.427	82.413.892
Financial liabilities	238.190.544	249.012.026	81.155.491	130.526.932	37.329.603
Other financial liabilities	--	1.258.401	1.258.401	--	--
Contract based maturities	Defer değeri	Total cash outflows per contract	3 aya kadar	3 – 12 ay arası	1 - 5 yıl arası
		Non derivative financial liabilities	289.303.891	294.129.675	151.096.355
Trade payables	244.185.561	249.011.345	137.441.565	111.569.780	--
Other payables	45.118.330	45.118.330	13.654.790	--	31.463.540
Total	527.494.435	543.141.701	232.251.846	242.096.712	68.793.143

31.12.2022

Contract based maturities	Book value	Total cash outflows per contract	Up to 3 months	3 – 12 months	1 – 5 years
		Non derivative financial liabilities	284.079.731	298.917.641	83.459.413
Financial liabilities	284.079.731	298.917.641	83.459.413	134.757.284	80.700.944
Contract based maturities	Defer değeri	Total cash outflows per contract	3 aya kadar	3 – 12 ay arası	1 - 5 yıl arası
		Non derivative financial liabilities	249.395.720	251.097.740	199.254.347
Trade payables	182.745.732	184.447.752	184.447.752	--	--
Other payables	66.649.988	66.649.988	14.806.595	--	51.843.393
Total	533.475.451	550.015.381	282.713.760	134.757.284	132.544.337

b.3) Market Risk Management

Market risk is the risk of fluctuation in the fair value or future cash flows of a financial instrument that would adversely affect a business due to changes in market prices.

These are foreign currency risk, interest rate risk and financial instruments or commodity price change risk. In the current year, there has been no change in the market risk the Group is exposed to or in the risk management and measurement methods, compared to the previous year.

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b.3.1) Foreign Exchange Risk

Transactions in foreign currencies cause foreign currency risk. These risks are monitored and limited by analyzing the foreign currency position.

The Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

Foreign currency position	31.12.2023			
	TRY Equivalent (Functional currency)	USD	EUR	RUB
1. Trade Receivables	382.099.434	12.459.461	470.172	--
2a. Monetary Financial Assets (include cash and bank deposit)	48.843.906	1.453.091	180.133	613.040
2b. Non-Monetary Financial Assets	44.697.209	1.407.093	100.538	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	475.640.549	15.319.645	750.843	613.040
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	475.640.549	15.319.645	750.843	613.040
9. Total Assets (4+8)	475.640.549	15.319.645	750.843	613.040
10. Trade payables	(141.671.454)	(4.744.556)	(61.407)	--
11. Financial liabilities	(172.938.327)	(5.874.623)	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Other non-monetary liabilities	(25.873.702)	(725.215)	(138.905)	--
13. Short Term Liabilities (10+11+12)	(340.483.483)	(11.344.394)	(200.312)	--
14. Trade payables	--	--	--	--
15. Financial liabilities	(33.211.912)	(1.128.191)	--	--
16 a. Other monetary liabilities	--	--	--	--
16 b. Other non-monetary liabilities	--	--	--	--
17. Long Term Liabilities (14+15+16)	(33.211.912)	(1.128.191)	--	--
18. Total Liabilities (13+17)	(373.695.395)	(12.472.585)	(200.312)	--
20. Foreign Currency Net Asset/(Liability) Position (9-18+19)	101.945.155	2.847.060	550.531	613.040

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Foreign currency position	31.12.2022			
	TRY Equivalent (Functional currency)	USD	EUR	RUB
1. Trade Receivables	197.490.316	9.127.781	1.345.195	--
2a. Monetary Financial Assets (include cash and bank deposit)	54.273.668	2.648.454	225.236	1.009.812
2b. Non-Monetary Financial Assets	48.796.318	1.946.088	622.415	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	300.560.302	13.722.323	2.192.846	1.009.812
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	300.560.302	13.722.323	2.192.846	1.009.812
10. Trade payables	115.912.582	6.119.531	74.631	--
11. Financial liabilities	179.691.554	9.610.048	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Other non-monetary liabilities	42.445.004	1.169.235	1.032.475	--
13. Short Term Liabilities (10+11+12)	338.049.140	16.898.814	1.107.106	--
14. Trade payables	--	--	--	--
15. Financial liabilities	76.965.182	4.116.159	--	--
16 a. Other monetary liabilities	--	--	--	--
16 b. Other non-monetary liabilities	--	--	--	--
17. Long Term Liabilities (14+15+16)	76.965.182	4.116.159	--	--
18. Total Liabilities (13+17)	415.014.322	21.014.973	1.107.106	--
20. Foreign Currency Net Asset/(Liability) Position (9-18+19)	(114.454.018)	(7.292.651)	1.085.740	1.009.812

The Group is mainly exposed to currency risk in the form of EURO, US Dollars and Ruble.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD, EURO and RUB. The 10% sensitivity 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 includes only outstanding foreign currency denominated monetary items at year-end and adjusts their translation at year-end for a 10% change in foreign currency rates. A positive value indicates an increase in profit/loss and other equity items.

Exchange Rate Sensitivity Analysis Table		
Current Period 31 December 2023		
	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency depreciation
If the US Dollar changes by 10% against the TRY:		
1- USD net asset / liability	8.381.232	(8.381.232)
2- USD risk-protected part (-)	--	--
3- USD net effect	8.381.232	(8.381.232)
If the Euro changes by 10% against TRY:		
4- EUR net asset/liability	1.793.291	(1.793.291)
5- EUR risk protected part (-)	--	--
6- EUR net effect	1.793.291	(1.793.291)
If the RUB changes by 10% against TRY:		
7- RUB net asset/liability	19.992	(19.992)
8- RUB risk protected part (-)	--	--
9- RUB net effect	19.992	(19.992)
Total (3+6+9)	10.194.515	(10.194.515)

The Group does not hedge its foreign currency liabilities arising from its operations by using derivative financial instruments.

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Exchange Rate Sensitivity Analysis Table

Previous Period 31 December 2022		
	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency appreciation
If the US Dollar changes by 10% against the TRY:		
1- USD net asset / liability	(13.636.017)	13.636.017
2- USD risk-protected part (-)	--	--
3- USD net effect	(13.636.017)	13.636.017
If the Euro changes by 10% against TRY:		
4- EUR net asset/liability	2.164.413	-2.164.413
5- EUR risk protected part (-)	--	--
6- EUR net effect	2.164.413	-2.164.413
If the RUB changes by 10% against TRY:		
7- RUB net asset/liability	26.203	(26.203)
8- RUB risk protected part (-)	--	--
9- RUB net effect	26.203	(26.203)
Total (3+6+9)	(11.445.401)	11.445.401

b.3.2) Interest Rate Risk Management

The Company is exposed to interest rate risk when changes in market interest rates cause fluctuations in the fair value or future cash flows of financial instruments. Hedging strategies are regularly evaluated to ensure that they are consistent with the interest rate expectation and the identified risk. Thus, it is aimed to establish the optimal hedging strategy, to review the position of the balance sheet and to keep interest expenses under control at different interest rates.

As of 31.12.2023 and 31.12.2022, the Group's interest position table is as follows:

Interest Position Table			
		31 December 2023	31 December 2022
Fixed rate financial instruments			
Financial assets			
	Financial assets at fair value through profit or loss	--	--
Financial assets	Cash and cash equivalents	54.076.598	98.241.689
Financial investments		--	1.563.061
Financial liabilities		482.376.105	466.825.463
Variable rate financial instruments			
Financial assets			
Financial liabilities		--	--

As of 31.12.2023, the Group is not exposed to interest rate risk since it does not have a variable interest financial instrument. (31.12.2022: None)

The sensitivity of the Group to the interest rate has decreased in the current period. The main reason for this is the decrease in variable rate debt instruments.

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27. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES IN THE FRAMEWORK OF HEDGE ACCOUNTING)

31 December 2023	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortized cost	Book value
Financial assets				
Cash and cash equivalents	--	--	54.076.598	54.076.598
Financial investments	--	--	--	--
Trade receivables	--	--	304.063.619	304.063.619
Financial liabilities				
Financial paybles	--	--	238.190.544	238.190.544
Trade payables	--	--	244.185.561	244.185.561
31 December 2022				
Financial assets				
Cash and cash equivalents	--	--	98.241.689	98.241.689
Financial investments	--	--	1.563.061	1.563.061
Trade receivables	--	--	273.416.363	273.416.363
Financial liabilities				
Financial paybles	--	--	284.079.731	284.079.731
Trade payables	--	--	182.745.732	182.745.732

The Group management thinks that the registered values of financial instruments reflect their fair values.

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

- a. First level: Financial assets and liabilities are valued at stock exchange prices traded in active market for identical assets and liabilities.
- b. Second level: Financial assets and liabilities are valued over the inputs used to determine the directly or indirectly observable price in the market other than the stock market price of the relevant asset or liability specified in the first level.
- c. Third level: Financial assets and liabilities are valued over inputs that are not based on data observable in the market used to find the fair value of the asset or liability.

There are no financials with fair values.

28. POST BALANCE SHEET EVENTS

28.1 February 27, 2024, Süleyman YILDIRIM was appointed to the position vacated by the resignation of Menduha ÖZTÜRK, who was serving as a member of the Board of Directors of the Company, on February 26, 2024.

28.2 On 27.02.2024, the Company appointed Özlem PAMUKÇU to the position vacated by the resignation of Mustafa Kemal KESEN, who was serving as an Independent Board Member, on 27.02.2024.

28.3 Within the scope of the share transfer protocol signed between Erkan İZGİ, Chairman of the Board of Directors and Yüksel KARDEŞ, Member of the Board of Directors on 01.03.2024, 8.787.848 GEREL shares belonging to Yüksel KARDEŞ were transferred to Erkan İZGİ and the capital structure of the Company after the transfer is as follows:

Shareholders	31 December 2023	
	Share Rate	Amount
Publicly Traded Shares and Other Shareholders	83,69%	66.952.931
Erkan İzgi	13,49%	10.787.848
Yüksel Kardeş	2,50%	2.000.001
Gülfem Oktay	0,32%	259.218
Total	100%	80.000.000

29. OTHER MATTERS WHICH ARE IMPORTANT OR SIGNIFICANT TO FINANCIAL STATEMENTS TO BE DISCLOSED, INTERPRETABLE AND UNDERSTANDABLE FOR THE FINANCIAL STATEMENTS

As of 31.12.2023, the Company's total annual remuneration for the reporting period is TRY 380.000.

	31 December 2023	31 December 2022
Audit and assurance fee for the reporting period	360.000	329.546
Other assurance services fee	20.000	--
Total	380.000	329.546