

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT FOR THE
ACCOUNTING PERIOD FROM 01 JANUARY TO 31
DECEMBER 2025**



INDEPENDENT AUDITOR'S REPORT

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

To the General Assembly

A. Independent Audit of Consolidated Financial Statements

1. Vision

For the period ended on the same date as the consolidated statement of financial position as of December 31, 2025, of GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ (the "Company") and its subsidiaries (collectively referred to as the "Group"); the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and the footnotes to the financial statements, including a summary of significant accounting policies We are.

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

2. Basis of the Opinion

Our independent audit was conducted in accordance with the Independent Auditing Standards ("BDSs"), which are part of the Turkish Auditing Standards adopted within the framework of the regulations of the Capital Markets Board and published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities under these Standards are detailed 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 Code of Ethics for Independent Auditors (Including Independence Standards) ("Code of Ethics") published by POA and the ethical principles set forth in the legislation of the Capital Markets Board and other relevant legislation regarding the independent audit of consolidated financial statements. Other ethical responsibilities within the scope of the Code of Ethics and legislation have also been fulfilled by us. We believe that the audit evidence we have obtained during the audit provides a sufficient and appropriate basis for the formation of our opinion.

3. Key Audit Matters

Key audit matters are, in our professional judgment, the matters that are most important in the independent audit of the consolidated financial statements for the current period. Key audit matters have been addressed within the framework of the independent audit of the consolidated financial statements as a whole and in the formation of our opinion on the consolidated financial statements, and we express no separate opinion on these matters.

Key Audit Subject**How the Issue is Handled in the Audit****TAS-29 "Financial Reporting in High Inflation Economies" Application**

Transactions in 2025 and non-monetary balances at the end of the period have been restated to reflect purchasing power at 31 December 2025.

The implementation of TAS 29 results in comprehensive and significant changes in many items in the Group's consolidated financial statements. The impact of TAS 29 depends on the complex calculations and various judgments of management used in the reorganization of many statement of financial position items and current period transactions throughout the year.

Due to the management judgments applied in the reorganization process, the complexity of the calculations and the risk of incomplete or inaccurate data used, the application of TAS 29 has been identified by us as a key audit matter.

Our audit procedures for TAS 29 "Financial Reporting in High Inflationary Economies" include the following issues:

- The Group's current processes and accounting policies were examined.
- Detailed lists of non-monetary items were obtained, the dates and amounts of the first entry into assets were checked, and it was checked whether the appropriate indices were used.
- It was checked whether the distinction between monetary and non-monetary items made by the Group was made in accordance with the TAS.
- By checking the general price index rates with the method used; the preparation of non-monetary items, profit or loss and other comprehensive income statement and cash flow statement by rearranging them was tested in terms of inflation effects.

4. Responsibilities of Management and Senior Management Officers Regarding the Consolidated Financial Statements

Group management; It is responsible for the preparation of the consolidated financial statements in accordance with the TAS, their fair presentation and the internal control it deems necessary to prepare them in a way that does not contain material misstatements caused by error or fraud.

While preparing the consolidated financial statements, management; It is responsible for assessing the Group's ability to continue as a going concern, disclosing going concern matters where necessary, and exercising the going concern basis unless there is an intention or obligation to liquidate the Group or cease trading.

Those responsible for senior management are responsible for overseeing the Group's financial reporting process.

5. Responsibilities of the Independent Auditor for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us independent auditors are as follows:

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to error or fraud and to prepare an auditor's report that includes our opinion. Reasonable assurance given as a result of an independent audit conducted in accordance with the BDS; It is a high level of assurance, but it does not guarantee that a material inaccuracy will always be detected. Inaccuracies may be due to errors or cheating. Misaccruals are considered material if they are reasonably expected to affect the economic decisions of the users of the financial statements, individually or collectively, based on these consolidated financial statements.

As a requirement of the independent audit conducted in accordance with the BDS, we use our professional judgment and maintain our professional skepticism throughout the independent audit. We also provide:

- The risks of "material misstatements" arising from errors or fraud in the consolidated financial statements are identified and evaluated; Audit procedures that respond to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to support our opinion. (Since fraud may include acts of collusion, dishonesty, willful negligence, false statement, or violation of internal control, the risk of not being able to detect a material wrongdoing due to fraud is higher than the risk of not detecting a material wrongdoing due to error.)
- Audit-related internal control is evaluated, not to express an opinion on the effectiveness of the Group's internal control, but to design appropriate audit procedures.
- The appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made are evaluated.
- Based on the audit evidence obtained, it is concluded whether there is a material uncertainty in relation to events or circumstances that may cast serious doubt on the Group's ability to continue as a going concern, and on the appropriateness of management's use of the going concern basis. If we conclude that material uncertainty exists, we are required to draw attention to the relevant disclosures in the consolidated financial statements in our report or, if these disclosures are insufficient, to give an opinion other than a positive view. Our conclusions are based on audit evidence obtained up to the date of the independent auditor's report. However, future events or circumstances may end the Group's going concern.
- The general presentation, structure and content of the consolidated financial statements, including disclosures, and whether these statements reflect the underlying transactions and events in a way that ensures fair presentation.
- For the purpose of providing an opinion on the consolidated financial statements, sufficient and appropriate audit evidence is obtained on financial information relating to businesses or segments of activity within the Group. We are responsible for directing, supervising and conducting group supervision. We are also solely responsible for the audit opinion we give.

Among other things, we report the planned scope and timing of the independent audit and significant audit findings to those responsible for senior management, including any significant internal control deficiencies we identify during the audit.

We have informed those responsible for senior management that we comply with the ethical provisions regarding independence. In addition, we have communicated to those responsible for senior management all relations and other issues that may be considered to have an impact on independence, as well as the steps taken and the measures taken to eliminate threats, if any.

Among the matters reported to those responsible for senior management, we identify the matters that are most important in the independent audit of the consolidated financial statements for the current period, namely key audit matters. In cases where the legislation does not allow the matter to be disclosed to the public, or in very exceptional circumstances where it is reasonably expected that the negative consequences of disclosing the matter to the public will exceed the public interest of the public disclosure, we may decide not to disclose the matter in our independent auditor's report.

B. Other Obligations Arising from the Legislation

1. The Auditor's Report on the Early Detection of Risk System and Committee, prepared pursuant to the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), was submitted to the Group Board of Directors on 11 March 2026.
2. Pursuant to the fourth paragraph of Article 402 of the TCC, there is no significant issue indicating that the Group's bookkeeping system and consolidated financial statements for the accounting period of 1 January – 31 December 2025 are not in compliance with the provisions of the law and the Group's articles of association regarding financial reporting.
3. Pursuant to the fourth paragraph of Article 402 of the TCC, the Board of Directors has made the required explanations and provided us with the requested documents within the scope of the audit.

The auditor responsible for conducting and concluding this independent audit is Ali Osman EFLATUN.

March 11, 2026

ALİ OSMAN EFLATUN
Responsible Auditor



KARAR INDEPENDENT AUDIT AND CONSULTANCY INC.
Member Firm of Abacus
Ankara,

CONTENTS.....PAGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 1-2

CONSOLIDATED PROFIT OR LOSS STATEMENT..... 3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 4

CONSOLIDATED CASH FLOW STATEMENT 5

CONSOLIDATED FINANCIAL STATEMENT FOOTNOTES 7-48

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Financial Position as of December 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

	Notes	31.12.2025	31.12.2024
	Number		
ASSETS			
Current Assets			
Cash and cash equivalents	[3]	31.629.904	44.133.461
Trade receivables	[5]	858.914.585	590.619.585
• Related parties		318.958	338.037
• Unrelated parties		858.595.627	590.281.548
Other receivables	[7]	20.089.769	6.605.002
• Related parties		2.109.000	–
• Unrelated parties		17.980.769	6.605.002
Inventories	[8]	1.917.714.775	1.158.099.972
Prepayments	[9]	303.716.230	392.823.266
Current tax assets	[10]	–	14.568.202
Other current assets	[12]	60.021.581	94.004.805
Sub-Total		3.192.086.844	2.300.854.293
Total Current Assets		3.192.086.844	2.300.854.293
Non-Current Assets			
Other receivables	[7]	2.358.807	1.643.440
Property, plant and equipment	[13]	1.865.988.819	1.818.834.412
Intangible assets and goodwill	[14]	10.926.296	12.445.096
Prepayments	[9]	156.672.155	–
Deferred tax asset	[10]	–	58.872.948
Other non-current assets	[12]	35.034.905	9.390.182
Total Non-Current Assets		2.070.980.982	1.901.186.078
TOTAL ASSETS		5.263.067.826	4.202.040.371

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Financial Position as of December 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

LIABILITIES	Notes	31.12.2025	31.12.2024
	Number		
Current Liabilities			
Current borrowings	[4]	689.611.850	157.997.381
Current portion of non-current borrowings	[4]	269.734.500	461.064.594
Other financial liabilities		592.355	597.661
Trade payables	[5]	382.039.432	1.453.232.556
Employee benefit obligations	[6]	120.101.068	29.672.243
Other payables	[7]	6.333.770	11.060.406
Deferred income	[9]	93.223.548	58.182.544
Current tax liabilities, current	[10]	3.554.910	16.980.916
Current provisions	[11]	22.289.862	19.782.189
Other current liabilities	[12]	47.212.637	17.791.843
Sub-total		1.634.693.932	2.226.362.333
Total Current Liabilities		1.634.693.932	2.226.362.333
Long term borrowings	[4]	191.670.979	230.568.874
Other payables	[9]	–	447.677.974
Non-current provisions	[11]	161.658.290	143.051.587
Deferred tax liabilities	[10]	24.120.369	–
Total Non-Current Liabilities		377.449.638	821.298.435
TOTAL LIABILITIES		2.012.143.570	3.047.660.768
Equity			
Equity attributable to owners of parent		3.250.497.144	1.165.627.212
Issued capital	[16]	372.475.397	240.000.000
Inflation adjustments on capital	[16]	374.611.475	361.465.718
Share premium (discount)	[18]	2.032.902.368	259.935.618
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss	[17]	83.100.999	67.239.383
- Increases (decreases) on revaluation of property, plant and equipment		150.361.413	150.361.413
- Gains (losses) on remeasurements of defined benefit plans		-67.260.414	-83.122.030
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		1.376.986	-12.876.550
• Exchange differences on translation		1.376.986	-12.876.550
Restricted reserves appropriated from profits	[19]	58.820.766	56.749.666
Prior years' profits or losses	[20]	227.859.651	-138.843.703
Current period net profit or loss		99.349.502	331.957.080
Non-controlling interests		427.112	-11.247.609
TOTAL EQUITY		3.250.924.256	1.154.379.603
TOTAL LIABILITIES AND EQUITY		5.263.067.826	4.202.040.371

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement for the Period of 01 January
– 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL")
as of 31 December 2025.)*

	Notes	01.01.2025	01.01.2024
	Number	31.12.2025	31.12.2024
PROFIT OR LOSS			
Revenue	[21]	2.693.256.610	3.433.657.473
Cost of sales (-)	[21]	-2.097.238.143	-2.904.433.349
GROSS PROFIT/LOSS		596.018.467	529.224.124
General administrative expenses	[22]	-271.444.677	-204.130.712
Marketing expenses	[23]	-285.811.960	-234.993.958
Other operating income	[24]	413.648.146	230.710.043
Other operating expenses	[24]	-113.455.794	-89.281.547
OPERATING PROFIT/LOSS		338.954.182	231.527.950
Investment activity income	[25]	3.560.709	261.785
PROFIT/LOSS BEFORE FINANCING EXPENSE		342.514.891	231.789.735
Finance income	[26]	10.064.913	13.826.412
Finance costs	[26]	-375.992.051	-192.326.102
Gains (losses) on net monetary position	[27]	204.398.179	300.839.473
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		180.985.932	354.129.518
<i>Tax expense/income from continuing operations</i>		-81.261.021	-22.017.797
• Current period tax expense (income)		-3.554.910	-16.980.916
• Deferred tax expense (income)		-77.706.111	-5.036.881
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		99.724.911	332.111.721
CURRENT YEAR PROFIT / LOSS		99.724.911	332.111.721
Current Year Net Profit/Lossof Attributable to:		99.724.911	332.111.721
Minority interests		375.409	154.641
Parent company shares		99.349.502	331.957.080
Earnings Per Share		0,27	1,38
Components of other comprehensive income that will not be recla		15.861.616	-70.091.719
Gains (losses) on remeasurements of defined benefit plans	[17]	21.148.821	-93.455.627
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	[10,17]	-5.287.205	23.363.908
• Deferred Tax (Expense) Income		-5.287.205	23.363.908
Components of other comprehensive income that will be reclassifi		14.253.536	-162.594.276
Exchange Differences on Translation		14.253.536	-162.594.276
• Gains (losses) on exchange differences on translation		14.253.536	-162.594.276
OTHER COMPREHENSIVE INCOME		30.115.152	-232.685.995
TOTAL COMPREHENSIVE INCOME		129.840.063	99.425.726
Minority interests		-220.768	1.953.879
Parent company shares		130.060.831	97.471.847

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Changes in Equity for the Period of January 1 – December 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

	Issued capital	Inflation adjustments on capital	Revaluation surplus on property, plant and equipment	Remeasurement gains/(losses) on defined benefit plans	Restricted reserves appropriated from profits	Share premium (discount)	Foreign currency translation differences	Retained earnings (losses) from prior years	Net profit/(loss) for the period	Equity attributable to owners of the parent	Non-controlling interests	TOTAL EQUITY
01.01.2024	80.000.000	1.178.366.753	150.361.413	-13.030.311	56.749.666	476.264.463	149.717.726	-1.012.379.748	-218.040.512	848.009.450	95.218	848.104.668
Transfers	-	-873.229.880	-	-	-	-	-	873.536.045	218.040.512	218.346.677	-	218.346.677
Capital increase	160.000.000	56.328.845	-	-	-	-216.328.845	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-70.091.719	-	-	-162.594.276	-	331.957.080	99.271.085	-11.342.827	87.928.258
<i>Profit/(loss) for the period</i>	-	-	-	-	-	-	-	-	<i>331.957.080</i>	331.957.080	-11.342.827	320.614.253
<i>Other comprehensive income/(expense)</i>	-	-	-	<i>-70.091.719</i>	-	-	<i>-162.594.276</i>	-	-	-232.685.995	-	-232.685.995
31.12.2024	240.000.000	361.465.718	150.361.413	-83.122.030	56.749.666	259.935.618	-12.876.550	-138.843.703	331.957.080	1.165.627.212	-11.247.609	1.154.379.603
01.01.2025	240.000.000	361.465.718	150.361.413	-83.122.030	56.749.666	259.935.618	-12.876.550	-138.843.703	331.957.080	1.165.627.212	-11.247.609	1.154.379.603
Transfers	-	-	-	-	2.071.100	-	-	366.703.354	-331.957.080	36.817.374	-	36.817.374
Capital increase	132.475.397	13.145.757	-	-	-	1.772.966.750	-	-	-	1.918.587.904	-	1.918.587.904
Total comprehensive income/(expense)	-	-	-	15.861.616	-	-	14.253.536	-	99.349.502	129.464.654	11.674.721	141.139.375
<i>Profit/(loss) for the period</i>	-	-	-	-	-	-	-	-	<i>99.349.502</i>	99.349.502	11.674.721	111.024.223
<i>Other comprehensive income/(expense)</i>	-	-	-	<i>15.861.616</i>	-	-	<i>14.253.536</i>	-	-	30.115.152	-	30.115.152
31.12.2025	372.475.397	374.611.475	150.361.413	-67.260.414	58.820.766	2.032.902.368	1.376.986	227.859.651	99.349.502	3.250.497.144	427.112	3.250.924.256

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Cash Flows for the Period of January 01 – December 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

	Notes Number	1.01.2025 31.12.2025	1.01.2024 31.12.2024
A. Cash Flows Arising from Operating Activities		-1.663.700.747	1.194.427.164
Profit (loss)		99.349.502	331.957.080
<i>Profit loss from continuing operations for cash flow statement</i>		99.349.502	331.957.080
• Adjustments to reconcile profit (loss)		148.997.771	29.377.119
<i>Adjustments for depreciation and amortisation expense</i>	✔ [13,14]	42.643.843	35.145.211
<i>Adjustments for impairment loss reversal of impairment loss recognised in profit or loss</i>	✔ [5,8]	-21.525.489	-68.651.425
• <i>Adjustments for impairment loss reversal of impairment loss recognised in profit or loss trade and other receivables</i>		-27.934.727	-54.598.841
• <i>Adjustments for impairment loss reversal of impairment loss recognised in profit or loss inventories</i>		6.409.238	-14.052.584
<i>Adjustments for provisions</i>	[11]	43.146.133	24.878.581
• <i>Adjustments for reversal of provisions related with employee benefits</i>		43.146.133	24.878.581
<i>Adjustments for interest income and expenses</i>	✔ [24]	7.027.172	-14.592.086
• <i>Adjustments for interest income</i>		7.027.172	-
• <i>Adjustments for interest expense</i>		-	-14.592.086
<i>Adjustments for income tax expense</i>	✔ [10]	77.706.112	4.723.116
<i>Other adjustments to reconcile profit loss</i>		-	47.873.722
Changes in Working Capital		-2.006.641.311	-118.872.183
<i>Adjustments for decrease increase in trade account receivable</i>	✔ [5]	-241.098.845	42.913.576
• <i>Decrease increase in trade accounts receivables from related parties</i>		19.079	55.905
• <i>Decrease increase in trade accounts receivables from un related parties</i>		-241.117.924	42.857.671
<i>Adjustments for decrease increase in other receivables related with operations</i>	✔ [7]	-12.091.134	-7.552.077
• <i>Decrease increase in other un related party receivables related with operations</i>		-12.091.134	-7.552.077
<i>Adjustments for decrease increase in inventories</i>	✔ [8]	-766.024.041	-698.859.188
<i>Decrease increase in pre-paid expenses</i>	[9]	-67.565.119	-287.144.138
<i>Adjustments for increase decrease in trade account payable</i>	✔ [5]	-916.246.298	915.991.724
• <i>Increase decrease in trade accounts payables to related parties</i>		-	-254.574
<i>Adjustments for increase decrease in other operating payables</i>	✔ [7]	-100.279.179	31.245.303
• <i>Increase decrease in other operating payables to un related parties</i>		-100.279.179	31.245.303
<i>Adjustments for increase decrease in deferred income</i>	[9]	35.041.004	-37.708.001
<i>Adjustments for other increase decrease in working capital</i>		61.622.301	-77.759.382
• <i>Decrease increase in other assets related with operations</i>		8.338.501	-67.392.654
• <i>Increase decrease in other payables related with operations</i>		53.283.800	-10.366.728
Net Cash Flows From (Used in) Operations		-1.758.294.038	242.462.016
Gains (losses) on net monetary position		93.451.095	945.738.962
Income taxes paid refund classified as operating activities		1.142.196	6.226.186

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Consolidated Statement of Cash Flows for the Period of January 01 – December 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

B. Cash Flows Arising from Investing Activities		-106.649.800	-1.137.122.000
• Proceeds from sales of property plant equipment and intangible assets classified as investing activities	[13,14]	447.741	50.714.788
• Proceeds from sales of property plant and equipment classified as investing activities		447.741	50.714.788
Purchase of property plant equipment and intangible assets classified as investing activities	[13,14]	-107.097.541	-1.187.836.788
• Purchase of property plant and equipment classified as investing activities		-102.897.294	-1.173.295.786
• Purchase of intangible assets classified as investing activities		-4.200.247	-14.541.002
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C. Cash Flows Arising from Financing Activities		1.770.182.104	-87.266.547
Proceeds from issuing shares other equity instruments		1.918.587.904	160.000.000
• Proceeds from issuing shares		1.918.587.904	160.000.000
Payments to acquire entity shares or other equity instruments		-	-1.033.229.880
• Payments to acquire entity shares		-	-1.033.229.880
Proceeds from borrowings classified as financing activities	[4]	531.614.469	392.861.276
• Proceeds from loans classified as financing activities		531.614.469	392.861.276
Re payments of borrowings classified as financing activities	[4]	-266.725.773	-1.780.474
• Loan repayments classified as financing activities		-266.720.467	-
• Cash outflow from other financial liabilities classified as financing activities		-5.306	-1.780.474
Increase in other payables to related parties classified as financing activities		-	388.247.201
Decrease in other payables to related parties classified as financing activities		-449.786.974	-
Payments of finance lease liabilities classified as financing activities		36.492.478	6.635.330
Net Increase /Decrease in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		-168.443	-29.961.383
D. Effect of Exchange Rate Changes on Cash and Cash Equivalents			
Net Increase /Decrease in Cash and Cash Equivalents		-168.443	-29.961.383
E. Cash and Cash Equivalents at Beginning of Period	[3]	44.133.461	102.194.352
Impact of monetary loss on cash		-12.335.114	-28.099.508
Cash and Cash Equivalents at End of Period	[3]	31.629.904	44.133.461

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

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

1. ORGANIZATION AND FIELD OF ACTIVITY OF THE GROUP

Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi ("Company") was established in 1985 in Istanbul. The Company and its subsidiaries ("Group") are responsible for busbar duct systems, production of systems and materials that carry, combine and protect conductors, energy transmission lines, carrier systems, line, field, building, zone grounding, cable carrier systems, cable carriers, various cable joining, separating, connection and transportation, producing special carrier and steel construction joining and fixing systems that can be applied in various projects and design, project management, electrical and operates in the fields of mechanics and contracting services.

The Group's headquarters is located at Istanbul Anatolian Side Organized Industrial Zone, Gazi Boulevard, No:39 Tuzla, Istanbul. In addition, the Group has a production facility at Velioğlu Organized Industrial Zone District, 1st Street, 6 and 7 Street, Çaycuma, Zonguldak.

The Group has a subsidiary in Russia whose field of activity is the production of electrical materials.

The Group has a branch office at P6-093 SAIF Zone P.O. Box 9677 Sharjah, United Arab Emirates.

The Group opened a Branch at 189, rue 1788 Bastos-Yaunde Republic of Cameroon with the decision of the board of directors dated 06.09.2021 and numbered 2021/11. The share capital of the branch is 10,000,000 West African CFA francs (about 15,000 euros). The branch was opened to engage in construction, electrical, mechanical, contracting and other works written in the company's articles of association.

With the decision of the board of directors dated 07.10.2021 and numbered 2021/13, the Group opened a Branch at Marcory Zone 4C Bietry 26 BP28 Abidjan Ivory Coast Republic. The share capital of the branch is 10,000,000 West African CFA francs (about 15,000 euros). The branch was opened to deal with rough-fine construction works and electrical and mechanical works within the scope of hospital construction work.

As of December 31, 2025, the Group employs 670 people (December 31, 2024: 570)

The Company's shareholding structure of 5% or more as of the end of the period is as follows:

	31.12.2025		31.12.2024	
	Amount	%	Amount	%
Erkan İzgi	58.254.537	15,64%	32.363.544	13,48%
İzgi Holding A.Ş.	53.594.245	14,39%	–	0,00%
Serkan Aktulum	52.990.159	14,23%	–	0,00%
Yüksel Kardeş	–	–	6.000.005	2,50%
Gülfem Oktay	–	–	777.657	0,32%
Publicly traded portion	207.636.456	55,75%	200.858.794	83,69%
Total	372.475.397	100%	240.000.000	100%

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

As of the end of the period, the Group's subsidiaries, affiliates, branches, participation rates, countries in which it operates and its main fields of activity are as follows:

<u>Subsidiary/Associate/Branch</u>	<u>Business Area</u>	<u>Shareholding Ratio</u>
Gersan Elektrik Oman LLC/Sultanate of Oman	Electrical Equipment Manufacturing	19%
Gersan A.Ş. – Gersan Georgia JSC Joint Venture	Electrical Equipment Manufacturing	50%
Gersan Elektrik Ticaret ve Sanayi A.Ş. Kamerun Yaunde Branch	Construction, Electrical and Mechanical '	100%
Gersan Elektrik Ticaret ve Sanayi A.Ş. Fildişi Abidjan Branch	Construction, Electrical and Mechanical '	100%

2. PRINCIPLES REGARDING THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basic Principles Regarding Presentation

2.1.1. Declaration of Conformity

The accompanying financial statements have been prepared in accordance with the provisions of the Capital Markets Board's ("CMB") "Communiqué on Principles of Financial Reporting in Capital Markets" (the "Communiqué") Serial II, No. 14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676 and Article 5 of the Communiqué. The Turkish Financial Reporting Standards ("TFRS") put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") and their annexes and interpretations are taken as basis.

The consolidated financial statements are prepared on a historical cost basis, with the exception of financial investments measured at their fair value. Historical cost is usually determined based on the fair value of the amount paid for the assets

The Group has prepared its consolidated financial statements for the period ended 31 December 2025 in accordance with the CMB's Communiqué Serial: II-14.1 and the announcements clarifying this communiqué. The consolidated financial statements and notes have been presented in accordance with the formats recommended by the CMB and by including the required information. The Group keeps its accounting records in accordance with the Uniform Chart of Accounts, the Turkish Commercial Code and the Turkish Tax Laws, and prepares its statutory financial statements in TL accordingly

2.1.2. Approval of Consolidated Financial Statements

The accompanying consolidated financial statements of the Group were approved by the Group's board of directors on 10 March 2026. The Group's general assembly and/or statutory authorities have the authority to amend the accompanying consolidated financial statements.

2.1.3. Currency Measurement Unit and Reporting Unit

The currency used in the consolidated financial statements and footnotes is "TL" (Turkish Lira).

2.1.4. Netting/Offsetting

Financial assets and liabilities are clearly shown in cases where there are necessary legal rights, there is an intention to evaluate the assets and liabilities in question, or the acquisition of assets and the fulfillment of obligations follow each other.

2.1.5. Preparation of Consolidated Financial Statements in an Inflationary Environment

With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, businesses applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting Standard in Hyperinflationary Economies (TAS 29) as of their financial statements for the periods ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of enterprises whose current currency is the currency of a high-inflation economy.

The accompanying consolidated financial statements are prepared on a historical cost basis, with the exception of non-performing assets, which were measured at fair value prior to inflation adjustment.

These consolidated financial statements and all comparative amounts for previous periods have been adjusted for changes in the general purchasing power of the Turkish lira in accordance with TAS 29 and are finally expressed in terms of the purchasing power of the Turkish lira as of 31 December 2025.

Adjustments made according to inflation were calculated on the basis of the coefficients found using the Consumer Price Index in Turkey published by TurkStat. Since January 1, 2005, when the definition of the Turkish lira as the currency of a high-inflation economy was terminated, the corresponding adjustment coefficients with the CPI for the current and past periods are as follows:

Date	CPI	Restatement Coefficient
2022	1128,45	3,11
2023	1859,38	1,89
2024	2.684,55	1,31
2025	3.513,87	1,00

The correction made by the Group in accordance with TAS 29 is essentially as follows;

- Monetary assets and liabilities are not adjusted because they are expressed in terms of current purchasing power on the date of the statement of financial position. Comparative amounts for previous periods are expressed according to the current measurement unit at the end of the reporting period.
- Non-monetary assets and liabilities and equity items are adjusted using the relevant adjustment coefficients.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.
- Income and expense accounts are indexed and corrected as of the date they occurred.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary position win-loss account in the income statement.

2.1.6. Comparative Information and Preparation of Consolidated Financial Statements for the Previous Period

Comparative information is reclassified when deemed necessary in order to ensure compatibility with the presentation of the consolidated financial statements for the current period.

2.1.7. Business Continuity

The Group has prepared its consolidated financial statements in accordance with the going concern principle.

2.1.8. Financial Statements of Subsidiaries Operating in Foreign Countries

The financial statements of subsidiaries, affiliates and undertakings subject to joint management operating in foreign countries have been prepared in accordance with the legislation applicable in the countries in which they operate and have been prepared by reflecting the necessary corrections and classifications in terms of compliance with the Company's accounting policies. If the functional currency of the Company's companies is different from the reporting currency, it is converted into the reporting currency as follows;

- All assets and liabilities in the statement of financial position are translated using the exchange rate on the balance sheet date.
- Income and expenses in the comprehensive income statement are converted using the exchange rate on the transaction date, and the resulting exchange rate differences are shown as a separate item (foreign currency translation differences) in the equity and comprehensive income statement.

2.1.9. Changes in Turkish Accounting/Financial Reporting Standards

The accounting policies used as a basis for the preparation of the financial statements for the year ended 31 December 2025 have been consistent with those used in the previous year, except for the new and amended TFRS standards and TFRYK interpretations as of 1 January 2025, which are summarized below. The effects of these standards and interpretations on the Group's financial position and performance are described in the relevant paragraphs.

New standards in force as of December 31, 2025, and amendments and interpretations to existing previous standards

IAS 21 Lack of Interchangeability; Applicable to annual reporting periods beginning on or after January 1, 2025. A business is affected by these changes when it has a transaction or activity done in a foreign currency that cannot be converted into another currency on a specific measurement date for a specific purpose. A currency can be exchanged when the possibility of obtaining another currency is available (with a normal administrative delay) and the transaction; It occurs through a market or barter mechanism, which creates enforceable rights and obligations. It had no material impact on the Group's consolidated financial statements.

IFRS 18 Presentations and Disclosures in Financial Statements; Applicable to annual reporting periods beginning on or after January 1, 2027. This is the new standard for the presentation and disclosure of financial statements, focusing on updates to the profit or loss statement. The key new concepts introduced in IFRS 18 relate to:

- Structure of the profit or loss statement
- Disclosures required in the financial statements for certain profit or loss performance measures reported outside of the financial statements of the business
- Improved principles of aggregation and disaggregation that generally apply to basic financial statements and footnotes.

IFRS 19 Subsidiaries Not Accountable to the Public

Applicable to annual reporting periods beginning on or after January 1, 2027. Early application is allowed. This new standard is implemented in conjunction with other IFRSs. A qualifying subsidiary applies the provisions in the other IFRS Accounting Standards, excluding the disclosure provisions, and instead applies the reduced disclosure requirements in IFRS 19. The reduced disclosure requirements of IFRS 19 balance the information needs of users of the financial statements of eligible subsidiaries with the cost savings for the preparers of the financial statements. IFRS 19 is a standard that can be applied voluntarily for subsidiaries that meet the conditions.

A subsidiary meets the relevant requirements in the following cases.

- Be a non-public or not listed subsidiary, and,
- Have a parent or intermediate parent company that produces consolidated financial statements in accordance with TFRS and available to the public.

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

2.1.10. Consolidation Essentials

Subsidiaries;

Control is considered to exist when the parent directly or indirectly controls more than half of the voting rights in a partnership and has the authority to oversee the financial and operating policies of the entity.

In the consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses, are eliminated. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts.

The financial statements of the subsidiaries are prepared for the same accounting period as the parent company.

Information on the companies of the company included in full consolidation is as follows;

Company Name	31.12.2025	31.12.2024
	Shareholding Ratio	Shareholding Ratio
Gersan Şarj Sistemleri Sanayi Ticaret A.Ş.	70%	70%
Gersan-R OOO (Eski Unvan "Gersan-R Zao")	99,38%	99,38%
Gersan Elektrik Ticaret ve Sanayi A.Ş. Sharjah Branch	100%	100%

During the preparation of the consolidated financial statements, intra-group transactions, intra-group balances and unrealized revenues and expenses arising from intra-group transactions are mutually written off. Profits and losses arising from the transactions between the parent company and the subsidiary of the parent company subject to consolidation are netted in proportion to the share of the parent company in the participation. Unrealized losses are erased in the same way as unrealized gains unless there is evidence of impairment.

2.2. Changes and Errors in Accounting Policies, Accounting Estimates

2.2.1. Changes in Accounting Policies

A business can only manage its accounting policies; may change it in the following cases:

- a) If required by a TAS/TFRS, or
- b) If it is of a nature that will enable the effects of transactions and events on the financial position, performance or cash flows of the business to be presented in a more appropriate and reliable way in the financial statements.

When an accounting policy is changed, the total amount of adjustments for periods earlier than that presented in the consolidated financial statements is taken to the retained earnings for the next period. Other information about previous periods is also rearranged. When changes in accounting policies have an impact on the current period, previous periods or the operating results of successive periods; the reasons for the change, the adjustment amount for the current period and previous periods, the adjustment amounts for the periods earlier than the one presented, and the fact that this application was not made because the comparative information was rearranged or required an excessive cost is disclosed.

2.2.2. Changes in Accounting Estimates

Many consolidated financial statement items cannot be precisely measured due to current uncertainties in operating operations, but they can be estimated. Estimates are made based on the most up-to-date and reliable information.

Changes to an accounting estimates are applied prospectively in the current period in which the change is made and in the future period.

2.2.3. Bugs

Errors that occur during the recognition, measurement, presentation and disclosure of consolidated financial statement items are retrospectively corrected in the first set of financial statements to be approved after they are noticed. Correction process:

- a) By rearranging the comparative amounts for the period in which the error was made, or
- b) If the error occurred earlier than the oldest consolidated financial statement period presented, it should be corrected by restating the asset, foreign resource and equity opening amounts for the previous period in question.

In cases where the cumulative effect of all past periods on the error cannot be calculated for the beginning of the current period, the entity reorganizes prospectively from the beginning of the nearest period in which it is possible to apply its comparative information.

2.3. Summary of Key Accounting Policies

2.3.1. Revenue

The Group records the proceeds in its consolidated financial statements when or as it fulfills its performance obligation by transferring a committed good or service to its customer. When (or has) customer control of an asset, the asset is transferred. The Company records revenue in its consolidated financial statements in line with the following basic principles:

- a) Determination of contracts with customers
- b) Determination of performance obligations in the contract
- c) Determination of the transaction price in the contract
- d) Allocation of the transaction price to the performance obligations in the contract
- e) Accounting for revenue every time a performance obligation is met

Accordingly, first of all, the goods or services committed in each contract with customers are evaluated and each commitment to transfer the goods or services in question is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain moment. If the Company transfers control of a good or service over time and therefore fulfills its performance obligations for the relevant sales over time, it measures the progress towards the full fulfillment of such performance obligations and includes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of a commitment to transfer goods or services is recognized when the control of the goods or services is in the hands of customers.

The Group recognises a contract with its customer as revenue if all of the following conditions are met:

- a) The parties to the contract have approved the contract (in writing, verbally or in accordance with other commercial practices) and undertake to perform their own obligations,
- b) The company can define the rights related to the goods or services to be transferred by each party,
- c) The company can define payment terms for the goods or services to be transferred,
- d) The contract is commercial in essence,
- e) It is likely that the Company will collect a price for the goods or services to be transferred to the customer. When assessing whether a consideration is likely to be collectible, the business only considers the customer's ability to pay it on due date and their intention to do so

2.3.2. Stocks

Inventories are valued at the lower of the net realizable value or cost to acquire. The cost of obtaining inventories includes all acquisition costs, conversion costs, and other costs incurred to bring inventories to their current state and location. The cost is calculated by the weighted average method. Net realizable value is the amount obtained by deducting the sum of the estimated cost of completion and the estimated cost of sales required to realize the sale from the estimated sales price incurred in ordinary business activity.

2.3.3. Ready Values

Cash and cash equivalents include cash in the vault and deposits in banks. It is shown by the sum of the costs of obtaining cash and cash equivalents and accrued interest.

The money in the safe consists of Turkish Lira and foreign currency balances. Turkish Lira balances are valued at their recorded value, and foreign currency balances are valued at the foreign exchange buying rate of the Central Bank of the Republic of Turkey on the balance sheet date.

Bank deposits consist of time and demand deposits and the interest on these deposits. Turkish Lira deposits are shown in the records with their cost values, and foreign currency deposit accounts are shown in the records with their values converted into Turkish Lira by using the Central Bank's foreign exchange buying rate on the balance sheet date.

Since the ready values in foreign currency have been converted into Turkish Lira at the prevailing exchange rates on the balance sheet date, the fair value of these assets is considered to be equivalent to their carrying values.

Bank deposits are assumed to be at their fair value because these assets are disposed of in short terms and there is no risk of impairment.

Fair value; It is the amount that should arise in the event that an asset changes hands or the debt is paid between knowledgeable and willing companies in a mutual market environment.

2.3.4. Receivables and Payables

Trade receivables and trade payables incurred as a result of the provision of products or services by the Group to a buyer or the purchase of products or services from a seller are shown as netted from deferred financing income and expenses. Trade receivables and trade payables after the netting of deferred financing revenues and expenses are calculated by discounting the amounts of receivables and payables recorded from the original invoice value to be obtained in the following periods with the effective interest method. Short-term receivables without a set interest rate are shown at their invoice values if the effect of the original effective interest rate is not very large.

Even if the period taken for the conversion of trade receivables/payables into money is longer than 12 months, it is considered within the normal operating cycle of the enterprise and such receivables are classified in current assets.

2.3.5. Provision for Doubtful Receivables

If there is an objective finding that there is no possibility of collection, the Group sets aside provisions for doubtful receivables for the relevant trade receivables. The amount of this provision is the amount remaining after deducting the guarantees and guarantees received from the registered value of the receivable.

Following the provision for doubtful receivables, if all or part of the doubtful receivables amount is collected, the collected amount is deducted from the provision for doubtful receivables and recorded in other revenues.

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

2.3.6. Tangible Fixed Assets

Tangible assets that are estimated to be used in the enterprise for more than one year are recorded for the first time with their cost prices. Non-current assets are valued on the basis of the cost model. Assets are adjusted according to TAS 29 using the month index of the date they were purchased.

In determining the fair value of fixed assets, the Group is based on the "revaluation" model for land, lands and buildings, while it is based on the "cost model" for other tangible fixed assets. Tangible assets are shown by deducting accumulated depreciation from the revalued amounts. The group calculates the depreciation of its fixed assets using the normal depreciation method, taking into account the partial period. Plots and plots are not subject to depreciation due to the fact that their useful life is considered unlimited.

The depreciation rates of tangible assets are stated as follows, based on their estimated useful life:

Asset	Useful life
Buildings	50 years
Underground and aboveground layouts	5-20 years
Machinery, plant and devices	2- 50 years
Vehicles	4- 8 years
Flooring and fixtures	2- 50 years
Rights	3- 15 years

2.3.7. Impairment of Assets

In the face of various events and situations, tangible and intangible assets are tested for loss of value if it is determined that the carried values of fixed assets fall below their realizable/future values that can be obtained from that asset. If the book value of tangible and intangible fixed assets remains above the realizable or future value of that asset, the fixed asset impairment provision is set aside.

2.3.8. Borrowing Costs

Bank loans taken against interest are reflected in the records on the basis of the net amount received after deducting the purchase cost. Income or expenses incurred during the redemption process or recording of liabilities are associated with the income statement. Borrowing costs are also recognized on an accrual basis if they do not mature in the period in which they arise and are classified in loans.

2.3.9. Taxation

The general Corporate Tax rate in Turkey is 25%. This rate, which was 20% as of the balance sheet date, was increased to 25% with the "Law on the Imposition of Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" dated July 14, 2023.

Taxable profit is the profit calculated after adding expenses that are not legally accepted to the profit in the legal records and deducting tax exemptions (investment income exemption) and tax deductions (investment incentive discounts). No other taxes are paid unless there is a profit distribution.

Advance tax is calculated for income obtained in quarterly periods. The calculated and paid amounts can be offset against the final tax amount at the end of the year, or the Corporate Tax paid before accrual can also be offset against other debts to the state.

25% of the profits from the sale of fixed assets and financial assets held for two years or more are exempt from this corporate tax.

With the Law No. 7316 dated April 22, 2021, temporary articles were added to the Corporate Tax Law No. 5520 dated 13.06.2006. According to this; The 20% tax rate in the Corporate Tax Law will be applied as 25% for the corporate income of corporations for the 2021 taxation period and 23% for the corporate income for the 2022 taxation period. These rates will be applied to the corporate earnings of the accounting periods starting in the relevant year for the institutions for which a special accounting period is assigned.

According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, financial losses cannot be deducted from previous years' profits.

2.3.10. Deferred Taxes

Deferred taxes are calculated on the basis of temporary differences between the deductible tax base of assets and liabilities and their recorded amounts in the consolidated financial statements. Temporary differences arise from the recognition of income and expenses in different consolidated financial statement periods according to tax laws. While the deferred tax liability is calculated for all taxable temporary differences, deferred tax receivables consisting of temporary differences to be deducted are calculated on the assumption that they will have taxable gains in future periods.

The Group based its deferred tax application on the 25% rate.

2.3.11. Financial Leasing Transactions

The Group reflects the fixed assets acquired through financial leasing at their fair value on the balance sheet at their fair value on the lease commencement date or, if lower, at the present value of the minimum lease payments on the balance sheet date (included in the relevant tangible assets in the consolidated financial statements). When calculating the present value of the minimum lease payments, if the rate applicable to the financial leasing transaction can be determined practically, that value is used, otherwise, the borrowing interest rate is used as the discount factor. The costs incurred during the acquisition phase of the fixed asset subject to the financial leasing transaction are included in the cost. The liability arising from the financial leasing transaction is separated into interest payable and principal debt.

2.3.12. Employee Benefits / Severance Pay

Benefit plan defined:

According to the applicable laws, the Group is obliged to pay severance pay to employees whose employment is terminated due to retirement or for reasons other than resignation and behaviors specified in the Labor Law. The provision for severance pay has been calculated according to the net present value of the liabilities expected to arise in the future due to the retirement of all employees and reflected in the consolidated financial statements. Actuarial gain/loss determined in relation to the defined benefit plans is recognized in the other comprehensive income statement within the scope of the amendments made to TAS 19 "Employee benefits" standard.

Contribution plans defined:

The group compulsorily pays social security premiums to the Social Security Institution. As long as the Group pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses during the period they are accrued.

2.3.13. Earnings Per Share / (Loss)

It is calculated by dividing the earnings / (loss) and net profit / (loss) per share stated in the income statement by the weighted average number of stocks in the market during the period.

The weighted average number of shares of stock refers to the number of ordinary shares at the beginning of the period, adjusted for the number of common shares issued during the period and multiplied by the time weighting factor (the ratio of the number of days in which the shares are available divided by the total number of days of the period).

In Turkey, companies can increase their capital through "bonus shares" that they distribute to their shareholders from the previous year's profits. Such "bonus share" distributions are considered as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations was determined by taking into account the historical effects of the stock distributions in question.

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

2.3.14. Other Balance Sheet Items

Other balance sheet items are mainly reflected in their recorded values.

2.3.15. Events After the Balance Sheet Date

In the event of an event that requires correction in the financial statements between the balance sheet date and the authorization date of the balance sheet, necessary adjustments are made to the consolidated financial statements, and in cases that do not require correction, the relevant event is explained in the balance sheet footnotes.

2.3.16. Foreign Currency Assets and Liabilities

Foreign currency transactions are recognized at the current exchange rates on the date of the transaction. Active and passive accounts recorded in foreign currency are subject to evaluation based on the exchange rates at the end of the period. Exchange differences arising from the evaluation process are reflected in the income statement as foreign exchange profit or loss.

The rates used at the end of the period for USD, EURO and GBP are as follows:

Currency	31.12.2025		31.12.2024	
	Buying	Sales	Buying	Sales
USD	42,8457	42,9229	35,2803	35,3438
EUR	50,2859	50,3765	36,7362	36,8024
GBP	57,5123	57,8122	44,2073	44,4378

2.3.17. Accounting Estimates

The preparation of consolidated financial statements requires management to make decisions, forecasts and assumptions that affect the implementation of policies and the amount of assets, liabilities, income and expenses reported. Actual results may differ from these estimates.

Estimates and assumptions that form the basis of estimates are constantly reviewed.

The important estimates and assumptions used by the Company in preparing its financial statements are as follows;

- Useful life of tangible and intangible assets, scrap values
- Discount rates applied for receivables and payables
- Provision amounts allocated for receivables
- Regarding the benefits provided to employees; retirement period, raise rate, discount rate, rate of not receiving severance pay
- Rates used in the calculation of deferred tax

2.3.18. Reporting of Cash Flow

In the cash flow statement, cash flows for the period are classified and reported based on operation, investment and financing activities.

Cash flows from operating activities indicate cash flows from the Group's core operations.

Cash flows related to investment activities indicate the cash flows used and obtained by the Group in its investment activities (asset investments and financial investments).

Cash flows relating to financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents include cash and bank deposits and short-term investments with a certain amount, easily convertible into cash, highly liquidity, and maturities of three months or less.

2.3.19. Related Parties

- a) A person or a member of such person's immediate family is deemed to be associated with the Institution in the following cases: The person in question,
 - i. In case it has control or joint control over the institution,
 - ii. In case it has a significant impact on the organization,
 - iii. If the Corporation or a parent of the Corporation is a member of key management personnel.
- b) If any of the following conditions are present, the business is considered to be associated with the Institution:
 - i. If the Enterprise and the Institution are members of the same group,
 - ii. If the Institution is a subsidiary or business partnership of the other Institution (or a member of a group of which the other Institution is a member),
 - iii. If both Institutions are business partnerships of the same third party,
 - iv. If one of the enterprises is a business partnership of a third Institution and the other Institution is a subsidiary of the third Institution in question,
 - v. In the event that the Agency, the Agency or an Agency associated with the Agency has benefits plans for its employees after leaving the job (if the Agency itself has such a plan, the sponsoring employers are also related to the Agency),
 - vi. In the event that it is controlled or jointly controlled by a person defined in Article (a) of the Authority,
 - vii. A person identified in subparagraph (i) of section (a) has significant influence over the business or is a member of the key management staff of such Corporation (or its parent).

For the purposes of the above disclosures, the following companies are identified as related parties in the attached consolidated financial statements;

2.3.20. Provisions, Contingent Liabilities and Contingent Assets

Provisions:

Provisions are accrued when there is a possible liability arising from past events (legal or structural obligation), there is likely to be a decrease in the assets required to fulfill this obligation in the future, and the amount of the liability can be reliably determined. These accrued provisions are reviewed in each balance sheet period and revised to reflect current estimates.

Contingent liabilities and contingent assets:

Transactions that give rise to commitment and conditional obligation refer to situations whose realization depends on the outcome of one or more events in the future. Therefore, some transactions are recognized as off-balance sheet items in terms of carrying possible losses, risks or uncertainties that may arise in the future. In the event that an estimate is made for possible future liabilities or losses to be incurred, these liabilities are considered as expenses and debts for the Company. However, revenues and profits that seem likely to occur in the future are reflected in the financial statements.

Warranties

Provisions relating to warranty costs are recognised on the date of sale of the relevant products, according to the most appropriate expenditure estimated by management to meet the Group's liabilities.

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

3. CASH AND CASH EQUIVALENTS

	31.12.2025	31.12.2024
Cash	1.793.858	2.918.776
Banks	27.565.670	40.263.199
Other liquid assets	2.270.376	951.486
Total	31.629.904	44.133.461

The deposit structure of cash and cash equivalents is as follows;

	31.12.2025	31.12.2024
Non-interest bearing demand deposits	27.565.670	40.263.199
Total	27.565.670	40.263.199

There are no blocked deposit accounts. (31.12.2024: None)

The foreign exchange position of cash and cash equivalents is as follows;

(Equivalent in TL)	31.12.2025	31.12.2024
USD	8.832.202	26.957.633
EUR	612.391	4.052.957
RUB	330.501	264.938
AED	13.047.873	8.510.611
Total	22.822.967	39.786.139

4. BORROWINGS

The details of short-term borrowings are as follows;

Current borrowings	31.12.2025	31.12.2024
Bank loans	689.611.850	157.997.381
Total	689.611.850	157.997.381

The details of the short-term parts of long-term borrowings are as follows;

Current portion of non-current borrowings	31.12.2025	31.12.2024
Leasing payables	17.976.090	7.003.326
Interest payables of deferred lease costs	-2.795.646	-814.806
Current maturities of long term credits and accrued interest	254.554.056	454.876.074
Total	269.734.500	461.064.594

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

The details of long-term borrowings are as follows;

Long term borrowings	31.12.2025	31.12.2024
Bank loans	159.227.597	225.626.046
Leasing payables	36.745.823	5.318.066
Interest payables of deferred lease costs	-4.302.441	-375.238
Total	191.670.979	230.568.874

The short-term parts of other financial liabilities are as follows;

Other financial liabilities	31.12.2025	31.12.2024
Other financial liabilities [Kısa vadeli]	592.355	597.661
Total	592.355	597.661

The foreign currency of financial liabilities is as follows;

(Equivalent in TL)	31.12.2025	31.12.2024
TL	271.032.140	145.361.960
USD	551.083.628	653.534.522
EUR	329.493.916	51.332.028
Total	1.151.609.684	850.228.510

The expected maturities of financial debts are as follows;

	31.12.2025	31.12.2024
Loans	1.199.083.848	925.902.449
0-3 months	169.929.457	170.633.023
3-12 months	849.607.851	493.924.886
1-5 years	179.546.540	261.344.540
Leases	54.719.392	7.595.759
0-3 months	5.327.542	1.823.235
3-12 months	12.646.026	5.176.710
1-5 years	36.745.824	595.814
Total	1.253.803.240	933.498.208

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***5. TRADE RECEIVABLES / TRADE PAYABLES**

	31.12.2025	31.12.2024
Customers	688.331.981	452.120.551
Customers [Related parties]	318.958	338.037
Notes receivables	180.613.842	147.772.621
Rediscount of notes receivables	-10.350.196	-9.611.624
Doubtful trade receivables	107.889.300	135.824.027
Provisions for doubtful trade receivables (-)	-107.889.300	-135.824.027
Total	858.914.585	590.619.585

The calculation of the rediscount of receivables is based on the interest rate of 45.34%. (31.12.2024: 52,58) (For details of receivables from related parties, see. Footnote 28 Related Parties)

The maturities of trade receivables are as follows;

(Equivalent in TL)	31.12.2025	31.12.2024
TL	680.061.716	38.560.886
USD	161.125.751	525.185.497
EUR	17.727.118	26.873.202
Total	858.914.585	590.619.585

The changes in doubtful receivables during the period are as follows;

	31.12.2025	31.12.2024
Beginning of the period	135.824.027	145.288.426
Additions	2.139.499	415.266
Collections, Cancellations	-7.344.758	-1.585.218
Foreign exchange valuation	137.943	607.917
Total	130.756.711	144.726.391
Impact of IAS 29 presentation	-22.867.411	-8.902.364
Total	107.889.300	135.824.027

Trade payables	31.12.2025	31.12.2024
Suppliers	128.852.939	263.934.508
Notes payable	214.805.092	211.099.901
Rediscount on notes payables	-12.859.167	-19.147.767
Other trade payables	51.240.568	81.099.616
Other trade payables [Non-current]	-	916.246.298
Total	382.039.432	1.453.232.556

The calculation of the rediscount of payables is based on the interest rate of 45.34%. (31.12.2024: 52,58) (For details of receivables from related parties, see Footnote 28 Related Parties)

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

The maturities of commercial payables are as follows:

	31.12.2025	31.12.2024
Trade payables	394.898.599	1.472.380.321
0-3 months	341.003.735	373.755.238
3-12 months	53.894.864	182.378.785
1-5 years	–	916.246.298
Total	394.898.599	1.472.380.321

6. DEBTS WITHIN THE SCOPE OF EMPLOYEE BENEFITS

Debts within the scope of employee benefits are as follows;

	31.12.2025	31.12.2024
Due to personnel	85.465.745	19.782.862
Social security premiums payable	34.635.323	9.889.381
Total	120.101.068	29.672.243

7. OTHER RECEIVABLES / OTHER PAYABLES

The details of other short-term receivables are as follows;

Other receivables	31.12.2025	31.12.2024
Deposits and guarantees given [Kısa vadeli]	1.800.319	1.612.173
Other receivables	16.180.450	4.992.829
Due from shareholders	2.109.000	–
Total	20.089.769	6.605.002

The details of other long-term receivables are as follows;

Other receivables	31.12.2025	31.12.2024
Deposits and guarantees given	2.358.807	1.643.440
Total	2.358.807	1.643.440

The details of other short-term debts are as follows;

Other payables	31.12.2025	31.12.2024
Deposits and guarantees taken [Kısa vadeli]	6.333.770	8.290.419
Other liabilities	–	2.769.987
Total	6.333.770	11.060.406

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

The details of other long-term debts are as follows;

Other payables	31.12.2025	31.12.2024
Due to shareholders	–	447.677.974
Total	–	447.677.974

8. STOCKS

The detail of the stocks is as follows;

	31.12.2025	31.12.2024
Raw materials and supplies	609.198.966	632.987.861
Semi-finished goods in production	254.376.059	38.238.832
Finished goods	898.423.407	401.475.011
Trade goods	164.324.773	85.404.497
Other inventories	7.118.893	9.311.856
Provision for inventories	-15.727.323	-9.318.085
Total	1.917.714.775	1.158.099.972

There is no collateral, pledge, mortgage on stocks.

9. PREPAID EXPENSES / DEFERRED REVENUES

The details of short-term prepaid expenses are as follows;

Prepayments	31.12.2025	31.12.2024
Advances given to suppliers	263.837.564	342.216.788
Prepaid expense for the following months	39.878.666	50.606.478
Total	303.716.230	392.823.266

The details of long-term prepaid expenses are as follows;

Prepayments	31.12.2025	31.12.2024
Fix assets advances given	156.672.155	–
Total	156.672.155	–

The details of deferred revenues are as follows;

Deferred income	31.12.2025	31.12.2024
Advances received [Current]	89.582.543	30.898.024
Short term deferred income	3.641.005	27.284.520
Total	93.223.548	58.182.544

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***10. TAXATION**

Current tax assets	31.12.2025	31.12.2024
Prepaid taxes and funds	–	14.568.202
Total	–	14.568.202

Current tax liabilities, current	31.12.2025	31.12.2024
Provision for income taxes and other legal liabilities	3.554.910	16.980.916
Total	3.554.910	16.980.916

Tax revenue expense details are as follows;

	01.01.2025	01.01.2024
Tax expense/income from continuing operations	31.12.2025	31.12.2024
Provisions taxes statutory obligation	-3.554.910	-16.980.916
Deferred tax income/expense	-77.706.111	-3.848.110
<i>Beginning of period deferred tax</i>	<i>-58.872.948</i>	<i>-30.736.833</i>
<i>Deferred tax at period-end</i>	<i>-24.120.369</i>	<i>44.978.150</i>
<i>Recognized in other comprehensive income</i>	<i>5.287.206</i>	<i>-18.089.427</i>
Impact of IAS 29 presentation	–	-1.188.771
Total	-81.261.021	-22.017.797

Deferred Tax;

31.12.2025	Temporary Difference	Presence	Obligation
Doubtful trade receivables	52.370.072	13.092.518	–
Discounts on receivables	295.796	–	73.949
Differences in fixed assets	809.895.772	–	202.473.943
Provisions for employee benefits	167.658.232	41.914.558	–
Financial debt adjustments	5.579.012	1.394.753	–
Investment deductions (*)	88.263.609	88.263.609	–
Adjustments for prepaid expenses	676.436	–	169.109
Provisions for lawsuits	3.457.272	864.318	–
Discounts on liabilities	451.624	112.906	–
Financial asset adjustments	315.928.720	78.982.180	–
Inventory adjustments	209.573.668	–	52.393.417
Exchange rate adjustments	434.016	108.504	–
Cash capital increase	25.026.810	6.256.703	–
	Total	230.990.049	255.110.418
	NET	–	24.120.369

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

31.12.2024	Temporary Difference	Presence	Obligation
Doubtful trade receivables	-66.059.073	16.514.769	-
Discounts on receivables	-9.611.624	2.402.906	-
Differences in fixed assets	447.745.749	-	111.936.437
Provisions for employee benefits	15.441.981	3.860.495	-
Financial debt adjustments	-1.935.892	483.973	-
Severance pay provisions	131.001.796	32.750.449	-
Investment deductions	105.611.020	26.402.755	-
Adjustments for prepaid expenses	-1.224.479	306.121	-
Provisions for lawsuits	3.772.115	943.029	-
Discounts on liabilities	-19.147.767	-	4.786.942
Financial asset adjustments	-474.006.484	118.501.621	-
Inventory adjustments	106.847.254	-	26.711.814
Exchange rate adjustments	568.092	142.023	-
	Total	202.308.141	143.435.193
	NET	58.872.948	-

The rate of 25% was used in the calculation of the deferred tax.

(*) Tax advantages obtained within the scope of the investment incentive system;

The earnings obtained by the Company from the investments subject to the incentive certificate are subject to corporate tax at reduced rates from the accounting period in which the investment is partially or fully operated until the investment contribution amount is reached. The tax advantage that the Company will benefit from in the foreseeable future is reflected in the financial statements as a deferred tax asset. It is envisaged that these deferred tax assets will be recovered within 5 years from the balance sheet date.

11. PROVISIONS

Current provisions	31.12.2025	31.12.2024
Provision for other liabilities and expenses [Kısa vadeli]	3.457.272	4.340.208
Current provisions for employee benefits (İzin Karşılığı)	18.832.590	15.441.981
Total	22.289.862	19.782.189
• Non-current provisions for employee benefits	31.12.2025	31.12.2024
Provisions for employee termination benefits	161.658.290	143.051.587
Total	161.658.290	143.051.587

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

The assumptions used in calculating severance pay are as follows;

	31.12.2025	31.12.2024
Length of service	Emeklilik	Emeklilik
Salary increase rate	42,34%	54,00%
Discount rate	45,34%	57,00%
Percentage of employees leaving without severance pay	6,00%	6,00%
Severance pay ceiling	53.920	41.828

The changes in severance pay provisions during the period are as follows;

	31.12.2025	31.12.2024
Beginning of the period	100.083.632	15.497.283
Payments	-5.132.589	-8.601.281
Current service cost	22.354.066	14.900.209
Interest cost	52.669.351	6.888.563
Actuarial gains and losses	-21.148.821	71.398.858
	148.825.639	100.083.632
Impact of IAS 29 presentation	-	33.762.075
Dubai Sharjah	12.832.651	9.205.880
Total	161.658.290	143.051.587

12. OTHER CURRENT ASSETS / OTHER LIABILITIES

Other current assets	31.12.2025	31.12.2024
Deferred vat	21.174.723	55.546.160
Other vat	24.163.672	21.456.742
Work advance	14.537.448	17.001.903
Income accruals	145.738	-
Total	60.021.581	94.004.805

Other current liabilities	31.12.2025	31.12.2024
Taxes and funds payables [Kısa vadeli]	43.705.787	17.791.843
Other liabilities payable	146.174	-
Vat calculated	3.360.676	-
Total	47.212.637	17.791.843

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***13. TANGIBLE ASSETS**

	1.01.2025	Additions	Disposals	Transfers	Translation differences	31.12.2025
Assets						
Land	5.226.259	–	–	–	-245.521	4.980.738
Land improvements	15.495.071	6.688.269	–	6.418.014	–	28.601.354
Buildings	707.914.180	–	–	–	9.694.716	717.608.896
Machinery equipment and installatic	576.373.141	11.753.336	–	–	2.941.717	591.068.194
Motor vehicles	42.725.211	19.120.150	-3.418.575	–	-230.835	58.195.951
Furniture and fixtures	63.297.954	10.922.457	–	–	-386.696	73.833.715
Other tangible fix assets	285.391	–	–	–	90.060	375.451
Construction in progress	1.098.508.477	54.413.082	–	-6.418.014	–	1.146.503.545
Total	2.509.825.684	102.897.294	-3.418.575	–	11.863.441	2.621.167.844
Depreciation						
Accumulated depreciation	-690.991.272	-36.924.796	2.970.834	–	-30.233.791	-755.179.025
Total	-690.991.272	-36.924.796	2.970.834	–	-30.233.791	-755.179.025
NET	1.818.834.412	65.972.498	-447.741	–	-18.370.350	1.865.988.819

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

	1.01.2024	Additions	Disposals	Transfers	Translation differences	31.12.2024
Assets						
Land	7.537.206	–	–	–	-2.310.947	5.226.259
Land improvements	15.495.108	–	–	–	-37	15.495.071
Buildings	755.030.365	5.662.845	–	–	-52.779.030	707.914.180
Machinery equipment and installatic	562.799.976	49.584.557	-855.096	–	-35.156.296	576.373.141
Motor vehicles	24.721.027	16.157.367	-455.029	–	2.301.846	42.725.211
Furniture and fixtures	56.455.895	7.035.930	–	–	-193.871	63.297.954
Other tangible fix assets	410.735	–	–	–	-125.344	285.391
Construction in progress	54.368.178	1.094.855.087	-50.714.788	–	–	1.098.508.477
Total	1.476.818.490	1.173.295.786	-52.024.913	–	-88.263.679	2.509.825.684
Depreciation						
Accumulated depreciation	-701.771.349	-30.920.006	1.310.125	–	40.389.958	-690.991.272
Total	-701.771.349	-30.920.006	1.310.125	–	40.389.958	-690.991.272
NET	775.047.141	1.142.375.780	-50.714.788	–	-47.873.721	1.818.834.412

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***14. INTANGIBLE ASSETS**

	01.01.2024	Additions	Disposals	31.12.2024
Rights	15.445.689	14.541.002	–	29.986.691
Other intangible fixed assets	12.923.736	–	–	12.923.736
Total	28.369.425	14.541.002	–	42.910.427

Amortization and Depletion

Accumulated depreciation	-26.240.126	-4.225.205	–	-30.465.331
Total	-26.240.126	-4.225.205	–	-30.465.331

NET	2.129.299	10.315.797	–	12.445.096
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	01.01.2025	Additions	Disposals	31.12.2025
Rights	29.986.691	4.200.247	–	34.186.938
Other intangible fixed assets	12.923.736	–	–	12.923.736
Total	42.910.427	4.200.247	–	47.110.674

Amortization and Depletion

Accumulated depreciation	-30.465.331	-5.719.047	–	-36.184.378
Total	-30.465.331	-5.719.047	–	-36.184.378

NET	12.445.096	-1.518.800	–	10.926.296
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GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

	31.12.2025	31.12.2024
A. Total Amount of Guarantees, Pledges, Mortgages and Sureties ("GPMs") Given on Behalf of Its Own Legal Entity	5.437.007.227	3.148.015.888
B. Total Amount of GPMs Given on Behalf of Fully Consolidated Subsidiaries	-	-
C. Total Amount of GPMs Given on Behalf of Third Parties for the	-	-
D. Total Amount of Other GPMs Given	-	-
<i>i. Total Amount of GPMs Given on Behalf of the Parent Company</i>	-	-
<i>ii. Total Amount of GPMs Given on Behalf of Group Companies Not</i>	-	-
<i>iii. Total Amount of GPMs Given on Behalf of Third Parties Not</i>	-	-
<i>Included in Clause C</i>	-	-
Total	5.437.007.227	3.148.015.888
Given Collaterals	31.12.2025	31.12.2024
Letters of guarantee	465.189.227	693.784.732
Mortgages	4.971.818.000	2.454.231.156
Total	5.437.007.227	3.148.015.888

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***16. PAID-IN CAPITAL**

The details of the Company's capital inflation adjustment positive differences are as follows;

	31.12.2025		31.12.2024	
	Amount	%	Amount	%
Erkan İzgi	58.254.537	15,64%	32.363.544	13,48%
İzgi Holding A.Ş.	53.594.245	14,39%	–	0,00%
Serkan Aktulum	52.990.159	14,23%	–	0,00%
Yüksel Kardeş	–	–	6.000.005	2,50%
Gülfem Oktay	–	–	777.657	0,32%
Halka açık kısım	207.636.456	55,75%	200.858.794	83,69%
Total	372.475.397	100%	240.000.000	100%
Positive distinction from share capital adjustmer	374.611.475		361.465.718	
Total equity	747.086.872		601.465.718	

Pursuant to the decision of our Board of Directors dated 30.12.2024 and numbered 2024/27, which was announced to the public on 30.12.2024, the issued capital of 240,000,000 TL within the registered capital ceiling of 2,000,000,000 TL will be completely restricted and the pre-emptive rights of the existing shareholders will be completely restricted, and 1,407,979,975.32 TL will be deducted in cash by the Chairman of the Board of Directors of the Company, Erkan İZGİ, and/or qualified investors who will make a request, and 342,020,024.68 TL will be allocated to Erkan İZGİ, from the cash receivables of Erkan İZGİ. With the letter of the Capital Markets Board dated 07.07.2025 and numbered E-29833736-105.01.01.01-74927, our private placement capital increase application dated 21.01.2025 to the Capital Markets Board regarding the increase of the total nominal capital amount to be calculated according to the share sale price to be determined within the framework of the Wholesale Purchase and Sale Transactions Procedure of Borsa İstanbul AŞ, with a total sales amount of 1,750,000,000 TL, has been approved. reported.

In this context, an application was made to Borsa İstanbul A.Ş. for the calculation of the base price and the price range to be found by applying +/- 20% to the base price within the framework of Borsa İstanbul A.Ş.'s Procedure for Wholesale Purchase and Sale Transactions in order to determine the final sale price, and the sale price of the shares to be issued within this scope was determined as 13.21 TL for shares with a nominal value of 1.00 TL, and the issued capital increased from 240,000,000 TL to 372,475,397 TL as a result of the capital increase.

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***17. OTHER ACCUMULATED COMPREHENSIVE INCOME (EXPENSES) THAT WILL NOT BE RECLASSIFIED IN PROFIT OR LOSS**

	31.12.2025	31.12.2024
Revaluation increases (decreases) of property, plant and equipment [short-term]	150.361.413	150.361.413
Gains (losses) on remeasurements of defined benefit plans	-85.337.117	-106.485.938
Gains (losses) on remeasurements of defined benefit plans [deferred tax effect]	18.076.703	23.363.908
Total	83.100.999	67.239.383

18. PREMIUMS (DISCOUNTS) FOR SHARES

The details of the premiums for the shares are as follows;

	31.12.2025	31.12.2024
Share premium	2.032.902.368	259.935.618
Total	2.032.902.368	259.935.618

The increase in share issue premiums is due to the private placement capital increase made in accordance with our Board of Directors' decision dated 30.12.2024 and numbered 2024/27.

19. CONSTRAINED RESERVES ALLOCATED TO PROFIT

	31.12.2025	31.12.2024
Statutory reserves	53.981.098	52.319.177
IFRS/TAS adjustment differences	4.839.668	4.430.489
Total	58.820.766	56.749.666

20. PREVIOUS YEARS' PROFITS OR LOSSES

	31.12.2025	31.12.2024
Prior years' losses (Carrying amount)	-206.692.849	-250.698.487
IFRS/TAS differences	434.552.500	111.854.784
Total	227.859.651	-138.843.703

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***21. REVENUE / COST OF SALES**

The details of the cost of sales are as follows;

	01.01.2025	01.01.2024
Revenue	31.12.2025	31.12.2024
Domestic sales	1.069.561.519	1.890.894.047
Export sales	1.625.989.104	1.560.391.024
Other income	8.996.873	–
Sales returns	-10.377.255	-13.567.728
Other discounts	-913.631	-4.059.870
Total	2.693.256.610	3.433.657.473

	01.01.2025	01.01.2024
Cost of sales	31.12.2025	31.12.2024
Cost of manufactured goods sold	-1.787.557.661	-1.840.001.659
Cost of merchandise sold	-309.680.482	-1.064.431.690
Total	-2.097.238.143	-2.904.433.349

22. OVERHEAD

General administrative expenses details are as follows;

	01.01.2025	01.01.2024
General administrative expenses	31.12.2025	31.12.2024
Personnel expenses	-193.888.765	-146.001.087
Outsourced benefits and services	-2.329.487	-1.200.620
Rent expenses	-1.110.745	–
Subscription expenses	–	-671.525
Insurance expenses	-1.829.671	-820.259
Stationery expenses	-1.800.614	-2.379.684
Consulting expenses	-5.090.651	-1.016.638
Communication expenses	-883.914	-1.209.905
Depreciation expense	-28.568.836	-12.790.554
Taxes, duties and fees expenses	-8.422.754	-8.998.965
Membership fees	-1.150.092	-671.894
Maintenance and repair costs	-1.371.288	-678.759
Accommodation, representation and travel expenses	-2.217.994	-509.061
Bank expenses	-2.701.208	-1.572.199
Court costs	-845.032	-3.254.886
Miscellaneous expenses	-19.233.626	-22.354.676
Total	-271.444.677	-204.130.712

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***23. MARKETING EXPENSES**

Marketing expenses details are as follows;

	01.01.2025	01.01.2024
Marketing expenses	31.12.2025	31.12.2024
Personnel expenses	-69.832.795	-47.539.439
Depreciation expense	-1.121.839	-729.863
Taxes and duties expenses	-7.802.490	-391.261
Insurance expenses	-3.920.081	-1.605.320
Marketing, selling and distribution expenses	-698.458	-4.425.176
Vehicle expenses	-	-4.594.347
Electricity, water and natural gas expenses	-3.297.105	-724.797
Outsourced services	-21.721.067	-55.221.378
Export expenses	-53.934.203	-45.122.778
Intermediary commission expenses	-76.894.482	-35.828.622
Accommodation and rental expenses	-7.248.493	-7.747.652
Transportation costs	-18.509.892	-17.270.650
Maintenance and repair costs	-2.009.890	-142.073
Fair participation expenses	-4.873.001	-4.191.240
Highway crossing vs. expenses	-2.825.989	-1.436.753
Representation hospitality expenses	-3.887.880	-6.607.827
Miscellaneous expenses	-7.234.295	-1.414.782
Total	-285.811.960	-234.993.958

24. OTHER REVENUES FROM MAIN ACTIVITIES / OTHER EXPENSES FROM MAIN ACTIVITIES

The details of other revenues from the main activities are as follows;

	01.01.2025	01.01.2024
Other operating income	31.12.2025	31.12.2024
Interest income	267.828	-
Provisions no longer required	1.386.833	1.989.430
Foreign exchange gain	278.468.627	124.791.514
Rediscount on interest gain	20.202.320	28.966.209
Commission Income	43.794.106	16.775.992
SGK incentive revenues	31.280.385	31.417.062
Other Sales Revenue	12.172.158	1.278.683
Income and profit relating to previous periods	2.080.816	-
Other extraordinary expenses and losses	16.785.792	20.341.906
Miscellaneous income	7.209.281	5.149.247
Total	413.648.146	230.710.043

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

The details of other expenses from the main activities are as follows;

	01.01.2025	01.01.2024
Other operating expenses	31.12.2025	31.12.2024
Provision expenses	-4.464.789	-1.483.040
Foreign exchange losses	-83.989.257	-70.423.425
Interest expenses on discounted notes	-24.978.836	-15.928.205
Other expenses and losses	-20.287	-
Other extraordinary expense and losses	-2.625	-1.446.877
Total	-113.455.794	-89.281.547

25. INCOME/EXPENSES FROM INVESTMENT ACTIVITIES

The details of income from investment activities are as follows;

	01.01.2025	01.01.2024
Investment activity income	31.12.2025	31.12.2024
Gains on marketable securities' sales	3.258.252	-
Investment activity income	302.457	261.785
Total	3.560.709	261.785

Interest income consists of bank interest commission income.

There are no expenses from investment activities.

26. FINANCING REVENUES / FINANCING EXPENSES

Details of income from financial activities are as follows;

	01.01.2025	01.01.2024
Finance income	31.12.2025	31.12.2024
Faiz gelirleri [Nakit ve nakit benzerlerine ait]	-	13.350
Foreign exchange gains [on cash and cash equivalents]	10.064.913	13.813.062
Total	10.064.913	13.826.412

The details of expenses from financial activities are as follows;

	01.01.2025	01.01.2024
Finance costs	31.12.2025	31.12.2024
Short-term borrowing costs	-142.193.817	-67.492.024
Long-term borrowing costs	-74.843.286	-33.185.313
Foreign exchange losses [on loans and leases]	-158.954.948	-91.648.765
Total	-375.992.051	-192.326.102

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***27. NET MONETARY POSITION GAINS/LOSSES**

	1.01.2025	1.01.2024
Net monetary position gains/losses	31.12.2025	31.12.2024
Inflation adjustments on inventories	127.948.544	164.747.561
Inflation adjustments on property, plant and equ	418.671.347	339.484.000
Inflation adjustments on equity	-488.652.257	-280.534.840
Financial assets inflation corrections	46.210.939	57.674.695
Inflation adjustments on deferred tax	13.894.797	12.680.220
Income statement inflation difference classificati	193.067.209	76.717.589
Elimination	-108.414.555	-69.929.752
Other inflation adjustments	1.672.155	-
Total	204.398.179	300.839.473

28. EARNINGS PER SHARE

	01.01.2025	01.01.2024
Earnings Per Share	31.12.2025	31.12.2024
Profit (loss) for the period	99.349.502	331.957.080
Number of shares	372.475.397	240.000.000
Profit (loss) per share	0,27	1,38

Earnings / (loss) per share is calculated by dividing the net profit or loss for the period by the weighted average of the number of ordinary shares belonging to ordinary stock holders in the current period.

29. FEES FOR INDEPENDENT AUDIT

	01.01.2025	01.01.2024
	31.12.2025	31.12.2024
Independent audit services	1.000.000	948.969
Total	1.000.000	948.969

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***30. RELATED PARTIES**

	31.12.2025	31.12.2024
Trade receivables;	318.958	338.037
Gersan-Alan Adi Partnership	318.958	338.037
Other receivables	2.109.000	-
Yüksel Kardeş	2.109.000	-
Other payables	-	-447.677.974
Erkan İzgi (non-current)	-	-447.677.974
Total	2.427.958	-447.339.937

Relationship party income-expense details are as follows;

31.12.2025	Sales of goods and services	Purchases of goods and services
Gersan-Alan Ordinary Partnership	21.000	-
Total	21.000	-

31.12.2024	Sales of goods and services	Purchases of goods and services
Gersan-Alan Ordinary Partnership	21.990	-
Total	21.990	-

31. BENEFITS AND BENEFITS PROVIDED TO SENIOR MANAGEMENT

The benefits provided to the senior management are as follows;

	1.01.2025	1.01.2024
	31.12.2025	31.12.2024
Benefits provided to key management persons	11.946.960	10.527.870
Total	11.946.960	10.527.870

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit Risk: The Group's credit risk may arise mainly from its trade receivables. The Company's management evaluates its trade receivables by taking into account past experiences and the current economic situation. The Company's management does not foresee additional risks related to its trade receivables.

31.12.2025	Receivables				Deposits in banks	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Credit risk exposure by types of financial instruments						
Maximum credit risk exposure as of reporting date (*) (A+B+C+D+E)	318.958	750.706.327	2.109.000	20.339.576	27.565.670	4.064.234
A. Net carrying amount of financial assets that are neither past due nor impaired	318.958	858.595.627	2.109.000	20.339.576	27.565.670	4.064.234
B. Carrying amount of financial assets whose terms have been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets that are past due but not impaired	-	-	-	-	-	-
D. Net carrying amount of impaired assets	-	-107.889.300	-	-	-	-
- Past due (gross carrying amount)	-	107.889.300	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-	-

31.12.2024	Receivables				Deposits in banks	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Credit risk exposure by types of financial instruments						
Maximum credit risk exposure as of reporting date (*) (A+B+C+D+E)	338.037	590.281.548	-	6.605.002	40.263.199	3.870.262
A. Net carrying amount of financial assets that are neither past due nor impaired	338.037	590.281.548	-	6.605.002	40.263.199	3.870.262
B. Carrying amount of financial assets whose terms have been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets that are past due but not impaired	-	-	-	-	-	-
D. Net carrying amount of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-135.824.027	-	-	-	-
- Impairment (-)	-	135.824.027	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-	-

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

Nature and Level of Risks Arising from Financial Instruments - Foreign Exchange Sensitivity Analysis

31.12.2025	31.12.2025 Purchasing power	Equivalent in TL	USD	EUR	RUB	AED
Trade Receivables	178.852.869	178.852.869	3.881.912	363.624	-	-
Monetary Financial Assets	22.822.967	22.822.967	212.789	12.562	660.632	1.161.153
Current Assets	201.675.836	201.675.836	4.094.701	376.186	660.632	1.161.153
Total Assets	201.675.836	201.675.836	4.094.701	376.186	660.632	1.161.153
Financial Liabilities	880.577.544	880.577.544	13.276.948	6.758.683	-	-
Short-Term Liabilities	880.577.544	880.577.544	13.276.948	6.758.683	-	-
Total Liabilities	880.577.544	880.577.544	13.276.948	6.758.683	-	-
Net Foreign Currency Asset / (Liability) Position	-678.901.708	-678.901.708	-9.182.247	-6.382.497	660.632	1.161.153
Monetary Items Net Foreign Currency Asset / (Liability) Position	-678.901.708	-678.901.708	-9.182.247	-6.382.497	660.632	1.161.153

31.12.2024	31.12.2025 Purchasing power	Equivalent in TL	USD	EUR	RUB	RUB
Trade Receivables	552.058.699	421.765.512	11.372.770	558.870	-	-
Monetary Financial Assets	39.786.138	30.396.081	583.761	84.288	618.893	680.723
Current Assets	591.844.837	452.161.593	11.956.531	643.158	618.893	680.723
Total Assets	591.844.837	452.161.593	11.956.531	643.158	618.893	680.723
Financial Liabilities	704.866.551	538.508.681	14.152.139	1.067.530	-	-
Short-Term Liabilities	704.866.551	538.508.681	14.152.139	1.067.530	-	-
Total Liabilities	704.866.551	538.508.681	14.152.139	1.067.530	-	-
Net Foreign Currency Asset / (Liability) Position	-113.021.714	-86.347.088	-2.195.607	-424.372	618.893	680.723
Monetary Items Net Foreign Currency Asset / (Liability) Position	-113.021.714	-86.347.088	-2.195.607	-424.372	618.893	680.723

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

31.12.2025	Profit/Loss	
	Increase in value	Decrease in value
If the USD exchange rate changes by 10%:		
USD Net assets/liabilities	-918.225	918.225
Part hedged against USD risk (-)		-
USD net impact	-918.225	918.225
If the Euro exchange rate changes by 10%:		
EURO Net assets/liabilities	-638.250	638.250
Part hedged against EURO risk (-)	-	-
EURO net impact	-638.250	638.250
If the RUB exchange rate changes by 10%:		
RUB Net assets/liabilities	66.063	-66.063
Part hedged against RUB risk (-)		-
RUB net impact	66.063	-66.063
If the AED exchange rate changes by 10%:		
AED Net assets/liabilities	116.115	-116.115
Part hedged against AED risk (-)		-
AED net impact	116.115	-116.115
Total	-1.374.297	1.374.297

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

31.12.2024	Profit/Loss	
	Increase in value	Decrease in value
If the USD exchange rate changes by 10%:		
USD Net assets/liabilities	-219.561	219.561
Part hedged against USD risk (-)		-
USD net impact	-219.561	219.561
If the Euro exchange rate changes by 10%:		
EURO Net assets/liabilities	-42.437	42.437
Part hedged against EURO risk (-)	-	-
EURO net impact	-42.437	42.437
If the RUB exchange rate changes by 10%:		
RUB Net assets/liabilities	61.889	-61.889
Part hedged against RUB risk (-)		-
RUB net impact	61.889	-61.889
If the AED exchange rate changes by 10%:		
AED Net assets/liabilities	68.072	-68.072
Part hedged against AED risk (-)		-
AED net impact	68.072	-68.072
Total	-132.037	132.037

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

*(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)***Liquidity Risk**

The main responsibility for liquidity risk management belongs to the board of directors. The Board of Directors has established an appropriate liquidity risk management 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 ensuring the maintenance of sufficient funds and borrowing reserves through matching the maturities of financial assets and liabilities.

31.12.2025	Book Value	Total Contractual Cash Outflows	Less than 3 months	3–12 months	1–5 years	More than 5 years
Non-Derivative Financial Liabilities	1.901.502.645	1.695.215.757	528.915.534	950.007.859	216.292.364	–
Financial Debt	1.151.609.684	1.253.803.240	175.256.999	862.253.877	216.292.364	–
Accounts Payable	394.898.599	394.898.599	341.003.735	53.894.864	–	–

31.12.2024	Book Value	Total Contractual Cash Outflows	Less than 3 months	3–12 months	1–5 years	More than 5 years
Non-Derivative Financial Liabilities	2.708.345.840	2.415.841.918	555.511.803	682.143.463	1.178.186.652	–
Financial Debt	850.228.510	933.498.208	172.456.258	499.101.596	261.940.354	–
Accounts Payable	1.472.380.321	1.472.380.321	373.755.238	182.378.785	916.246.298	–

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

Capital Risk Management

While the Group tries to ensure the continuity of its activities in capital management, it also aims to increase its profitability by using its debt and equity balance in the most efficient way. The Group's capital structure is liabilities including loans disclosed in Note 4, cash and cash equivalents disclosed in Note 3, and shareholders' equity, including paid-in capital, capital adjustment differences, premiums/discounts on shares, revaluation measurement gains and losses, foreign currency translation differences, defined benefit plans remeasurement gains/losses, restricted reserves allocated from profits and previous years' profits/losses, respectively, disclosed in the consolidated statement of financial position It consists of items.

The Group's cost of capital, as well as the risks associated with each class of capital, are assessed by the Company's Management. Based on the evaluations of the Company Management, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments and the issuance of new shares. The group monitors capital using the debt/total equity ratio. This ratio is found by dividing net debt by total equity. Net debt is calculated by deducting cash and cash equivalents from the total amount of debt (which includes financial liabilities and liabilities, leasing, and trade payables, as shown in the statement of financial position)

The net debt to total equity ratio as of December 31, 2025, and December 31, 2024, is as follows:

	31.12.2025	31.12.2024
Total Debts	1.151.609.684	850.228.510
Cash and Cash Equivalents	-31.629.904	-44.133.461
Net Debt	1.119.979.780	806.095.049
Total Equity	3.250.924.256	1.154.379.603
Debt-to-Equity Ratio	% 34	% 70

GERSAN ELEKTRİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

Explanatory Notes to the Consolidated Financial Statements as of 31 December 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TL") as of 31 December 2025.)

33. EVENTS AFTER THE BALANCE SHEET DATE

With the decision of the Board of Directors of the Board of Directors dated 05.03.2026 and numbered 2026/02, Gersan Elektrik Ticaret ve Sanayi A.Ş. opened its Dutch Branch in the Netherlands. The share capital of the branch is 10,000 euros. The branch was established to sell all products in Gersan's product range to European Countries.