

**(CONVENIENCE TRANSLATION OF THE
FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH)**

**SMART GÜNEŞ ENERJİSİ TEKNOLOJİLERİ
AR-GE ÜRETİM SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2025**

INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of Directors of
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş.**

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Report on the Audit of the Consolidated Financial Statements

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Opinion

We have audited the consolidated financial statements of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. (the "Company" or "Smart") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards which are part of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and adopted within the framework of the Capital Markets Board of Turkey ("CMB"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and the ethical requirements in CMB legislation that are relevant to audit of consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

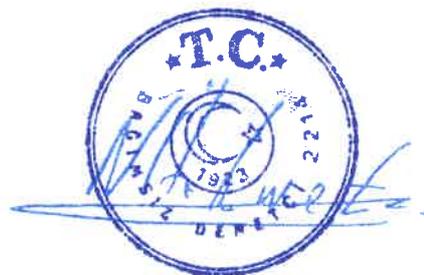
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our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

The key audit matter	How the matter was addressed in our audit
<p>Trade receivables and recoverability</p> <p>As of 31 December 2025, the Group's total trade receivable is TL 3.677.629.058 (31 December 2024: TL 4.013.157.687). The trade receivable from the third parties amounting to TL 3.668.866.750 (31 December 2024: TL 3.995.704.187), which is a part of total trade receivables, constitutes approximately 15% (31 December 2024: 18%) of the Group's assets.</p> <p>The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations or disputes regarding receivables. As a result of all these assessments, determination of doubtful receivables and setting of impairment provision for these receivables include also management judgements and estimations.</p> <p>In addition, the Group has calculated the Expected Credit Loss Provision for its receivables within the scope of TFRS 9.</p> <p>These estimations used are highly sensitive to expected future market conditions. For these reasons, trade receivables and their recoverability are an important issue for our audit.</p> <p>The Group's explanations regarding trade receivables, provision for doubtful receivables and credit risk are included in Notes 2.6 and 31.</p>	<p>During our audit, the following audit procedures regarding the recoverability of trade receivables were applied:</p> <p>The processes applied by the Group during the verification of trade receivables have been understood.</p> <p>Trade receivable balances have been tested with the confirmation method.</p> <p>It was ensured that the Group's process regarding the collection follow-up of its trade receivables and financial reporting for credit risk was understood, and the operational effectiveness of the internal controls included in the process was evaluated.</p> <p>Collection receipts and invoice controls regarding trade receivables were provided. The balances of the receivables in the previous year and the current year have been comparatively controlled, and especially the exchange rate differences arising from foreign currency balances have been controlled.</p> <p>The collection turnover rate was compared with the previous year.</p> <p>The collections in the following periods were tested by sampling method.</p> <p>The sufficiency of the explanations in the notes to the consolidated financial statements regarding the recoverability of trade receivables has been evaluated.</p> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the recoverability of trade receivables.</p>



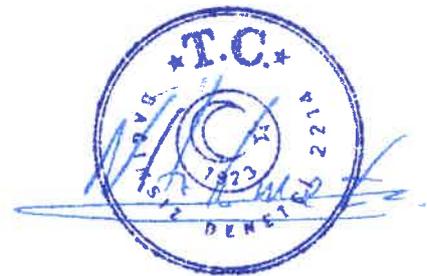
Key Audit Matters (Cont'd)

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition</p> <p>Revenue is an important measurement in terms of evaluating the results of the Group's strategies implemented during the year and monitoring the performance.</p> <p>As of 31 December 2025, revenue is the most important caption and account in the consolidated financial statements, the issue of "revenue recognition" has been determined as a key audit matter.</p> <p>Group's revenue consists of income from domestic and foreign sales.</p> <p>Revenues are recorded on accrual basis the fair value of the consideration received or receivable upon the delivery of the product, the transfer of risks and benefits associated with the product, the reliable determination of the amount of income and the probable flow of economic benefits of transaction.</p> <p>As of 31 December 2025, the Group's sales revenue is TL 10.581.001.663 (31 December 2024: TL15.285.067.108) and explanations regarding the relevant accounting policies are given in Note 2.6 and Note 20.</p>	<p>The audit procedures that we perform consist of testing internal controls, analytical reviews and test of details regarding the revenue recognition process, including reporting on performance evaluation and controls performed by Group management. Our audit procedures also include procedures for testing evidence that obtained about risks and benefits of products have been delivered to the customer.</p> <p>The main audit procedures that we made as follows:</p> <ul style="list-style-type: none"> · Revenue examined with analytical procedures, · Revenue invoice vouching test, · Revenue cut-off testing <p>. The processes applied by the Group during the confirmation of trade receivables have been understood,</p> <ul style="list-style-type: none"> · Invoice tests made by sampling method regarding the accuracy of sales transactions and records, and these invoices were matched with the bill of parcels and collections from the customer, · The collection risk of trade receivables was evaluated and the controls used in the follow-up of the collection process were tested. · Customer contracts were reviewed, and if there is any management judgments were evaluated. <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the revenue recognition.</p>



Key Audit Matters (Cont'd)

The key audit matter	How the matter was addressed in our audit
<p>Inventories</p> <p>There is a risk of impairment of inventories in the financial statements dated 31 December 2025 due to macroeconomic factors.</p> <p>However, the calculation of the provision for inventory also includes management estimations and assumptions. These estimates and assumptions include the evaluation of inventories sold for macroeconomic reasons and the evaluation of the provision for inventories that have not moved for a certain period and are damaged. For these reasons, provision for inventory is an important issue for our audit.</p> <p>Explanations on the Group's accounting policies and amounts related to inventory impairment are given in Note 2.6 and Note 8.</p>	<p>During our audit, the following procedures have been applied regarding the impairment of inventories.</p> <ul style="list-style-type: none"> i) Understanding and evaluating the appropriateness of the accounting policy related to the impairment of inventory, ii) Discussing with the company management the changing customer demand, the qualitative characteristics of the inventories and the risk of macroeconomic factors and comparing the inventory turnover rate with the previous year, iii) Observing whether there are inactive or damaged inventories in the year-end stock counts, iv) Sample testing of selling prices deducted from the discounts used in the net realizable value calculation. v) Assessment of the necessity for an inventory impairment. <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the inventory impairment.</p>



The key audit matter	How the matter was addressed in our audit
<p>Advances received</p> <p>The Group's revenue consists of the installation and construction of solar power plants and the sales of solar panels and power plant equipment related to solar power plants.</p> <p>Revenue is recognized when the significant risks and controls of ownership are transferred to the buyer.</p> <p>The Group's solar power plant installations and investments are delivered to customers on a turnkey basis because of the installations.</p> <p>As explained in Note 9 (advances received included in deferred income), it results from the advances received by the Group from its customers regarding sales. We consider the Group's advances received to be a key audit matter.</p>	<p>During our audit, the following procedures were applied regarding the revenue recognition and the order advances received:</p> <ul style="list-style-type: none"> - Obtained the delivery confirmations with supporting documents regarding the delivery of the revenue realized in the power plant revenues within the framework of the periodicity principle; - The substantive procedures focused on the assessment of cases where income was earned but not invoiced. - We specifically examined the billing transactions regarding the power plants the Group made abroad and the services it provided during the period. - The arithmetic calculations of the advances given and the data forming the basis for these calculations have been checked by audit team. - We have inquired the convenience of the information in the financial statements and its footnotes, considering the importance of the information disclosed to the readers of the financial statements. <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the advances received.</p>



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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Responsibilities of auditors in an audit are as follows:

In an independent audit, our responsibilities as the auditors are:

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

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Cont'd)

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

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

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

Other Legal and Regulatory Requirements

1. In accordance with the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that, the Group's bookkeeping activities and consolidated financial statements for the period between 1 January – 31 December 2025, are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
2. In accordance with the fourth paragraph of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of the audit.
3. In accordance with the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 06 March 2026.

The name of the engagement partner who supervised and concluded this audit is Nazım Hikmet.

Eren Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International



Nazım HİKMET
Partner

İstanbul, 06 March 2026

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Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Consolidated Statements of Financial Position as of 31 December 2025 and 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025 unless otherwise stated.)

ASSETS	Notes	Audited	Audited
		Current Period	Prior Period
		31 December 2025	31 December 2024
Current Assets			
Cash and cash equivalents	3	1.571.970.306	612.635.221
Financial investments	4	-	26.843.731
Trade receivables		3.677.629.058	4.013.157.687
- <i>Due from related parties</i>	6	8.762.308	17.453.500
- <i>Due from third parties</i>	5	3.668.866.750	3.995.704.187
Other receivables		885.973.496	799.817.540
- <i>Other receivables from related parties</i>	6	757.051.257	24.401.676
- <i>Other receivables from third parties</i>	7	128.922.239	775.415.864
Inventories	8	2.306.694.526	2.957.400.869
Prepaid expenses		4.128.230.770	4.525.735.537
- <i>Due from related parties</i>	6	1.511.334.459	1.381.623.449
- <i>Prepaid expenses, third parties</i>	9	2.616.896.311	3.144.112.088
Current income tax assets	18	207.456.397	136.946.112
Other current assets	10	584.299.277	864.313.544
TOTAL CURRENT ASSETS		13.362.253.830	13.936.850.241
Non-current Assets			
Other receivables		4.152.972	5.514.697
- <i>Other receivables from third parties</i>	7	4.152.972	5.514.697
Right of use assets	13	290.442.267	272.261.242
Property plant and equipment	11	10.595.732.813	6.965.773.619
Intangible assets	12	26.659.997	29.402.848
Prepaid expenses		299.287.133	236.985.392
- <i>Prepaid expenses to third parties</i>	9	299.287.133	236.985.392
Deferred tax assets	18	769.217.809	1.410.048.849
TOTAL NON-CURRENT ASSETS		11.985.492.991	8.919.986.647
TOTAL ASSETS		25.347.746.821	22.856.836.888

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Consolidated Statements of Financial Position as of 31 December 2025 and 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025 unless otherwise stated.)

LIABILITIES	Notes	Audited	Audited
		Current Period	Prior Period
		31 December 2025	31 December 2024
Current Liabilities			
Short-term borrowings	14	5.851.379.059	3.305.239.088
Short-term portion of long-term borrowings	14	1.331.125.348	1.494.844.506
Lease liabilities	14	90.414.907	80.388.992
- Lease transactions from related parties		36.273.721	28.454.624
- Lease transactions from third parties		54.141.186	51.934.368
Trade payables		3.996.357.522	5.831.864.984
- Due to related parties	6	437.169.780	437.781.477
- Due to third parties	5	3.559.187.742	5.394.083.507
Employee benefits	17	150.439.077	201.636.193
Other payables		43.032.723	-
- Other payables to third parties	7	43.032.723	-
Deferred income		5.443.416.922	2.887.956.605
- Deferred income from related parties	6	2.585.772.819	-
- Deferred income from third parties	9	2.857.644.103	2.887.956.605
Short-term Provisions		38.890.189	24.823.061
- Provisions for employee benefits	15	25.452.663	18.793.179
- Other short-term provisions	16	13.437.526	6.029.882
Other current liabilities	10	192.928.904	926.098.424
TOTAL CURRENT LIABILITIES		17.137.984.651	14.752.851.853
Non-current liabilities			
Long-term borrowings	14	3.329.767.081	3.302.311.306
Lease liabilities	14	227.458.277	175.122.018
- Lease transactions from related parties		123.748.450	63.639.258
- Lease transactions from third parties		103.709.827	111.482.760
Long-term provisions		28.812.372	27.057.167
- Long-term provisions for employee benefits	15	28.812.372	27.057.167
TOTAL NON-CURRENT LIABILITIES		3.586.037.730	3.504.490.491
Shareholders' Equity		4.633.827.218	4.598.732.158
Paid-in capital	19	605.880.000	605.880.000
Adjustment to share capital	19	1.513.621.812	1.513.621.812
Treasury shares (-)		(53.414.600)	(53.414.600)
Share premiums		788.678.422	788.678.422
Accumulated other comprehensive income not to be reclassified in profit or loss		470.811.915	(31.696.526)
- Revaluation Increases of Tangible Fixed Assets		504.485.214	-
- Gain/(Loss) on remeasurements of the defined benefit plans		(33.673.299)	(31.696.526)
Accumulated other comprehensive income that will be reclassified in profit or loss		(698.958.189)	(666.263.146)
- Foreign currency translation differences		26.534.927	6.177.922
- Gain / (loss) of hedging reserve		(725.493.116)	(672.441.068)
Restricted reserves appropriated from profits		256.955.288	213.419.406
Prior years' profit / (loss)		2.184.970.908	1.651.103.403
Net income/(loss) for the period		(434.718.338)	577.403.387
Non-controlling interest		(10.102.778)	762.386
TOTAL SHAREHOLDER'S EQUITY		4.623.724.440	4.599.494.544
TOTAL LIABILITIES		25.347.746.821	22.856.836.888

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Consolidated Statements of Financial Position as of 31 December 2025 and 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025 unless otherwise stated.)

	Notes	Audited	Audited
		1 January – 31 December 2025	1 January – 31 December 2024
PROFIT OR LOSS			
Revenue	20	10.581.001.663	15.285.067.108
Cost of sales (-)	20	(8.043.802.321)	(12.308.064.980)
GROSS PROFIT		2.537.199.342	2.977.002.128
General administrative expenses (-)	23	(728.372.298)	(796.518.563)
Selling, marketing and distribution expenses (-)	22	(197.837.206)	(282.268.665)
Research and development expenses (-)	21	(48.262.409)	-
Other operating income	25	1.047.228.154	1.484.466.286
Other operating expenses (-)	25	(1.275.101.581)	(1.599.406.054)
OPERATING PROFIT		1.334.854.002	1.783.275.132
Income from expenses activities	26	-	56.326.351
Expected credit loss according to TFRS 9 (-)		(20.074.909)	(17.665.862)
Share of profit/loss of investments accounted for using the equity method		(33.069)	-
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		1.314.746.024	1.821.935.621
Financial income	27	706.543.888	137.202.378
Financial expenses (-)	27	(3.329.093.367)	(3.273.650.186)
Net monetary position gains (losses)	28	1.463.444.661	920.458.358
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		155.641.206	(394.053.829)
Tax Income / (Expense) from Continuing Operations			
Current period tax expenses	18	-	(3.491.285)
Deferred tax (expense) / income	18	(601.224.708)	965.556.741
PROFIT/ (LOSS) FROM CONTINUING OPERATIONS		(445.583.502)	568.011.627
NET PROFIT/(LOSS) FOR THE PERIOD		(445.583.502)	568.011.627
Attributable to:			
Non-controlling interest		(10.865.164)	(9.391.760)
Equity holder of the parent		(434.718.338)	577.403.387
		(445.583.502)	568.011.627
Earnings/(Loss) Per Share	29	(0,72)	0,95
Items that will not to be reclassified to profit or loss			
- Revaluation Increases of Tangible Fixed Assets		570.051.521	-
- Gain / (loss) arising from defined benefit plans		(2.635.697)	(35.344.077)
Taxes on items that will not to be reclassified to profit or loss			
- - Revaluation Increases (Decreases) of Tangible Fixed Assets, Tax Impact		(65.566.307)	-
- - Remeasurement Gains (Losses) of Defined Benefit Plans, Tax Impact		658.924	8.836.019
Items that will be reclassified to profit or loss			
- Currency translation differences		20.357.005	3.373.391
- Gains/(Losses) from Cash Flow Hedging Risk		(78.353.099)	48.662.049
Taxes on items that will be reclassified to profit or loss			
- Other Comprehensive Income and Tax Effect Related to Cash Flow Hedging		25.301.051	(11.177.817)
TOTAL OTHER COMPREHENSIVE INCOME/LOSS		469.813.398	14.349.565
TOTAL COMPREHENSIVE LOSS		24.229.896	582.361.192
Attributable to:			
Equity holder of the parent		35.095.060	591.752.952
Non-controlling interest		(10.865.164)	(9.391.760)

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Consolidated Statement of Changes in Equity for the Periods of 1 January-31 December 2025 and 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025 unless otherwise stated.)

	Paid-in capital	Adjustment to share capital	Treasury shares (-)	Share premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
					Gain/(loss) on remeasurements of defined benefit plans	Revaluation Increases of Tangible Fixed Assets	Gain/(loss) of hedging reserve	Foreign currency translation difference	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period			
Balance as of 1 January 2024	605.880.000	1.513.621.812	(48.359.486)	788.678.422	(5.188.468)	-	(709.925.300)	2.804.531	129.890.460	(198.608.921)	1.933.241.270	4.012.034.320	10.154.146	4.022.188.466
Transfer	-	-	-	-	-	-	-	-	78.473.832	1.854.767.438	(1.933.241.270)	-	-	-
Total comprehensive Increase/decrease due to acquisition of treasury shares	-	-	-	-	(26.508.058)	-	37.484.232	3.373.391	-	-	577.403.387	591.752.952	(9.391.760)	582.361.192
	-	-	(5.055.114)	-	-	-	-	-	5.055.114	(5.055.114)	-	(5.055.114)	-	(5.055.114)
Balance as of 31 December 2024	605.880.000	1.513.621.812	(53.414.600)	788.678.422	(31.696.526)	-	(672.441.068)	6.177.922	213.419.406	1.651.103.403	577.403.387	4.598.732.158	762.386	4.599.494.544
Balance as of 1 January 2025	605.880.000	1.513.621.812	(53.414.600)	788.678.422	(31.696.526)	-	(672.441.068)	6.177.922	213.419.406	1.651.103.403	577.403.387	4.598.732.158	762.386	4.599.494.544
Transfer	-	-	-	-	-	-	-	-	43.535.882	533.867.505	(577.403.387)	-	-	-
Total comprehensive	-	-	-	-	(1.976.773)	504.485.214	(53.052.048)	20.357.005	-	-	(434.718.338)	35.095.060	(10.865.164)	24.229.896
Balance as of 31 December 2025	605.880.000	1.513.621.812	(53.414.600)	788.678.422	(33.673.299)	504.485.214	(725.493.116)	26.534.927	256.955.288	2.184.970.908	(434.718.338)	4.633.827.218	(10.102.778)	4.623.724.440

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Consolidated Statement of Cash Flows for the Periods of 1 January-31 December 2025 and 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025 unless otherwise stated.)

	Notes	Audited 31 December 2025	Audited 31 December 2024
A. Cash flows from operating activities		2.742.189.170	1.953.008.044
Profit/(loss) for the period		(445.583.502)	568.011.627
Adjustments to reconcile net profit/loss to net cash:		1.810.939.818	(690.346.844)
Adjustments related to depreciation and amortization expenses	11-12-13	641.344.171	304.877.441
Adjustments related to provision for employee benefits		18.202.175	(28.947.855)
Adjustments related to interest expenses		2.829.639.592	2.130.993.973
Adjustments related to interest income		(706.543.888)	(137.202.378)
Adjustments for fair value losses / (gains) of financial assets		-	(56.326.351)
Adjustments related to expected provision losses		32.292.702	17.665.862
Adjustments related to inventory value impairment income	8	5.148.225	6.444.092
Adjustments related to tax income/(expense)	18	601.224.708	(962.065.456)
Adjustments related to unrealized currency translation differences		528.177.396	304.998.548
Monetary gain/(loss)		(2.138.545.263)	(2.270.784.720)
Adjustments related to other increase / (decrease) in working capital		1.492.087.424	2.225.204.986
Decrease/(increase) in financial investments	4	26.843.731	487.238.234
Decrease/(increase) in inventories	8	645.558.118	764.432.118
Decrease/(increase) in trade receivables from third parties	5	294.544.735	540.057.923
Decrease/(increase) in trade receivables from related parties	6	8.691.192	214.006.484
Decrease/(increase) in other operating receivables from related parties	6	(732.649.581)	21.572.477
Decrease / (increase) in other operating receivables from third parties	7	647.855.350	(92.314.032)
(Decrease) / Increase in trade payables to third parties	5	(1.834.895.765)	1.965.370.187
(Decrease) / increase in other operating payables to third parties	7	43.032.723	(4.807.239)
(Decrease) / increase in trade payables to related parties	6	(611.697)	(587.769.202)
(Decrease) / increase in deferred incomes		2.555.460.317	(977.334.506)
Decrease / (increase) in other assets related to operations		280.014.267	(541.993.659)
(Decrease) increase in other liabilities related to operations		(776.958.992)	863.841.506
Decreases / (increase) in prepaid expenses		335.203.026	(427.095.305)
Cash inflow (outflow) from other operations		2.587.443.740	2.102.869.769
Taxes paid		(102.831.387)	(99.237.104)
Payments under provisions for employee benefits		(12.423.183)	(50.624.621)
B. Cash flows from investing activities		(3.665.922.248)	(3.541.415.358)
Proceeds from sale of property, plant and equipment and intangible assets	11-12	-	246.687
Purchases of property, plant and equipment	11	(3.661.565.895)	(3.540.958.699)
Purchases of intangible assets	12	(4.356.353)	(703.346)
C. Cash flows from financing activities		2.027.658.214	1.433.054.151
Cash inflows from borrowings	14	7.540.198.067	6.187.501.347
Cash outflows from borrowings	14	(5.239.982.122)	(3.654.410.170)
Cash inflows from debt securities issued	14	1.836.477.567	786.079.667
Cash outflows from repayments of debt securities issued	14	(524.807.925)	(403.981.239)
Cash inflows from leasings	14	300.255.077	361.695.967
Cash outflows from leasings	14	(204.457.931)	(170.102.386)
Payment of obligations under finance liability	14	(110.242.323)	(30.833.674)
Cash outflows from acquisition of treasury shares		-	(5.055.114)
Interest paid		(2.276.326.084)	(1.775.042.625)
Interest received		706.543.888	137.202.378
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		1.103.925.136	(155.353.163)
D. Inflation impact on cash and cash equivalents		(144.590.051)	(340.823.810)
E. Cash and cash equivalents at the beginning of the year		612.635.221	1.108.812.194
Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	1.571.970.306	612.635.221

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries ("Company" or "Smart Enerji") was established in 2014 in Istanbul. The Company and its subsidiaries are collectively referred to as the ("Group").

It started trading on the Istanbul Stock Exchange on 24 March 2022, under the code SMRTG, and as of the reporting date, it continues to be traded at a rate of 36.55%.

The Main Activity of Group.

The main field of the Group includes the installation of renewable energy power plants, the production of solar panels, the sale and marketing of various Solar Power Plant system equipment, and the provision of engineering and labour services.

As of 31.12.2025, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.12.2025, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki 3200 Cadde No:3207 41400 Gebze/Kocaeli and Çoraklar Mah. 5024. Sok. No:10 Aliğa Organize Sanayi Bölgesi (ALOSBİ) Aliğa/İzmir.

As of 31 December 2025 and 31 December 2024 the total number of personnel employed by the Group is 1.121 and 1.164 respectively.

The Subsidiaries

The subsidiaries, the countries in which they operate, and their fields of activity are as follows:

31 December 2025

Company Name	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Green Energy Technologies Inc.	Solar Panel and Power Plant Commercial Activities	100	USA
Smart Green Energy Trading Ilc	Solar Panel and Power Plant Commercial Activities	100	USA
Smart Yeşil Enerji Depolama A.Ş.	Solar Panel with Storage and Power Plant Commercial Activities	100	Türkiye
Kaizenn Güneş Teknolojileri ve Enerji Üretim A.Ş.	Solar Power Plant Equipment Commercial Activities	100	Türkiye

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

31 December 2024

Company Name	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energ Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Green Energy Technologies Inc.	Solar Panel and Power Plant Commercial Activities	100	USA
Smart Green Energy Trading Ilc	Solar Panel and Power Plant Commercial Activities	100	USA

The details of the Group's subsidiaries are summarized below:

Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

The company was established on April 20, 2021. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. is the 100% shareholder of the company. The company was founded to operate in the solar and electric energy sector, and its main activities include: purchasing, selling, importing, and exporting solar energy equipment; providing engineering, procurement, and construction (EPC) services for solar-powered electricity generation facilities; developing, constructing, commissioning, and selling turnkey solar power plant projects both domestically and internationally.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Smart GES Enerji Üretim A.Ş.

The company was established on March 5, 2021. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. is the 100% shareholder of the company. The company operates in the field of energy production under licenses obtained from the Energy Market Regulatory Authority. Its main activities include: establishing, operating, and leasing electricity generation facilities based on renewable energy sources; selling the generated electricity to legal entities holding wholesale or retail sales licenses and to free consumers through bilateral agreements within the framework of relevant legislation; and undertaking project development, engineering, manufacturing, installation, feasibility studies, and contracting activities related to energy generation facilities within Turkey. The company owns the YEKA-4 Niğde Bor Solar Power Plant, located in Bor district of Niğde province, with an installed capacity of 130 MWp. This plant commenced electricity production and sales in 2025. (Note 20)

Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.

The company was established on August 8, 2019. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 50% of the shares.

The company's main activity is the supply, purchase, sale, import, and export of solar energy equipment, providing equipment for renewable energy projects, and conducting commercial activities domestically and internationally in this context. The company does not have any active commercial operations.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & IHK Holding A.Ş. Konsorsiyumu

The company was established on May 8, 2020. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. is the 60% owner and leading partner of the company. The company was established within the consortium formed between Smart Solar Energy R&D Production Industry and Trade Inc. and IHK Holding for the Van Arisu Solar Power Plant (GES) 45 MWe/55 MWp Licensed Turnkey Engineering, Procurement and Construction Project. The company does not currently have any active commercial operations.

Icarus Solar Gmbh

The company was founded in Germany in 2019. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 100% of the company. The company's main activity is the wholesale sale of solar energy products (solar panels, inverters, structures, etc.) primarily to European countries through channel management.

Smart Solar Technology Gmbh

The company was founded in Germany in 2019. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 100% of the company. The company was established to provide turnkey installation and engineering services in European countries.

Smart Solar Ukraine

The company was founded in Ukraine in 2019. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 100% of the company. The company was established to provide turnkey installation and engineering services in Eastern European countries. However, due to the current political situation in Ukraine, the company is inactive. All management and operational activities are carried out by the parent company.

Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi

The company was established on November 30, 2023, and is wholly owned by Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.

The company's main activities include the installation and operation of charging stations and related infrastructure systems for electric vehicles, providing electric vehicle charging solutions, supplying and installing necessary charging units, and providing technical, administrative, and regulatory consultancy services for electric vehicle charging infrastructure.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Smart Gunes Tecnologias Renovables S.L.

The company completed its incorporation procedures in 2024 and operates in Spain. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. is the 100% shareholder of the company. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy-based products. The company does not currently have any active commercial operations.

Smart Global Enterprises & Trading B.V.

The company completed its incorporation procedures in 2024 and operates in the Netherlands. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. is the 100% shareholder of the company. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy-based products, and it also operates as a holding company.

Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.

The company was established on May 31, 2024, and 70% of its shares are owned by Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. The company's business activities include the production, storage, and trading of energy using hydrogen and oxygen to produce gas or liquid fuels based on renewable energy sources.

Smart Solar Technologies AD

The company completed its incorporation procedures in 2024 and operates in Bulgaria. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. is the 100% shareholder of the company. The company was established to invest in Bulgaria for the production of solar cells and panels, and to engage in energy production, transmission and distribution, as well as the production, supply, sale and trade of renewable energy-based products.

Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.

The company was established on November 29, 2023, and is 100% owned by Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. The company's business activities include the production and trading of solar panel cells.

Smart Energy Global Investment and Development B.V.

The company completed its incorporation procedures in 2023 and operates in the Netherlands. Smart Global Enterprises & Trading B.V. is the 100% shareholder. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy-based products, acting as a major partner in companies operating both domestically and internationally.

Smart Energy Bulgaria B.V.

The company completed its incorporation procedures in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. is the 100% shareholder. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy products, acting as the main partner in companies operating in Bulgaria.

Smart Energy Iberia B.V.

The company was incorporated in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. is the 100% owner of the company. Beyond its country of origin, the company's activities include energy production, transmission, distribution, and the supply, sale, and trading of renewable energy products, acting as a major partner in companies operating in Spain.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Smart Energy Romania B.V.

The company completed its incorporation procedures in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. is the 100% shareholder. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy products, acting as the main partner in companies operating in Romania.

Smart Energy Overseas Investment B.V.

The company completed its incorporation procedures in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. is the 100% shareholder. The company's business activities include energy production, transmission, and distribution, as well as the supply, sale, and trading of renewable energy products, acting as a major partner in companies operating overseas.

Smart Green Energy Technologies Inc.

With the aim of establishing solar panel manufacturing facilities in the United States, a company named Smart Green Energy Technologies Inc., with a capital of US\$50,000, has been incorporated and registered in the state of Delaware, USA, through our wholly owned subsidiary, Smart Global Enterprises & Trading B.V., based in the Netherlands.

Smart Green Energy Trading llc.

For the purpose of selling solar energy cells, panels, and equipment in the United States, a company named Smart Green Energy Trading LLC has been established through Smart Green Energy Technologies Inc., a wholly owned subsidiary of our company based in the USA.

Smart Yeşil Enerji Depolama A.Ş.

The company was established on March 13, 2025. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 100% of the company. The company's field of activity includes establishing production facilities for converting and storing energy sources into electrical energy, obtaining the necessary licenses and permits from the Energy Market Regulatory Authority, generating electrical energy, and selling the generated electrical energy and/or capacity to customers.

Kaizenn Güneş Teknolojileri ve Enerji Üretim A.Ş.

The company was established on June 18, 2025. Smart Solar Energy Technologies R&D Production Industry and Trade Inc. owns 100% of the company. The company's field of activity is to operate in the fields of energy production, transmission, distribution, and consumption by obtaining the necessary licenses from the Energy Market Regulatory Authority; to increase energy efficiency in industrial enterprises, buildings, and energy production facilities; to utilize renewable energy sources; to establish, operate, and lease electricity generation facilities; to sell the generated electricity wholesale or retail; and to provide and/or commission necessary facility, transmission line, project, contracting, engineering, and consulting services within this scope.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Affiliates

Group's subsidiaries included in the consolidated financial statements prepared by period, the countries in which they operate and their fields of activity are listed below;

31 December 2025

<u>Company Title</u>	<u>Main Activity</u>	<u>Owner Share(%)</u>	<u>Country of Establishment</u>
Erseka Solar Park 3 Lot 1 (*)	Establishment, operation and energy production activities of Solar Power Plants	31	Albania
Erseka Solar Park 3 Lot 2 (*)	Establishment, operation and energy production activities of Solar Power Plants	31	Albania

(*) Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. holds a 31% stake in the companies titled Erseka Solar Park 3 Lot 1 and Erseka Solar Park 3 Lot 2, both established in 2025. The primary activity of these companies is the establishment, operation, and energy generation of solar power plants. These companies were established within the scope of the Solar Power Plant CFD Tender held by the Albanian Ministry of Infrastructure and Energy on June 10, 2024, for the implementation of two separate projects with an installed capacity of 40.3 MW and 20.2 MW, respectively. The projects are planned to be operated initially for 15 years under a PPA (Power Purchase Agreement) with a state-guaranteed purchasing mechanism.

Joint Ventures

The joint ventures, the countries in which they operate and their fields of activity, which are the subject of Group's consolidated financial statements prepared by periods, are as follows:

31 December 2025

<u>Company Title</u>	<u>Main Activity</u>	<u>Owner Share(%)</u>	<u>Country of Establishment</u>
KES Adi Ortaklığı	Energy Transmission Line	33,33	Türkiye

KES Adi Ortaklığı

As of 30.01.2023, the establishment of the company has been completed. One of our Subsidiaries, Smart GES Enerji Üretim A.Ş. owns 33.33% of the relevant company. Within the scope of YEKA SPP – 4 tenders of SPP projects, Bor-1, Bor-2, and Bor-3 SPP projects were awarded to Türkiye Elektrik Üretim A.Ş. was established for the purpose of realizing the necessary Energy Transmission Line investments for its connection to the national grid, based on the connection opinion to be given by the Company.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries

Notes To the Consolidated Financial Statements as of 31 December 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2025, unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1. "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards.

Consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the KGK on 3 July 2024 and the Financial Statement Samples and User Guide published by the CMB.

Consolidated financial statements for the accounting period 1 January - 31 December 2025 were approved at the Board of Directors meeting dated 6 March 2026. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

Current period consolidated financial statements of Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

Financial Reporting In Hyperinflationary Economy

Following the announcement by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23, 2023, entities applying IFRS have commenced applying inflation accounting in accordance with IAS 29 Financial Reporting in High-Inflation Economies, starting with their financial statements for the annual reporting period ending on or after December 31, 2023.

IAS 29 applies to the financial statements, including consolidated financial statements, of entities whose operating currency is the currency of a high-inflation economy. In accordance with this standard, financial statements prepared using the currency of a high-inflation economy are prepared at the purchasing power of that currency as of the balance sheet date. For comparison purposes, comparative information in previous period financial statements is expressed in the current unit of measurement at the end of the reporting period. Therefore, the Group has also presented its consolidated financial statements as of December 31, 2024, based on the purchasing power of December 31, 2025.

In accordance with the Capital Markets Board's (SPK) decision dated December 28, 2023, numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by implementing IAS 29, starting with their annual financial reports for the accounting periods ending December 31, 2023.

The adjustments made pursuant to IAS 29 were carried out using the adjustment coefficient obtained from the Consumer Price Index ("CPI") in Turkey, published by the Turkish Statistical Institute ("TÜİK"). As of December 31, 2025, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial reporting in hyperinflationary economy (Continued)

Year End	Index	Conversion Factor	Three-year Inflation Rate
31 December 2025	3.513,87	1,00000	%211
31 December 2024	2.684,55	1,30892	%291
31 December 2023	1.859,38	1,88981	%268

The main elements of Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the statement of financial position date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the statement of financial position, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- Impact of inflation on Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated profit or loss statement

Functional and presentation currency

Group prepares and maintains its legal books and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), accounting principles set forth by tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The valid currency of Group is Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is the valid currency of Group.

Subsidiaries in foreign country assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. The retranslation of net assets at the beginning of the period and the exchange differences which resulting from the using of average exchange rates are followed on differences of foreign currency translation account within shareholders' equity. Currency translation differences are recorded under other comprehensive income unless there are translation differences related to non-controlling interests and are presented under foreign currency translation differences under equity. However, if the operation relates to a wholly owned subsidiary, the portion of the non-controlling interest is proportionately classified as a non-controlling interest.

Netting/Offsetting

Financial assets and liabilities are shown in net, if the required legal right already exists, there is an intention to pay the assets and liabilities on a net basis, or if there is an intention to realize the assets and the fulfilment of the liabilities simultaneously.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Changes in accounting policies

Significant changes in accounting policies are applied retroactively, and prior period financial statements are restated. The accounting policies used in the preparation of the consolidated financial statements for the period ended December 31, 2025, are consistent with the accounting policies used in the preparation of the consolidated financial statements for the period ended December 31, 2024.

2.3. Going Concern Assumption

The consolidated financial statements have been prepared on a going concern basis, assuming that the Company and its consolidated subsidiaries, joint ventures, joint operations, and affiliates will continue to benefit from their assets and fulfill their liabilities within the next year and in the natural course of their activities.

2.4 New and amended standards and interpretations

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending December 31, 2025, were applied consistently with those used in the previous year, with the exception of the new and amended Turkish Financial Reporting Standards (TFRS) and TFRS interpretations effective as of January 1, 2025, summarized below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

a) Standards, amendments, and interpretations applicable as of 31 December 2025

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2025

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

Effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and amended standards and interpretations (Continued)

Annual improvements to IFRS – Volume 11

Effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Financial Statements; and • IAS 7 Statement of Cash Flows.

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

Effective from annual periods beginning on or after 1 January 2026 but can be early adopted subject to local endorsement where required. These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'

IFRS 18 Presentation and Disclosure in Financial Statements

Effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, managementdefined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective from annual periods beginning on or after 1 January 2027. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19.

IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. New and amended standards and interpretations (Continued)

IFRS 17 Insurance Contracts;

It is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces IFRS 4, which currently permits a wide range of applications. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

However, in a letter dated 6 April, 2023, sent by the Public Oversight Authority (POA) to the Insurance Association of Turkey, it was stated that the POA concluded that the application of IFRS 17 from 1 January, 2024, would be appropriate in the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies.

On the other hand, due to the amendment of Article 13(1)(a) of the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" by the Insurance and Private Pension Regulation and Supervision Agency (IPRSA), changing the effective date of IFRS 17 from "1 January 2024" to "1 January 2025", the POA, in a letter dated 15 February 2024, sent to the Banks Association of Turkey, stated that the implementation date of IFRS 17 has been postponed to 1 January 2025, for the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies.

Furthermore, due to a further amendment to Article 13(1)(a) of the aforementioned Regulation by the IPRSA, changing the effective date of IFRS 17 from "1 January 2025" to "1 January 2026", the POA, in a letter dated 14 January 2025, sent to the Banks Association of Turkey, stated that the implementation date of IFRS 17 has been further postponed to 1 January 2026, for the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies.

2.4 Summary of Significant Accounting Policies

The principal accounting principles applied in the preparation of the accompanying consolidated financial statements are as follows:

Consolidation Principles

Full Consolidation:

Share capital and balance sheet items of the Company and its subsidiary have been collected. In the collection process, the receivables and payables of the partnership subject to the consolidation method from each other are mutually deducted.

- Share capital of the consolidated balance sheet is share capital of Company, the share capital of the subsidiary is not included in the consolidated balance sheet.

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

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

- The income statement items of the Company and its subsidiary are collected separately, and the sales of goods and services made by the partnerships subject to the consolidation method to each other are deducted from the total sales amounts and the cost of goods sold. The profit arising from the purchase and sale of goods between these partnerships regarding the inventories of the partnerships subject to the consolidation method is added to the cost of goods sold by deducting from the inventories in the consolidated financial statements, while the loss is added to the inventories and reduced from the cost of the goods sold. Income and expense items resulting from the transactions of the partnerships subject to the consolidation method are mutually deducted in the relevant accounts.

- The portion corresponding to the shares other than the partnership subject to the consolidation method from the net profit or loss of the subsidiary within the scope of consolidation is shown under the account group name “Non-Controlling Interests” after the net consolidated profit for the period.

- When deemed necessary, adjustments have been made to bring the financial statements of subsidiaries into line with the accounting principles applied by other group companies.

Related Parties

To the accompanying consolidated financial statements, executives and board of directors, their family and controlled or dependent companies, participations and subsidiaries of Group is referred to as related parties.

- a) A person or a close member of that person’s family is related to a reporting entity if that person,
- (i) has control or joint control over the reporting entity,
 - (ii) has significant influence over the reporting entity,
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,
- b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group,
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
 - (iii) Both entities are joint ventures of the same third party,
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,,
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
 - (vi) The entity is controlled or jointly controlled by a person identified in (a), a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Cash and Cash Equivalents

Cash and cash equivalents include cash held on hand, deposits held in banks, and other liquid investments with maturities of 3 months or less (footnote 3). Cash and cash equivalents used in cash flow reporting include cash and cash equivalents with maturities of less than 3 months, excluding accrued interest income.

Trade Receivables and Doubtful Trade Receivables

Trade receivables that are created by Group by way of providing goods or services in the ordinary course of business directly to a debtor are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less provision for impairment. Short-term trade receivables with no specific interest rates are measured at original invoice amount if the effect of interest accrual is insignificant.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Impairment

TAS 39, “Financial Instruments” valid before 1 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in TFRS 9 “Financial Instruments” Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of Group are considered.

Group has chosen to apply the “simplified approach” defined in TFRS 9 within the scope of the impairment calculations of its trade receivables (with a maturity of less than 1 year), which are accounted at amortized cost in its financial statements and do not contain a significant financing component.

Trade Payables

Trade payables are recorded at their fair value and subsequently accounted for at their discounted value using the effective interest rate.

Inventory

Inventory is valued on the basis of the lower of cost and net realizable value. The Group uses the average cost method. The factors that make up the cost of inventory are raw materials, direct labor, depreciation, and general manufacturing expenses. Net realizable value is the estimated selling price that would be in the normal course of business and the remaining selling price after deducting relevant expenses. The Group has set aside an impairment allowance for inventory where the net realizable value is lower than the cost value or where there has been no movement for a long period of time.

Property, plant and equipment and related depreciation

The Group’s property, plant and equipment are stated at indexed acquisition cost less accumulated depreciation, except for land held for use, which is measured at fair value under the revaluation model. Land is not subject to depreciation.

Profits and losses from sales of tangible assets are included in other income and expense accounts. If the registered value of the assets is higher than the estimated replacement value, it is reduced to the replacement value by making a provision. Repair and maintenance expenses related to tangible fixed assets are expensed as incurred.

Except for land and investments in progress, tangible fixed assets have been depreciated on a pro-rata basis using the straight-line method in accordance with the useful life principle. Depreciation rates are determined according to the approximate economic lives of tangible fixed assets and are stated below:

	<u>Year</u>
Machinery and Equipment	4-29
Vehicles	5
Furniture and Fixtures	2-50
Leasehold improvements	5-15

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are calculated at cost less accumulated depreciation and impairment losses. This figure is also adjusted if lease liabilities are revalued.

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

- (a) Initial measurement of lease liability
- (b) Amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement date of the lease
- (c) All initial direct costs incurred by the Group

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

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

Intangible Assets and Amortization

Intangible assets are recognized in the consolidated financial statements based on the criteria of being identifiable, having control over the related resource, and the existence of an expected future economic benefit. Intangible assets are expressed at indexed cost less accumulated amortization and any permanent impairments. These assets are amortized using the straight-line depreciation method according to their expected useful lives. Intangible assets include acquired rights, information systems, and computer software. Development expenses; project costs related to new product development, testing, and design are considered intangible assets if the project is economically and technologically feasible and the project costs are reliably measurable. Other research and development expenses are expensed as they occur. Development costs recorded as expenses in previous periods cannot be capitalized.

The useful lives of intangible assets are as follows:

	<u>Year</u>
Rights	3-30

Impairment of Assets

Assets with an unlimited life, such as goodwill, are not subject to amortization. An impairment test is performed annually for these assets. For assets subject to amortization, an impairment test is performed when circumstances or events occur that make it impossible to recover the carrying amount. An impairment allowance is recorded if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value after deducting costs to sell or the value in use. For impairment assessment, assets are grouped at the lowest level of separately identifiable cash flows (cash-generating units). Non-financial assets subject to impairment, excluding goodwill, are reviewed at each reporting date for possible reversal of the impairment.

Financial Assets

The classification process for the group's financial assets is carried out at the time of acquisition and is reviewed regularly.

Classification

The Group accounts for its financial assets in three classes: “financial assets recognized at amortized cost”, “financial assets recognized at fair value in other comprehensive income”, and “financial assets recognized at fair value in profit or loss”. Classification is based on the business model used by the entity for managing the financial assets and the characteristics of the contractual cash flows of the financial asset. The Group classifies its financial assets at the time of acquisition. Except in cases where the Group’s business model for managing financial assets changes, financial assets are not reclassified after their initial recognition; in the event of a change in the business model, financial assets are reclassified on the first day of the reporting period following the change.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Accounting and Measurement

a) Financial Assets Measured at Amortized Cost

These are non-derivative financial assets held under a business model aimed at collecting contractual cash flows, and which include cash flows consisting only of principal and interest payments on the principal balance on specified dates as per the contract terms. The Group's financial assets accounted for at amortized cost include "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". The relevant assets are measured at their fair value at their initial recognition in the consolidated financial statements; and at their discounted value using the effective interest rate method at subsequent recognitions. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

b) Financial Assets Accounted for at Fair Value

i. Financial Assets Recognized at Fair Value in Other Comprehensive Income

These are non-derivative financial assets held under a business model aimed at collecting contractual cash flows and selling the financial asset, and which, under the terms of the contract, only include cash flows consisting of principal and interest payments on the principal balance on specified dates. Any gains or losses arising from these financial assets, excluding impairment gains or losses and exchange gains or losses, are recognized in other comprehensive income.

If these assets are sold, any revaluation differences classified in other comprehensive income are reclassified as retained earnings. The Group may irrevocably choose, at the time of initial recognition in the consolidated financial statements, to recognize subsequent changes in fair value for investments in equity-based financial assets in other comprehensive income. If such a choice is made, dividends from these investments are recognized in the income statement.

ii. Financial Assets Recognized at Fair Value in Profit or Loss

These consist of financial assets other than those measured at amortized cost and recognized at fair value in other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the income statement.

Deregistration

The Group deregisters a financial asset when its rights relating to cash flows arising from a contract relating to that financial asset expire or when it transfers its rights, including ownership of all risks and returns associated with that financial asset, through a purchase or sale transaction. Any rights created or held in respect of financial assets transferred by the Group are recognized as separate assets or liabilities.

Impairment

Impairment of financial and contract assets is calculated using the "expected credit loss" (ECL) model. The impairment model applies to amortized cost financial assets and contract assets.

Provisions for losses are measured on the following basis:

- 12-month ECLs: ECLs arising from potential default events within 12 months after the reporting date.
- Lifetime ECLs: ECLs arising from all potential default events over the expected life of a financial instrument. The lifetime ECL measurement applies if the credit risk associated with a financial asset has increased significantly since the initial recognition date. In all other cases where such an increase has not occurred, the 12-month ECL calculation has been applied. The Group may determine that the credit risk of a financial asset has not increased significantly if the financial asset has a low credit risk at the reporting date. However, the lifetime ECL measurement (simplified approach) is always valid for trade receivables and contract assets without a significant financing element.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Financial Liabilities

The Group's financial liabilities and equity instruments are classified according to contractual arrangements and the basis for identifying a financial liability and an equity instrument. A contractual equity instrument is a financial instrument representing a right in the Group's assets remaining after deducting all liabilities. The accounting policies applied to specific financial liabilities and equity instruments are as follows;

Financial liabilities are classified as financial liabilities recognized at fair value in profit or loss or other financial liabilities.

a) Financial Liabilities Recognized at Fair Value in Profit or Loss

Financial liabilities recognized at fair value in profit or loss are recognized at their fair value and revalued at their fair value as of the balance sheet date in each reporting period. Changes in their fair value are recognized in the income statement. Net gains or losses recognized in the income statement include the interest paid on that financial liability.

b) Other Financial Liabilities

Other financial liabilities, including financial debts, are initially recognized at their fair value, adjusted for transaction costs.

Other financial liabilities are subsequently recognized at amortized cost using the effective interest method, together with interest expense calculated at the effective interest rate.

The effective interest method is the method of calculating the amortized cost of a financial liability and allocating the related interest expense to the related period. The effective interest rate is the rate that fully discounts the estimated future cash payments over the expected life of the financial instrument, or over a shorter period if appropriate, to the net present value of the related financial liability.

Financial Leasing

A leasing transaction in which a significant portion of the risks and gains associated with the property belong to the lessee is classified as a financial lease. Other leases are classified as operating leases.

Lease-Lessor Case: Company

Financial lease receivables are recorded up to the amount of the Group's net investment in the lease. Financial lease income is allocated to accounting periods in such a way as to provide a fixed periodic rate of return on the Group's net investment in financial leases. Lease income related to operating leases is accounted for using the straight-line method for the relevant lease period. Direct initial costs incurred in executing and negotiating the lease are included in the cost of the leased asset and amortized over the lease term using the straight-line method.

Lease-Lessor Case: Company

Assets acquired through financial leases are capitalized using the lower of the fair value of the asset at the lease date or the present value of the minimum lease payments. The liability to the lessor is shown as a financial lease liability on the balance sheet.

Financial lease payments are separated into financing expenses and principal payments that reduce the financial lease liability, thus enabling interest to be calculated at a fixed rate on the remaining principal balance. Financial expenses are recognized in the income statement, excluding the capitalized portion of financing expenses, in accordance with the Group's general borrowing policy detailed above. Contingent leases are recognized as expenses in the period in which they arise. Payments for operating leases (including incentives received or to be received from the lessor for the purpose of carrying out the lease transaction, which are recorded in the income statement using the straight-line method over the lease period) are recognized in the income statement using the straight-line method over the lease period. Contingent leases under operating leases are recognized as expenses in the period in which they arise.

Borrowing Costs

General and specific borrowing costs related to the acquisition, construction, and production of qualifying assets that require significant time to be brought to intended use and sale are added to the cost of those assets for the period until they are ready for intended use or sale. Other borrowing costs are recognized in the profit and loss statement in the period in which they arise.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Taxes on Corporate Income

Consists of the sum of current tax and deferred tax expense.

Current tax: The current year's tax liability is calculated on the taxable portion of the period's profit.

Deferred tax: Deferred tax is reflected by considering the tax effects arising from temporary differences between the values of assets and liabilities as reflected in financial reporting and their bases in the statutory tax account, taking into account the balance sheet liability method.

Severance Pay Provision

According to the Turkish Labor Law, the employer is obliged to pay severance pay in proportion to the years worked in cases of termination of employment and/or retirement, termination of employment due to marriage for women, and termination of employment due to military service for men. According to the updated IAS 19 Employee Benefits Standard ("IAS 19"), such payments are classified as defined retirement benefit plans. The severance pay liability recognized in the balance sheet represents the present value of the remaining liability after adjustment for actuarial gains and losses not recognized in the income statement.

Operating Expenses

Operating expenses are recognized in the income statement on the date the service is rendered or the expense is incurred. Warranty expenses should be recognized in the consolidated financial statements as a provision expense in the same period as the revenue from the related sale. Recognition of Revenue

The Group recognizes revenue in its consolidated financial statements when it fulfills its performance obligation by transferring a committed good or service to its customer. An asset is transferred when (or when) control of the asset passes to (or is transferred to) the customer. The Group recognizes revenue in its consolidated financial statements in accordance with the following fundamental principles:

- (a) Defining contracts with customers,
- (b) Defining performance obligations under the contract,
- (c) Determining the transaction price under the contract,
- (d) Allocating the transaction price to performance obligations under the contract,
- (e) Recognizing revenue when each performance obligation is fulfilled.

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

- (a) The parties to the contract have approved the contract (in writing, orally, or in accordance with other commercial customs) and undertake to perform their respective obligations,
- (b) The Group can define the rights of each party to the goods or services to be transferred,
- (c) The Group can define the payment terms for the goods or services to be transferred,
- (d) The contract is commercial in nature,
- (e) It is likely that the Group will receive consideration from the customer for the goods or services to be transferred. When assessing whether a payment is likely to be collected, the entity considers only the customer's ability and intention to pay the payment on time.

Provisions

Provisions are accrued when there is a potential liability arising from past events (legal or structural liability), when a decrease in the assets necessary to fulfill this liability in the future is likely, and when 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.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Commitments and Potential Liabilities

Transactions giving rise to commitments and potential liabilities refer to situations whose occurrence depends on the outcome of one or more future events. Therefore, some transactions are recognized as off-balance sheet items due to the potential future loss, risk, or uncertainty they carry. When an estimate is made for potential future liabilities or losses, these liabilities are recognized as expenses and liabilities for the Group. However, potential future income and profits are reflected in the consolidated financial statements.

Transactions in foreign currency

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

The periods-end rates used for USD, EURO, UAH and BGN are shown below.

	31 December 2025		31 December 2024	
	Buying	Selling	Buying	Selling
USD	42,8457 TL	42,9229 TL	35,2803 TL	35,3438 TL
EUR	50,2859 TL	50,3765 TL	36,7362 TL	36,8024 TL
BGN	25,6165 TL	25,9517 TL	18,6752 TL	18,9196 TL
UAH	1,0139 TL	1,0139 TL	0,8396 TL	0,8396 TL

Financial Hedging Accounting

The Group hedges against exchange rate risks arising from highly probable future foreign currency sales under its corporate budget by borrowing in the same currency on its balance sheet. Foreign currency borrowings designated as hedging instruments are accounted for as cash flow hedging risks. At the commencement of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with risk management objectives and strategies for managing various hedging transactions. In addition, at the commencement and throughout the hedging transaction, the Group makes the following assessments regarding the effectiveness of the instrument:

- the existence of an economic relationship between the hedged item and the instrument acquired for hedging purposes;
- the credit risk effect does not drive value changes arising from the economic relationship; and
- The hedging ratio of the hedging relationship must be the same as the ratio resulting from the amount of the item actually hedged by the Group and the amount of the hedging instrument actually used to hedge that amount.

If the hedging relationship does not meet the ratios for the effectiveness of the hedging transaction, but the risk management objectives for this defined hedging relationship remain the same, the Company will change the hedging ratio of the hedging relationship to meet the necessary criteria again (such as rebalancing the hedging).

Earnings per share

Earnings per share stated in the profit or loss statement are determined by dividing the net profit attributable to the parent company by the weighted average number of shares held during the relevant period. Companies in Turkey may increase their capital by distributing shares to existing shareholders in proportion to their shares from accumulated profits and equity inflation adjustment differences ("bonus shares"). When calculating earnings per share, this bonus share issue is counted as issued shares. Therefore, the weighted average number of shares used in the earnings per share calculation is obtained by taking into account the issued bonus shares retrospectively.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Capital

Common shares

Common shares are classified as paid-in capital. Additional costs directly attributable to the issuance of common shares are accounted for as a decrease in equity after deducting any tax effects.

Government Grants and Assistance

Government grants are recognized at their fair value when there is reasonable assurance that the grants will be received and that the Group will meet the conditions to which it is obliged. Government grants relating to costs are accounted for consistently over the relevant periods in which they match the costs they will cover.

Cash Flow Statement

For cash flow statement purposes, cash and cash equivalents consist of cash and demand bank deposits.

2.5. Significant Accounting Assessments, Estimates and Assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. The Group makes estimates and assumptions for the future. Accounting estimates, by their nature, may not be identical to actual results. Some estimates and assumptions that may result in significant adjustments to the recorded values of assets and liabilities in the future financial reporting period are listed below.

Provision for doubtful receivables: The provision for doubtful receivables reflects the amounts that management believes will cover future losses on receivables that exist as of the reporting date but are at risk of not being collected under current economic conditions. When assessing whether receivables are impaired, the past performance of debtors, their market creditworthiness, their performance from the date of the consolidated financial statement to the date of approval of the consolidated financial statements, and other considerations are taken into account. Furthermore, for impairment calculations of trade receivables with a maturity of less than one year that are accounted for at amortized cost in the consolidated financial statements and do not contain a significant financing component, the "simplified approach" defined in IFRS 9 has been preferred. With this approach, the Group measures provisions for losses on trade receivables at an amount equal to lifetime expected credit losses, in cases where trade receivables are not impaired for specific reasons (excluding realized impairment losses).

Provision for employee termination benefit: Provision for employee termination benefit is determined by actuarial calculations based on a number of assumptions including discount rates, future salary increases and employee turnover rates. Because these plans are long-term, these assumptions contain significant uncertainties.

Litigation provisions: The probability of losing ongoing litigation and the consequences to be incurred if lost are assessed in line with the opinions of the Group's legal counsel, and Group management uses the available data to make its best estimates and sets aside the necessary provision.

Deferred tax: The Group accounts for deferred tax assets and liabilities for temporary timing differences arising from discrepancies between its statutory financial statements and its financial statements prepared in accordance with IFRS. These discrepancies generally involve differences in the taxable amounts of certain income and expense items in the statutory financial statements and the financial statements prepared in accordance with IFRS. This is due to their being in different periods.

Useful life: The Group assesses the nature of the capitalized asset for its tangible and intangible fixed assets in accordance with IAS 16 and IAS 38 standards, and accordingly, the relevant assets are capitalized when they become available for use.

Tangible fixed assets and intangible fixed assets other than goodwill have been amortized over their estimated useful lives. The Company determines the useful life of an asset by considering the estimated usefulness of that asset. The useful lives determined by management are explained in Note 2.6.

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3. CASH AND CASH EQUIVALENTS

Details of Group's cash and cash equivalents for the periods are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash on hand	237.223	239.710
Cash at banks	1.571.733.083	612.395.511
- Demand deposit	812.026.104	365.141.362
- Time deposits	759.706.979	247.254.149
	<u>1.571.970.306</u>	<u>612.635.221</u>

(*) Term deposit consist of bank accounts with maturities shorter than three months. Details of the Company's term deposits are as follows.

31 December 2025	<u>Interest Rate (%)</u>	<u>TL Equivalent</u>
Turkish Lira Deposits	35%	759.706.979
Total		<u>759.706.979</u>
31 December 2024	<u>Interest Rate (%)</u>	<u>TL Equivalent</u>
Turkish Lira Deposits	55%	247.254.149
Total		<u>247.254.149</u>

As of December 31, 2025, the Group has a blocked deposits of TL 184.617.724 in its deposit accounts (December 31, 2024: TL 119.847.088).

4. FINANCIAL INVESTMENTS

Details of Group's financial investments by periods are as follows:

Short-Term Financial Investments	<u>31 December 2025</u>	<u>31 December 2024</u>
Financial assets measured at fair value through profit or loss(*)	-	26.843.731
	<u>-</u>	<u>26.843.731</u>

(*) The account for financial assets measured at fair value through profit or loss consists of the Currency Protected Turkish Lira Term Deposit Account. This is a deposit product that offers exchange rate protection in the event that the exchange rate of the US Dollar and Euro in Turkish Lira exceeds the interest rate at maturity.

The Currency Protected Deposit (CPD) program has ended, and there are no new CPD deposits as of the end of the current period.

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5. TRADE RECEIVABLES AND PAYABLES

Details of Group's trade receivables for the periods are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term trade receivables		
Trade receivables	3.009.894.230	3.269.564.667
Notes receivables	721.448.169	781.638.837
Expected credit loss (-)	(62.475.649)	(55.499.317)
Doubtful receivables (*)	83.069.842	92.739.897
Provisions for doubtful receivables (-)	(83.069.842)	(92.739.897)
	<u>3.668.866.750</u>	<u>3.995.704.187</u>

Explanations regarding the nature and level of risks in trade receivables are given in Note 31.

(*) The movement of the provisions for doubtful receivables is as follows:

	<u>1 January - 31 December 2025</u>	<u>1 January - 31 December 2024</u>
Balance at beginning of the period	92.739.897	115.393.022
Current year additions / (Provisions no longer required)	12.217.793	12.816.083
Monetary gain / (loss)	(21.887.848)	(35.469.208)
End of the period	<u>83.069.842</u>	<u>92.739.897</u>

The movement table of the Group's expected credit loss allow for the ended periods is as follows:

	<u>1 January - 31 December 2025</u>	<u>1 January - 31 December 2024</u>
Balance at beginning of the period	55.499.317	54.623.479
Current year additions / (Provisions no longer required)	20.074.909	17.665.862
Monetary gain / (loss)	(13.098.577)	(16.790.024)
End of the period	<u>62.475.649</u>	<u>55.499.317</u>

Details of Group's trade receivables for the periods are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term trade payables		
Trade payables	1.503.189.773	2.892.511.015
Notes payables	2.055.997.969	2.501.572.492
	<u>3.559.187.742</u>	<u>5.394.083.507</u>

Explanations regarding the nature and level of risks in trade payables are given in Note 31.

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6. RELATED PARTY TRANSACTIONS

Details of Group's related party transactions for periods are as follows:

	Trade Receivables	
	31 December 2025	31 December 2024
Smart Energy Ukraine	8.762.308	8.352.518
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	-	9.100.982
	8.762.308	17.453.500

	Other Receivables	
	31 December 2025	31 December 2024
Smart Holding A.Ş.	757.051.257	24.401.676
	757.051.257	24.401.676

	Prepaid Expenses	
	31 December 2025	31 December 2024
Smart Verde Yenilenebilir Enerji A.Ş. (*)	1.503.014.201	781.519.201
KES Adi Ortaklığı	8.320.258	6.544.336
Sumec Energy Holdings Co. Ltd.	-	593.559.912
	1.511.334.459	1.381.623.449

(*) These are advance payments given in respect of planned solar energy construction works.

	Short-term Trade Payables	
	31 December 2025	31 December 2024
Smart Energy Group AD (Bulgaria)	308.051.201	437.781.477
Sumec Energy Holdings Co. Ltd.	129.118.579	-
	437.169.780	437.781.477

	Order Advances Received	
	31 December 2025	31 December 2024
Atlas Ges Enerji Üretim A.Ş. (*)	1.492.594.343	-
Asya GES Enerji Üretim San. Tic. Ltd. Şti. (**)	1.093.178.476	-
	2.585.772.819	-

(*) Within the scope of the contract signed between the Group and Atlas Ges Enerji Üretim A.Ş., an advance payment was collected from the employer in accordance with the contract terms for the project concerning the installation and commissioning of solar energy-based storage power generation facilities with a total capacity of 132 MW on the relevant lands.

(**) Within the scope of the contract signed between the Group and Asya GES Enerji Üretim San. Tic. Ltd. Şti., an advance payment was collected from the employer in accordance with the contract terms for the project concerning the installation and commissioning of solar energy-based storage power generation facilities with a total capacity of 90 MW on the relevant lands.

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6. RELATED PARTY TRANSACTIONS (Continued)

Group's transactions with its related parties for periods are as follows:

	Sales		Purchases	
	2025	2024	2025	2024
Atlas Ges Enerji Üretim A.Ş.	282.505.755	-	-	-
Asya GES Enerji Üretim San. Tic. Ltd. Şti.	142.827.540	-	-	-
Smart Solar EOOD (Bulgaria)	25.907.989	231.400.293	24.959.270	482.310.610
Sumec Energy Holdings Co. Ltd.	15.398.933	11.380.542	2.084.599.159	965.372.991
Smart Verde Yenilenebilir Enerji A.Ş.	298.716	-	548.326.898	1.061.247.440
Smart Holding A.Ş.	-	-	149.147.463	209.081.324
Sumec Hong Kong Co. Ltd.	-	-	89.007.744	47.167.172
	466.938.933	242.780.835	2.896.040.534	2.765.179.537

	Interest Income	
	2025	2024
Smart Holding A.Ş.	381.600.308	-
Smart Verde Yenilenebilir Enerji A.Ş.	247.981.956	-
	629.582.264	-

Key Management Benefits

Total amount of wages and similar benefits provided to Group's President and Vice President of the Board of Directors and other key executives in the current period is 26.997.238 TL (31 December 2024: 31.442.585 TL).

7. OTHER RECEIVABLES AND PAYABLES

The details of the Group's other receivables and payables from unrelated parties by period are as follows:

<u>Other short-term receivables</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
VAT refund receivables	122.146.073	769.332.974
Deposits and guarantees given	6.776.166	6.082.890
	128.922.239	775.415.864

<u>Other long-term receivables</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Deposits and guarantees given	4.152.972	5.514.697
	4.152.972	5.514.697

<u>Other short-term payables</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Tax restructuring payables (*)	38.187.357	-
Deposits and guarantees received	4.845.366	-
	43.032.723	-

(*) Consists of installment-based tax debts.

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8. INVENTORIES

The details of the Group's inventory by period are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Raw materials	737.038.985	851.175.909
Finished goods	690.087.917	977.784.060
Commercial goods	894.910.736	1.141.785.225
Provision for impairment in inventory (-)	(15.343.112)	(13.344.325)
	<u>2.306.694.526</u>	<u>2.957.400.869</u>

The Group's inventory impairment allowance details by period are as follows:

	<u>1 January- 31 December 2025</u>	<u>1 January - 31 December 2024</u>
Beginning of period	13.344.325	9.962.471
Provisions set aside during the period	5.148.225	6.444.092
Monetary gain / (loss)	(3.149.438)	(3.062.238)
End of period	<u>15.343.112</u>	<u>13.344.325</u>

9. PREPAID EXPENSES AND DEFERRED INCOME

The details of short and long-term prepaid expense for the periods are as follows:

<u>Short-term prepaid expenses</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Advances given to suppliers (*)	2.522.710.572	3.103.285.667
Prepaid expenses	94.185.739	40.826.421
	<u>2.616.896.311</u>	<u>3.144.112.088</u>

(*) Advances given consist of prepayments made by Group to suppliers for raw material purchases.

<u>Long-term prepaid expenses</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Advances given to suppliers	232.332.103	159.641.760
Prepaid expenses	66.955.030	77.343.632
	<u>299.287.133</u>	<u>236.985.392</u>

<u>Deferred Incomes</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Advances received (*)	2.857.644.103	2.887.956.605
	<u>2.857.644.103</u>	<u>2.887.956.605</u>

(*) Advances received consist of advances received by Group from customers regarding sales.

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10. OTHER ASSETS AND LIABILITIES

The details of the Group's other assets and liabilities by period are as follows:

<u>Other Current Assets</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Deferred VAT	575.886.440	855.598.621
Due from personnel	8.412.837	8.714.923
	<u>584.299.277</u>	<u>864.313.544</u>

<u>Other Short-Term Liabilities</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Taxes and funds payable	192.928.904	926.098.424
	<u>192.928.904</u>	<u>926.098.424</u>

11. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period year ending 31 December 2025:

	<u>1 January 2025</u>	<u>Additions</u>	<u>Disposals (-)</u>	<u>Value Increase / (Decrease)(**)</u>	<u>Transfers (*)</u>	<u>31 December 2025</u>
Cost						
Land	329.033.884	163.477.390	-	515.431.937	-	1.007.943.211
Machinery and equipment	2.613.108.227	372.218.318	-	-	5.137.218.115	8.122.544.660
Vehicles	64.155.063	-	(913.586)	-	-	63.241.477
Furniture and fixtures	170.134.410	29.077.442	-	-	-	199.211.852
Construction in progress (*)	2.674.896.187	3.031.423.849	-	-	(5.137.218.115)	569.101.921
Leasehold improvements	1.789.304.948	65.368.896	-	-	-	1.854.673.844
	<u>7.640.632.719</u>	<u>3.661.565.895</u>	<u>(913.586)</u>	<u>515.431.937</u>	<u>-</u>	<u>11.816.716.965</u>

	<u>1 January 2025</u>	<u>Current year charge</u>	<u>Disposals</u>	<u>Value Increase / (Decrease)</u>	<u>Transfers</u>	<u>31 December 2025</u>
Accumulated depreciation						
Machinery and equipment	(477.088.584)	(321.895.717)	-	-	-	(798.984.301)
Vehicles	(21.477.445)	(9.644.938)	913.586	-	-	(30.208.797)
Furniture and fixtures	(56.350.090)	(33.471.295)	-	-	-	(89.821.385)
Leasehold improvements	(119.942.981)	(182.026.688)	-	-	-	(301.969.669)
	<u>(674.859.100)</u>	<u>(547.038.638)</u>	<u>913.586</u>	<u>-</u>	<u>-</u>	<u>(1.220.984.152)</u>

Net book value	<u>6.965.773.619</u>					<u>10.595.732.813</u>
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(*) Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.'s subsidiary, Smart GES Enerji Üretim A.Ş., won the BOR-1 (130 MWp) tender for the allocation of solar-based renewable energy resource areas and connection capacities, announced by the General Directorate of Energy Affairs of the Ministry of Energy and Natural Resources of the Republic of Turkey in the Official Gazette dated July 14, 2021 and numbered 31541, by submitting the best bid in April 2022. In this context, the majority of the "investments in progress" account consists of costs incurred for the construction of a power plant with an installed capacity of 130 MWp corresponding to 100 MWe of generation capacity. As of the last quarter, a certain part of the facility has become operational, and the amount recognized under the "transfers" account relates to this portion that has been commissioned.

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11. PROPERTY, PLANT AND EQUIPMENTS (Continued)

(**) The Company's land were valued at their fair value as of December 31, 2025. Fair values were determined by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company authorized by the Capital Markets Board. Market approach and cost approach methods were applied in the valuation of the properties. Value increases are reported under the item " Revaluation Increases of Tangible Fixed Assets" within equity. Value decreases are reported under the item " Other operating expenses" within the income statement. (Note 25)

Prior Period	1 January 2024	Additions	Disposals (-)	Transfers (*)	31 December 2024
Cost					
Land	143.688.777	96.453.572	-	88.891.535	329.033.884
Machinery and equipment	1.508.883.332	915.014.413	-	189.210.482	2.613.108.227
Vehicles	66.919.433	110.111	(2.874.481)	-	64.155.063
Furniture and fixtures	102.112.646	68.021.764	-	-	170.134.410
Construction in progress	2.128.627.217	2.451.881.784	-	(1.905.612.814)	2.674.896.187
Leasehold improvements	152.317.096	9.477.055	-	1.627.510.797	1.789.304.948
	4.102.548.501	3.540.958.699	(2.874.481)	-	7.640.632.719
	1 January 2024	Current year charge	Disposals	Transfers	31 December 2024
Accumulated depreciation					
Machinery and equipment	(314.087.103)	(163.001.481)	-	-	(477.088.584)
Vehicles	(13.593.537)	(10.511.702)	2.627.794	-	(21.477.445)
Furniture and fixtures	(31.290.089)	(25.060.001)	-	-	(56.350.090)
Leasehold improvements	(102.187.738)	(17.755.243)	-	-	(119.942.981)
	(461.158.467)	(216.328.427)	2.627.794	-	(674.859.100)
Net book value	3.641.390.034				6.965.773.619

(*) The Group's transfers consist of leasehold improvements, land, and machinery incurred to make the building structure suitable for production within the scope of the Aliğa Cell Production Facility investment.

As of 31 December 2025, the insurance amount on tangible fixed assets is 6.382.459.828 TL. (31 December 2024: 2.633.067.955 TL) There is a mortgage of USD 18.613.091 on Group's real estate. (31 December 2024: 14.725.387 USD.)

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 1 January - 31 December 2025 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Cost		
Cost of sales (Note 20)	605.918.191	284.663.160
General administrative expenses (Note 23)	35.425.980	20.214.281
	641.344.171	304.877.441

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12. INTANGIBLE ASSETS

The movements of intangible assets for the year ended December 31, 2025 are as follows:

	1 January 2025	Additions	31 December 2025
Cost			
Rights	38.960.614	4.356.353	43.316.967
Research and development costs	9.360.524	-	9.360.524
	48.321.138	4.356.353	52.677.491
	1 January 2025	Current year charge	31 December 2025
Accumulated amortization			
Rights	(18.918.290)	(7.099.204)	(26.017.494)
	(18.918.290)	(7.099.204)	(26.017.494)
Net book value	29.402.848		26.659.997

The movements of intangible assets for the year ended December 31, 2024 are as follows:

	1 January 2024	Additions	31 December 2024
Cost			
Rights	38.257.268	703.346	38.960.614
Research and development costs	9.360.524	-	9.360.524
	47.617.792	703.346	48.321.138
	1 January 2024	Current year charge	31 December 2024
Accumulated amortization			
Rights	(11.147.665)	(7.770.625)	(18.918.290)
	(11.147.665)	(7.770.625)	(18.918.290)
Net book value	36.470.127		29.402.848

13. RIGHT OF USE ASSETS

The movements of usage rights assets for the years ending December 31, 2025 and December 31, 2024 are as follows:

	Buildings	Vehicles	Total
As of 1 January 2025	258.806.317	13.454.925	272.261.242
Additions	-	61.080.343	61.080.343
Changes in leases	48.294.675	(3.987.664)	44.307.011
Depreciation	(73.179.331)	(14.026.998)	(87.206.329)
As of 31 December 2025	233.921.661	56.520.606	290.442.267
	Buildings	Vehicles	Total
As of 1 January 2024	363.969.192	14.806.222	378.775.414
Additions	-	16.788.923	16.788.923
Changes in leases	(35.606.185)	(6.918.521)	(42.524.706)
Depreciation	(69.556.690)	(11.221.699)	(80.778.389)
As of 31 December 2024	258.806.317	13.454.925	272.261.242

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14. FINANCIAL BORROWINGS

Details of financial borrowings for the periods are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term bank borrowings	3.881.761.148	2.379.664.422
Debt instruments issued	1.772.509.595	739.528.855
Financial lease liabilities	197.108.316	186.045.811
Liabilities arising from leasing transactions (**)	90.414.907	80.388.992
Short-term borrowings	<u>5.941.793.966</u>	<u>3.385.628.080</u>
Short-term portion of long-term borrowings	1.331.125.348	1.494.844.506
Short-term portion of long-term borrowings	<u>1.331.125.348</u>	<u>1.494.844.506</u>
Long-term borrowings	3.023.149.235	3.135.780.362
Long-term financial lease liabilities	306.617.846	166.530.944
Liabilities arising from leasing transactions (*)	227.458.277	175.122.018
Long-term borrowings	<u>3.557.225.358</u>	<u>3.477.433.324</u>
Total financial borrowings	<u>10.830.144.672</u>	<u>8.357.905.910</u>

(*) Among short-term bank borrowing, there are revolving working capital loans amounting to 2.175.345.460 TL that can be continued without principal repayment. (December 31, 2024: 1.163.916.028 TL)

(**) Liabilities arising from lease transactions consist of the Group's liabilities within the scope of TFRS-16.

Details of currency-based financial liabilities are as follows:

	<u>Interest Rate (%)</u>	<u>31 December 2025</u>
TL bank borrowings	40%	5.576.926.706
EUR bank borrowings	9%	395.218.000
USD bank borrowings	9%	4.540.126.782
		<u>10.512.271.488</u>
	<u>Interest Rate (%)</u>	<u>31 December 2024</u>
TL bank borrowings	37%	4.706.604.706
EUR bank borrowings	11%	368.186.138
USD bank borrowings	10%	3.027.604.056
		<u>8.102.394.900</u>

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15. EMPLOYEE BENEFITS

Provision for employee termination benefits

According to current laws in Turkey, the Company and its subsidiaries and jointly controlled entities in Turkey are obligated to pay severance pay to personnel who have completed one year of service and whose employment is terminated without any valid reason, who are called up for military service, who pass away, who have completed 25 years of service for men and 20 years for women, and who have reached retirement age (58 for women, 60 for men). Due to changes in legislation as of September 8, 1999, there are certain transitional obligations regarding the service period related to retirement.

These payments are calculated based on the rate at which the retirement or termination date applies per year worked, up to a maximum of 64,949 TL (December 31, 2024: 46,655 TL) as of December 31, 2025, based on 30 days' salary. The provision for severance pay is calculated on a current basis and reflected in the Consolidated Financial Statements. The provision is calculated in accordance with the severance pay ceiling announced by the Government.

The severance pay liability is calculated based on an estimate of the present value of the potential future liability arising from the retirement of the Group's employees. IAS 19 "Employee Benefits" requires the Group to calculate its liabilities using actuarial valuation methods under defined benefit plans. Accordingly, the actuarial assumptions used in calculating total liabilities are set out below. The basic assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real interest rate after adjusting for future inflation effects. Consequently, the liabilities in the accompanying Consolidated Financial Statements for the periods ended are calculated based on an estimate of the present value of the potential future liability arising from the retirement of employees.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	%4,36	%2,50
Default salary increase/inflation rate	%23,50	%22,70
Turnover rate used in retirement probability calculation	%96,29	%95,78

It is planned that severance pay rights will be paid at the end of the concession agreement. Accordingly, the duration of the concession agreement has been taken into account in calculating the present value of future liabilities.

The Group's long-term provisions for employee benefits over the periods are as follows:

Long-term provisions	<u>31 December 2025</u>	<u>31 December 2024</u>
Severance pay provisions	28.812.372	27.057.167
	<u>28.812.372</u>	<u>27.057.167</u>

The Group's severance pay provisions by period are shown in the tables below:

	<u>1 January- 31 December 2025</u>	<u>1 January- 31 December 2024</u>
Provision as of January 1	27.057.167	23.912.282
Service cost	9.604.648	11.171.787
Interest cost	8.323.894	7.540.833
Actuarial (Gain)/Loss	2.635.697	42.406.982
Compensation paid (-)	(12.423.183)	(50.624.621)
Monetary Gain / (Loss)	(6.385.851)	(7.350.096)
Provision as of 31 December	<u>28.812.372</u>	<u>27.057.167</u>

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15. BENEFITS PROVIDED TO EMPLOYEES (Continued)

The Group's short-term provisions for employee benefits on a period basis are as follows:

Short-term reserves	31 December 2025	31 December 2024
Provision for unused vacation	25.452.663	18.793.179
	25.452.663	18.793.179

The group's schedule of movements in exchange for provision for unused vacation, by period, is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Provision as of 1 January	18.793.179	13.661.726
Current Year Provision Expenses (*)	11.094.923	9.330.760
Monetary Gain / (Loss)	(4.435.439)	(4.199.307)
End of Period	25.452.663	18.793.179

(*) Current provisions relating employees for the relevant periods have been accounted for within personnel expenses.

16. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The details of the Group's contributions by period are as follows:

	31 December 2025	31 December 2024
Provision for litigation	13.437.526	6.029.882
	13.437.526	6.029.882

The movement table of the Group's provision for litigation by periods are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Beginning of Period	6.029.882	2.943.034
Provision allocated/cancelled during the period	8.830.776	3.991.470
Monetary gain/(loss)	(1.423.132)	(904.622)
End of Period	13.437.526	6.029.882

a. Guarantees received

As of 31 December 2025, the Group's guarantees received are as follows.

Guarantees Received by the Group	31 December 2025	31 December 2024
Bank Letters of Guarantee	60.655.712	103.048.776
Total	60.655.712	103.048.776

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16. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b. Guarantees Given

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of 31 December 2025, 31 December 2024, are as follows:

CPMB’s given by the Group	31 December 2025	31 December 2024
A. CPMB’s given for Group’s own legal personality	4.697.350.952	3.685.867.997
B. CPMB’s given on behalf of fully consolidated companies	1.107.186.144	2.724.839.654
C. CPMB’s given on behalf of third parties for ordinary course of business		
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
Total	5.804.537.096	6.410.707.651

Given to	31 December 2025	31 December 2024
In Turkish Lira	3.451.291.843	2.685.498.362
In Euro	1.037.160.117	3.529.765.232
In ABD Dollar	1.316.085.136	195.444.057
Total	5.804.537.096	6.410.707.651

The guarantees provided by the group consist of bank guarantee letters issued to third parties to whom it sells goods or services, and to public institutions within the scope of its activities.

17. LIABILITIES UNDER EMPLOYEE BENEFITS

The Group's liabilities under the scope of employee benefits provided during the periods are as follows:

	31 December 2025	31 December 2024
Social Security contributions to be paid	41.310.784	60.555.380
Debts to personnel	109.128.293	141.080.813
	150.439.077	201.636.193

18. INCOME TAX

The details of the Group's current period tax assets by period are as follows:

	31 December 2025	31 December 2024
Current period tax expense	-	(3.491.285)
Prepaid taxes and funds	207.456.397	140.437.397
	207.456.397	136.946.112

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18. INCOME TAX (Continued)

	<u>1 January- 31 December 2025</u>	<u>1 January- 31 December 2024</u>
Period Tax Expense (-)	-	(3.491.285)
Deferred tax income / (expense)	(601.224.708)	965.556.741
	<u>(601.224.708)</u>	<u>962.065.456</u>

Corporate Tax

In Turkey, the corporate tax rate is 25% as of December 31, 2025 (December 31, 2024: 25%). The corporate tax rate is applied to the net corporate income, which is obtained by adding expenses that are not deductible under tax laws to the commercial income of the corporations and deducting the exemptions and deductions included in tax laws.

With the regulation in the sixth paragraph added to Article 32 of the Corporate Tax Law by Article 35 of Law No. 7256, it is stipulated that the corporate tax rate will be applied with a 2-point reduction to the corporate income of corporations whose shares are offered to the public for the first time on the Istanbul Stock Exchange at a rate of at least 20%, for five accounting periods starting from the accounting period in which the shares are offered to the public for the first time. Within the scope of this law, a tax rate of 23% was used in the calculation of period tax and deferred tax for the parent company in the consolidated financial statements as of December 31, 2025. According to the Corporate Tax Law, financial losses shown on the tax return can be deducted from the corporate tax base for a period not exceeding 5 years. Tax returns and related accounting records can be reviewed by the tax authorities within five years, and tax calculations can be revised.

Dividend payments made to joint-stock companies residing in Turkey, excluding those exempt from corporate and income tax, and payments made to natural persons residing or not residing in Turkey, as well as payments made to legal entities residing or not residing in Turkey, are subject to a 15% income tax.

Dividend payments made from joint-stock companies residing in Turkey to other joint-stock companies residing in Turkey are not subject to income tax. Furthermore, if the profit is not distributed or is added to capital, no income tax is calculated.

Dividend income earned by corporations from participation in the capital of another fully taxable corporation (excluding dividends from investment fund participation certificates and investment partnership shares) is exempt from corporate tax. Furthermore, 75% of the gains arising from the sale of shareholdings held in the assets of corporations for at least two full years, as well as founder shares, usufruct shares, and pre-emption rights of real estate (immovable properties) held for the same period, were exempt from corporate tax as of December 31, 2017. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for immovable properties, and this rate is used in tax returns prepared from 2018 onwards.

To benefit from the exemption, the said gain must be held in a fund account in the liabilities section and must not be withdrawn from the business for 5 years. The sale price must be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding taxes payable. Corporate tax returns are filed within four months following the month in which the accounting period ends. Tax authorities authorized to conduct audits may review tax returns and the underlying accounting records for five years following the accounting period and may reassess taxes based on their findings.

The Group benefited from a tax advantage related to income from other activities related to investment expenditures actually made for the investments covered by the incentive certificates, in accordance with Article 15 of the aforementioned Council of Ministers Decision and Article 32/A of the Corporate Tax Law, due to its Complete New Investment and Expansion Investment in the Kocaeli Gebze Organized Industrial Zone, under Investment Incentive Certificates dated 05.10.2017-B 130930 and 08.01.2020/507856.

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18. INCOME TAX (Continued)

The group has benefited from income tax advantages with its completely new investment in the İzmir Aliğa Organized Industrial Zone, under the Investment Incentive Certificate dated 08.12.2023/544854.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding tax liability is accrued in the period in which the dividend payment is made. Dividend payments other than those made to non-resident taxpayer institutions that generate income through a workplace or permanent representative in Turkey and to institutions resident in Turkey are subject to 15% withholding tax. In the application of withholding tax rates regarding profit distributions made to non-resident taxpayer institutions and real persons, the withholding tax rates included in the relevant Double Taxation Avoidance Agreements are also taken into consideration. Addition of retained earnings to capital is not considered profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Hidden income distribution through transfer pricing". The notified dated 18 November 2007 on hidden income distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in peer assessment, the profit is deemed to have been distributed through transfer pricing, in whole or in part. Hidden income distribution through is considered as a non-deductible expense for corporate tax.

Tax applications for the Group's foreign subsidiaries

- Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.
- Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15,8% corporate tax.
- In accordance with Spanish tax laws, a 15% tax rate will be applied in the first year of Smart Gunes Tecnologias Renovables Sociedad Limitada company operating in Spain. In the following periods, if the revenue amount is below 1.000.000 Euros, the tax rate to be applied will be 23%, and if the revenue is above the relevant amount, 25% tax rate will be applied.
- Operating in the Netherlands, Smart Global Enterprises & Trading B.V., Smart Energy Global Investment and Development B.V., Smart Energy Bulgaria B.V., Smart Energy Iberia B.V., Smart Energy Romania B.V., Smart Energy Overseas Investment B.V. Subject to 20% corporate tax.
- Operating in Bulgaria, Smart Solar Technologies AD is subject to 10% corporate tax.
- Smart Green Energy Technologies Inc. and Smart Green Energy Trading LLC, subsidiaries located in the United States, are subject to a 21% federal corporate tax rate under relevant tax legislation. They are also subject to state corporate tax rates of 5.19% and 8.7%, respectively, in the states where they operate.

Deferred tax assets and liabilities:

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the consolidated financial statements and the amounts considered in the legal tax base calculation. Deferred tax liability or assets are reflected in the accompanying consolidated financial statements by considering the tax rates that are expected to be valid in the future periods when the temporary differences will disappear. In reflecting the deferred tax asset to the consolidated financial statements, the developments in the sector in which it operates, taxable profit estimates in the future, it considers factors such as the general economic and political situation in Turkey and/or the international general economic and political situation that may affect Group. Group considers factors such as developments in the sector in which it operates, taxable profit estimates in the future, general economic and political situation in Turkey and/or international general economic and political situation that may affect Group while reflecting the deferred tax asset to the consolidated financial statements. Group estimates that it will generate sufficient taxable profits in the future.

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18. INCOME TAX (Continued)***Recognized deferred tax assets and liabilities***

Details of deferred tax assets and liabilities for the periods are as follows:

	31 December 2025	31 December 2024
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	13.157.346	19.387.855
Trade payables	(24.501.644)	(5.543.188)
Trade receivables	49.238.765	32.378.326
Lease liabilities	73.110.832	58.767.532
Inventories	(79.183.046)	42.839.615
Tangible and intangible assets	(294.780.706)	33.622.828
Assets subject to cash flow hedge accounting	226.178.842	200.877.791
Financial liabilities	20.755.424	26.307.050
Provision for litigation	3.118.201	1.406.591
Right of use assets	(66.801.721)	(62.620.086)
Investment incentives (*)	900.942.502	1.039.456.701
Other	(52.016.986)	23.167.834
Net Deferred Tax Assets	769.217.809	1.410.048.849
Deferred tax assets	1.286.501.912	1.478.212.123
Deferred tax liabilities	(517.284.103)	(68.163.274)
Net Deferred Tax Assets	769.217.809	1.410.048.849

(*) Tax advantages obtained under the Investment Incentive:

The profits earned by the Company from investments linked to the incentive certificate are subject to corporate tax at reduced rates from the accounting period in which the investment is partially or fully put into operation until the investment contribution amount is reached. In this context, as of December 31, 2024, a tax advantage of TL 900.942.502 (December 31, 2024: TL 1.039.456.701) that the Company will benefit from in the foreseeable future has been reflected in the financial statements as a deferred tax asset. As a result of the accounting of this tax advantage as of December 31, 2025, a deferred tax expense of TL (138.514.199) has arisen in the profit or loss statement for the period January 1 - December 31, 2025.

The table showing the movement of deferred tax between December 31, 2025 and December 31, 2024 is as follows:

	1 January 2025	Deferred tax income/ (expense)	Other comprehensive income	31 December 2025
Deferred tax assets	1.410.048.849	(601.224.708)	(39.606.332)	769.217.809

	1 January 2024	Deferred tax income/ (expense)	Other comprehensive income	31 December 2024
Deferred tax assets	446.833.906	965.556.741	(2.341.798)	1.410.048.849

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18. INCOME TAX (Continued)

The reconciliation of pre-tax profit with the calculated tax revenue amount is presented below:

	1 January- 31 December 2025	1 January- 31 December 2024
Profit before tax	155.641.206	(394.053.830)
Corporate tax rate	%25	%25
Tax expense calculated using the general corporate tax rate	(38.910.302)	98.513.458
Non-deductible expenses	(428.169.628)	(174.224.829)
Financial losses not subject to deferred tax and other differences	(292.440.596)	-
Investment incentive deductions	-	243.501.107
The effect of current period adjustments and deferred tax	158.295.818	748.732.673
Current period adjustments and deferred tax effect	(601.224.708)	962.065.456

19. SHARE CAPITAL

Share Capital

The paid capital structure of the Group for the periods are as follows:

	31 December 2025	Share	31 December 2024	Share
Shareholders	TL	%	TL	%
Smart Holding A.Ş.	384.458.799	63,45	442.458.799	73,03
Public part	221.421.201	36,55	163.421.201	26,97
Total paid-in capital	605.880.000	100	605.880.000	100
Adjustment to share capital (*)	1.513.621.812		1.513.621.812	
	2.119.501.812		2.119.501.812	

(*) Adjustment to share capital, represent the difference between the inflation-adjusted total amounts of cash and cash equivalent additions to capital and their pre-adjustment amounts.

Between 16.02.2023 and 12.09.2024, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş., It has repurchased 520.000 shares of its publicly traded shares. (Ratio to company capital is %0,0858)

Group has switched to the registered capital system with the permission of the CMB dated 23.02.2023 and numbered E-29833736-110.04.04-33704, and the registered capital ceiling is 2.000.000.000 TL

As of 31 December 2025, Group's capital consists of 605.880.000 shares (31 December 2024: 605.880.000). The nominal value of the shares is 1 TL per share (31 December 2024: 1 TL).

As of 31 December 2025, the details of the shares by group are given below. 163.421.201 TL of the bearer B group shares are traded on the BIST.

Grubu	Capital ratio (%)	Total balance
Group A Stocks (Registered)	22,88	138.600.000
Group B Shares (Bearer)	77,12	467.280.000
Issued capital	100	605.880.000

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19. SHARE CAPITAL (Continued)

As of 31 December 2025, the equity items prepared in accordance with the Tax Procedure Laws and the amounts presented in accordance with TAS/IFRS are as follows:

31.12.2025 (TFRS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	1.513.621.812	2.119.501.812
Share Premiums	133.782.358	654.896.064	788.678.422
Restricted Reserves (**)	137.650.626	119.304.662	256.955.288

31.12.2025 (TPL) (*)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	892.605.744	1.498.485.744
Share Premiums	133.782.358	447.632.646	581.415.004
Restricted Reserves (**)	113.843.730	83.148.548	196.992.278

(*) In accordance with the relevant legislation, the application of inflation accounting, which is foreseen to be implemented under the Tax Procedure Law, has been postponed, and this application has not been taken into account in the Group's financial statements prepared according to the Tax Procedure Law.

(**) In the restricted reserves appropriated from profit item, a reserve of TL 53.414.600 has been set aside within the scope of repurchased shares according to IFRS/IAS financial statements.

20. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Domestic Sales	10.202.036.792	15.031.901.057
Export Sales	393.090.543	272.863.047
Gross Sales	10.595.127.335	15.304.764.104
Sales Returns (-)	364.691	14.400.142
Sales Discounts (-)	13.760.981	5.296.854
Net Sales	10.581.001.663	15.285.067.108
Cost of Goods Solds (-)	5.581.188.341	7.170.780.623
Cost of Trade Goods Sold (-)	1.176.054.401	2.845.982.891
Cost of Services Sold (-)	680.641.388	2.006.638.306
Depreciation and amortization expenses (Note 11) (-)	605.918.191	284.663.160
Gross Profit	2.537.199.342	2.977.002.128

(*) Details of the Group's gross sales by product type for each period are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Solar panel, solar power plant project equipment and construction revenue	10.380.994.549	15.121.647.914
Electricity sales	154.928.628	-
Transit trade sales	14.384.211	137.647.363
Waste and scrap sales	44.819.947	45.468.827
	10.595.127.335	15.304.764.104

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21. RESEARCH AND DEVELOPMENT EXPENSES

Details of Group's research and development expenses by period are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	24.403.913	-
Consulting expenses	23.095.719	-
Other	762.777	-
	48.262.409	-

22. SELLING, MARKETING AND DISTRIBUTION EXPENSES

Details of selling, marketing and distribution expenses for the periods are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	81.529.765	98.874.544
Transportation expenses	46.414.592	35.979.453
Advertising, publicity, and promotional expenses	21.717.694	77.128.404
Taxes, duties, and fees	20.171.605	32.412.714
Meal and travel expenses	8.250.566	6.186.433
Consulting expenses	6.222.112	9.967.849
Export and warehouse expenses	3.194.687	8.770.524
Other	10.336.185	12.948.744
	197.837.206	282.268.665

23. GENERAL ADMINISTRATIVE EXPENSES

Details of general administrative expenses for the periods are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	351.904.474	402.133.358
Consulting expenses	165.261.737	74.395.837
Depreciation and amortization expenses (Note 11)	35.425.980	20.214.281
Tax and duty expenses	24.741.720	12.535.443
Meal and travel expenses	11.365.763	15.152.669
Representation and entertainment expenses	6.003.443	23.862.242
Vehicle expenses	5.982.634	23.881.393
Other (*)	127.686.547	224.343.340
	728.372.298	796.518.563

(*) Common expenses allocated by Smart Holding is amounting of 101.462.324 TL (2024: 104.25.583 TL)

Fees for Services Received from Independent Auditors/Independent Audit Firms

The Group's explanation regarding fees for services provided by independent audit firms, prepared in accordance with the Board Decision of the Public Oversight Board (KGK) published in the Official Gazette on March 30, 2022, and based on the KGK letter dated August 19, 2022, is as follows:

	2025	2024
Independent audit fee for the reporting period	2.000.000	1.701.600
	2.000.000	1.701.600

Fees excluding VAT have been declared according to the contract amounts.

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24. EXPENSES BY NATURE

Details of Group's expenses by nature for the periods are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Cost of Goods Sold	5.581.188.341	7.170.780.623
Cost of Trade Goods Sold	1.176.054.401	2.845.982.891
Cost of Services Sold	680.641.388	2.006.638.306
Depreciation and amortization expenses (Note 11)	641.344.171	304.877.441
Personnel expenses	457.838.152	501.007.902
Consultancy expenses	194.579.568	84.363.686
Transportation, cargo, and courier expenses	46.414.592	35.979.453
Tax, charge and duty expenses	44.913.325	44.948.157
Advertising, publicity, and promotional expenses	21.717.694	77.128.404
Meal and travel expenses	19.616.329	21.339.102
Representation and entertainment expenses	6.003.443	23.862.242
Export and warehouse expenses	3.194.687	8.770.524
Other	144.768.143	261.173.477
	9.018.274.234	13.386.852.208

25. OTHER OPERATING INCOME AND EXPENSES

The details of the Group's revenues and expenses from core operations, broken down by period, are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
<u>Other operating income</u>		
Exchange rate difference income on trade receivables and payables (**)	853.602.120	1.384.949.519
Incentive income (*)	144.529.206	24.696.323
Other	49.096.828	74.820.444
	1.047.228.154	1.484.466.286

(*) A portion of the Group's incentive income amounting to TL 118.412.236 consists of offsetting the investment contribution amount against other tax liabilities in accordance with Article 32/A of the Corporate Tax Law No. 5520. (31.12.2024: None) The remaining balances after this amount consist of Social Security Institution incentive income.

	1 January- 31 December 2025	1 January- 31 December 2024
<u>Other operating expenses</u>		
Exchange rate difference expense related to trade receivables and payables (*)	1.105.831.957	1.542.354.688
Impairment expenses related to tangible fixed assets	54.619.584	-
Provision expense	26.196.794	16.807.553
Other	88.453.246	40.243.813
	1.275.101.581	1.599.406.054

(**) Exchange rate gains and expenses are presented on a net basis for each company in consolidated subsidiaries.

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26. INCOME FROM INVESTING ACTIVITIES

The details of the Group's income from investment activities by period are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
<u>Income From Investment Activities</u>		
Interest and exchange rate difference income from currency protected deposits (*)	-	56.326.351
	<u>-</u>	<u>56.326.351</u>

(*) The Currency Protected Deposit (CPD) program has ended, and there are no new CPD deposits as of the end of the current period.

27. FINANCIAL INCOME AND EXPENSES

Details of finance income and expenses for the periods are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Financial income		
Related party interest income (Note 6)	629.582.264	-
Bank interest income	76.961.624	137.202.378
	<u>706.543.888</u>	<u>137.202.378</u>
Financial Expenses (-)		
Interest expense	2.316.786.603	2.130.993.973
Exchange rate difference expense (*)	499.453.775	769.218.082
Bank transaction and commission expenses	512.852.989	373.438.131
	<u>3.329.093.367</u>	<u>3.273.650.186</u>

(*) Exchange rate gains and expenses are presented on a net basis for each company in consolidated subsidiaries.

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28. EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

Non-monetary Items	31 December 2025	31 December 2024
Statement of Financial Position Items	1.198.930.839	151.890.520
Inventories	(803.355)	(43.244.185)
Prepaid expenses	8.064.039	(20.233.773)
Right-of-use assets	(19.769.094)	(45.610.667)
Property, plant and equipment	1.955.959.266	1.344.734.937
Intangible assets	7.034.260	11.236.932
Deferred income	1.017.344	1.574.208
Deferred tax assets	332.790.260	137.326.656
Paid-in capital	(500.230.584)	(651.486.956)
Treasury shares	12.606.555	15.814.216
Share premiums	(186.138.584)	(242.421.922)
Items not to be reclassified to profit or loss	7.480.801	1.594.818
Items to be reclassified to profit or loss	157.246.953	218.214.993
Restricted reserves appropriated from profit	(56.200.915)	(29.690.779)
Retained earnings	(520.126.107)	(545.917.958)
Profit or Loss Statement Items	264.513.822	768.567.838
Revenue	(926.671.413)	(1.358.520.331)
Cost of sales (-)	906.067.482	1.570.153.890
General administrative expenses (-)	66.863.953	91.621.214
Marketing, selling, and distribution expenses (-)	18.903.949	32.961.552
Research and Development Expenses (-)	2.264.405	-
Other operating income/expenses	9.562.784	(6.814.142)
Income/expenses from investing activities	-	(8.935.984)
Financing income/expenses	187.522.662	448.101.639
Net Monetary Position Gains (Losses)	1.463.444.661	920.458.358

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29. EARNING PER SHARE

Earnings per share calculations are made by dividing the net profit/(loss) for the period in the profit or loss statement given in this report by the weighted average number of shares issued.

	1 January – 31 December 2025	1 January – 31 December 2024
Period profit/(loss) for equity of parent	(434.718.338)	577.403.387
Number of shares	605.880.000	605.880.000
Profit per share	(0,72)	0,95

30. FINANCIAL INSTRUMENTS

Capital Risk Management

Group strives to ensure the continuity of its operations in capital management while simultaneously increasing its profits by utilizing the most efficient balance of debt and equity. Group's capital structure consists of equity items including issued capital, reserves and retained earnings from previous years. A summary table of the Group's net financial debt/invested capital ratio is presented below:

	31 December 2025	31 December 2024
Total financial borrowings	10.830.144.672	8.357.905.910
Less: Cash and cash equivalents and financial investments	(1.571.970.306)	(639.478.952)
Net debt	9.258.174.366	7.718.426.958
Total equity	4.623.724.440	4.599.494.544
Net debt to equity ratio	2,00	1,68

Risk Management System

When calculating Group's capital risk management, debts and equity items including cash and cash equivalents, paid-in capital, defined benefit plans remeasurement gains / losses, restricted reserves from profit and retained earnings / (losses) are considered, respectively.

Risks associated with each capital class, together with the group capital cost, are evaluated by the senior management. Based on senior management assessments, 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.

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31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Disclosures

Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of Group.

Credit Risk

Credit risk is the risk that a customer or a counterparty will not fulfil its contractual obligations and arises mainly from customer receivables.

31 December 2025	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum exposed credit risk as of reporting date,(A+B+C+D)	8.762.308	3.668.866.750	757.051.257	133.075.211	1.571.733.083	-
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	8.762.308	3.668.866.750	757.051.257	133.075.211	1.571.733.083	
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	145.545.491	-	-	-	-
- Impairment (-)	-	(145.545.491)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

31 December 2024	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum exposed credit risk as of reporting date,(A+B+C+D)	17.453.500	3.995.704.187	24.401.676	780.930.561	612.395.511	26.843.731
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	17.453.500	3.995.704.187	24.401.676	780.930.561	612.395.511	26.843.731
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	148.239.214	-	-	-	-
- Impairment (-)	-	(148.239.214)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Credit Risk (Continued)

Group monitors the collectability of its trade receivables periodically and allocates provision for doubtful receivables for possible losses that may arise from doubtful receivables based on the collection rates of previous years. Following the provision for doubtful receivables, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and associated with profit or loss.

Liquidity Risk

Group manages liquidity risk by maintaining adequate funds and available borrowing by regularly monitoring forecast and actual cash flows and matching the maturities of financial assets and liabilities. Prudent liquidity risk management expresses the ability to keep sufficient cash, the availability of sufficient credit transactions, the availability of fund resources and the ability to close market positions.

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

The table below shows the maturity distribution of Group's non-derivative financial liabilities:

Contractual maturity	31 December 2025					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	14.869.534.917	16.492.056.569	2.564.900.888	8.787.588.287	4.008.367.217	1.131.200.177
Financial borrowings	10.512.271.488	12.061.538.400	1.872.955.215	5.309.549.192	3.815.824.541	1.063.209.452
Trade payables	3.996.357.522	3.996.357.522	616.358.221	3.379.999.301	-	-
Lease liabilities	317.873.184	391.127.924	32.554.729	98.039.794	192.542.676	67.990.725
Other liabilities	43.032.723	43.032.723	43.032.723	-	-	-

Contractual maturity	31 December 2024					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	14.189.770.894	16.729.618.618	1.830.358.486	8.916.394.921	4.282.366.055	1.700.499.156
Financial borrowings	8.102.394.900	10.578.364.885	912.851.519	3.887.232.075	4.077.782.135	1.700.499.156
Trade payables	5.831.864.984	5.831.864.985	888.484.631	4.943.380.354	-	-
Lease liabilities	255.511.010	319.388.748	29.022.336	85.782.492	204.583.920	-
Other liabilities	-	-	-	-	-	-

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31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign Currency Risk

For the periods, Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below:

	31 December 2025			31 December 2024		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	2.355.712.384	49.178.269	4.944.428	3.490.135.117	96.540.615	2.290.745
2a. Monetary financial assets	448.897.767	10.036.000	375.818	124.449.928	3.411.239	111.615
2b Non-Monetary financial assets	-	-	-	-	-	-
3 Other	1.232.701.697	18.588.258	8.675.887	1.734.389.452	43.805.135	5.142.914
4 Current assets (1+2+3)	4.037.311.848	77.802.527	13.996.133	5.348.974.497	143.756.989	7.545.274
5 Trade receivables	-	-	-	-	-	-
6a Monetary financial assets	-	-	-	-	-	-
6b Non-Monetary financial assets	-	-	-	-	-	-
7 Other	-	-	-	-	-	-
8 Non- Current assets (5+6+7)	-	-	-	-	-	-
9 Total assets (4+8)	4.037.311.848	77.802.527	13.996.133	5.348.974.497	143.756.989	7.545.274
10 Trade payables	2.932.035.819	63.584.164	4.026.066	2.982.543.986	80.435.778	3.794.262
11 Financial borrowings	3.182.165.018	66.285.302	6.689.779	1.762.597.406	44.115.830	5.526.169
12a Other Monetary financial liabilities	-	-	-	-	-	-
12b Other Non-Monetary financial liabilities	2.102.180.274	42.966.725	5.119.923	2.648.687.883	74.940.666	-
13 Current liabilities (10+11+12)	8.216.381.111	172.836.191	15.835.768	7.393.829.275	199.492.274	9.320.431
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	1.753.179.764	39.488.698	1.155.506	1.633.192.788	41.545.701	4.478.236
16a Other Monetary financial liabilities	-	-	-	-	-	-
16b Other Non-Monetary financial liabilities	-	-	-	-	-	-
Non-Current liabilities (14+15+16)	1.753.179.764	39.488.698	1.155.506	1.633.192.788	41.545.701	4.478.236
18 Total liabilities (13+17)	9.969.560.875	212.324.889	16.991.274	9.027.022.063	241.037.975	13.798.667
19 Net asset / liability position of off-balance sheet derivatives	4.935.344.782	105.774.000	7.845.285	3.395.790.194	85.661.531	10.004.405
20 Net foreign currency asset / (liability) position (9-18+19)	(996.904.245)	(28.748.362)	4.850.144	(282.257.372)	(11.619.455)	3.751.012
21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(5.062.770.450)	(110.143.895)	(6.551.105)	(2.763.749.135)	(66.145.455)	(11.396.307)

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31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk (Continued)

Sensibility analysis

Group's currency risk consists of the value changes of TL against Euro and USD. The basis of the sensitivity analysis to measure the currency risk is to make the total currency statement made throughout the organization. Total foreign currency position includes all foreign currency based short-term and long-term purchase agreements and all assets and liabilities.

The exchange rate sensitivity analysis for the periods are as follows:

	31 December 2025		31 December 2024	
	Profit (Loss)		Profit (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL				
1- USD net asset/liability	(578.009.626)	578.009.626	(344.740.821)	344.740.821
2- Amount hedged for USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(578.009.626)	578.009.626	(344.740.821)	344.740.821
In case of 10% appreciation of EUR against TL				
4- EUR net asset/liability	(15.215.277)	15.215.277	(23.063.936)	23.063.936
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(15.215.277)	15.215.277	(23.063.936)	23.063.936
Total net effect (3+6)	(593.224.903)	593.224.903	(367.804.757)	367.804.757

Profile

The interest structure of Group's financial items with an interest component as of the reporting date is as follows:

Interest position table		
Fixed-rate financial instruments	31 December 2025	31 December 2024
Financial assets	-	26.843.731
Financial liabilities	5.765.784.621	4.667.281.247
Financial leases	503.726.162	352.576.755
Issued debt instruments	1.239.324.850	340.093.840
Variable-rate financial instruments		
Financial liabilities	2.470.251.110	2.343.008.043
Issued debt instruments	533.184.745	399.435.015

Cash flow hedge accounting for high probability forecast transaction currency risk

Group provides hedging on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future within the scope of the agreements it has made and the corporate budget.

In this context, repayments of foreign currency borrowings that are subject to hedge accounting and determined as hedging instrument are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item within the scope of hedge accounting.

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31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Within the scope of the currency risk management strategy it has determined, Group applies hedging accounting for the purpose of hedging the currency risk component of the highly probable forecast transaction cash flow risk and accounted for the foreign exchange rate fluctuations that have occurred on the hedging instrument but have not yet occurred under equity.

32. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

For the periods, the book values and fair values of assets and liabilities are shown in the table below:

	Notes	31 December 2025		31 December 2024	
		Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	3	1.571.970.306	1.571.970.306	612.635.221	612.635.221
Financial investments	4	-	-	26.843.731	26.843.731
Trade receivables	5	3.740.104.707	3.677.629.058	4.068.657.004	4.013.157.687
Other receivables	7	890.126.468	890.126.468	805.332.237	805.332.237
Total financial assets		6.202.201.481	6.139.725.832	5.513.468.193	5.457.968.876
Financial liabilities					
Financial borrowings	14	10.830.144.672	10.830.144.672	8.357.905.910	8.357.905.910
Trade payables	5	3.996.357.522	3.996.357.522	5.831.864.984	5.831.864.984
Other payables	7	43.032.723	43.032.723	-	-
Employee benefits	17	150.439.077	150.439.077	201.636.193	201.636.193
Total financial liabilities		15.019.973.994	15.019.973.994	14.391.407.087	14.391.407.087
Net		(8.817.772.513)	(8.880.248.162)	(8.877.938.894)	(8.933.438.211)

33. SUBSEQUENT EVENTS

Our Group's subsidiary operating abroad, Smart Energy Iberia B.V., ceased operations as of February 9, 2026, and was deregistered from the commercial registry in accordance with the relevant country's legislation. The closure of the subsidiary does not have a significant impact on the Group's financial statements.

The Group's application to the Capital Markets Board (SPK) to increase its issued capital from TL 605.880.000 to TRY 1.817.640.000 (a 200% increase from TL 1.211.760.000) within the registered capital ceiling of TL 2.000.000.000, entirely from internal resources, was approved by the SPK at its meeting on January 23, 2026, and the 200% bonus share issue was finalized on February 2, 2026.

The strike decision taken by the United Metal Workers Union on October 22, 2025, at our Group's Gebze Panel Production Facility has ended following the conclusion of collective bargaining negotiations with the United Metal Workers Union on February 12, 2026, and production activities have resumed. Necessary planning to ensure operational continuity has been completed, and our production and shipment schedules have returned to their normal timetable.