

**(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 CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2025**

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Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries**Condensed Consolidated Statements of Financial Position as of 31 March 2025**

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

ASSETS	Notes	Non-Audited	Audited
		Current Period	Prior Period
		31 March 2025	31 December 2024
Current Assets			
Cash and cash equivalents	3	723.804.176	515.143.463
Financial investments	4	-	22.571.952
Trade receivables		3.048.726.007	3.374.523.499
- Due from related parties	6	14.090.451	14.676.036
- Due from third parties	5	3.034.635.556	3.359.847.463
Other receivables		621.049.275	672.538.508
- Other receivables from related parties	6	432.380.056	20.518.513
- Other receivables from third parties		188.669.219	652.019.995
Inventories		1.977.036.385	2.486.774.631
Prepaid expenses		4.282.193.617	3.805.532.229
- Due from related parties	6	1.365.821.797	1.161.758.685
- Prepaid expenses, third parties	7	2.916.371.820	2.643.773.544
Current income tax assets		117.813.763	115.153.181
Other current assets		682.804.311	726.770.937
TOTAL CURRENT ASSETS		11.453.427.534	11.719.008.400
Non-current Assets			
Other receivables		4.213.155	4.637.115
- Other receivables from third parties		4.213.155	4.637.115
Right of use assets	9	221.115.894	228.934.926
Property plant and equipment	8	6.367.341.005	5.857.274.644
Intangible assets		24.527.181	24.723.823
Prepaid expenses	7	192.749.613	199.272.701
Deferred tax assets	12	1.062.832.486	1.185.660.606
TOTAL NON-CURRENT ASSETS		7.872.779.334	7.500.503.815
TOTAL ASSETS		19.326.206.868	19.219.512.215

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries**Condensed Consolidated Statements of Financial Position as of 31 March 2025**

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

LIABILITIES	Notes	Non-Audited	Audited
		Current Period	Prior Period
		31 March 2025	31 December 2024
Current Liabilities			
Short-term borrowings	10	3.477.844.448	2.779.259.586
Short-term portion of long-term borrowings	10	1.135.870.373	1.256.962.299
Lease liabilities	10	70.406.205	67.596.283
- Lease transactions from related parties		32.568.967	23.926.495
- Lease transactions from third parties		37.837.238	43.669.788
Trade payables		4.990.218.232	4.903.810.657
- Due to related parties	6	254.491.055	368.115.085
- Trade payables third parties	5	4.735.727.177	4.535.695.572
Employee benefits obligations		164.992.483	169.548.801
Deferred income		2.888.564.228	2.428.381.386
- Deferred income from related parties	6	1.463.578.467	-
- Deferred income from third parties	7	1.424.985.761	2.428.381.386
Provisions		27.701.593	20.872.841
- Provisions for employee benefits		20.362.095	15.802.525
- Other short-term provisions		7.339.498	5.070.316
Other current liabilities		446.806.227	778.723.673
TOTAL CURRENT LIABILITIES		13.202.403.789	12.405.155.526
Non-current liabilities			
Long-term borrowings	10	2.368.250.761	2.776.797.716
Lease liabilities	10	134.319.595	147.253.962
- Lease transactions from related parties		58.042.302	53.512.020
- Lease transactions from third parties		76.277.293	93.741.942
Long-term provisions		43.462.443	22.751.422
- Long-term provisions for employee benefits		43.462.443	22.751.422
TOTAL NON-CURRENT LIABILITIES		2.546.032.799	2.946.803.100
Shareholders' Equity		3.576.536.600	3.866.912.525
Paid-in capital	13	605.880.000	605.880.000
Adjustment to share capital		1.176.334.712	1.176.334.712
Treasury shares (-)		(44.914.463)	(44.914.463)
Share premiums		663.172.014	663.172.014
Accumulated other comprehensive income not to be reclassified in profit or loss		(22.517.913)	(26.652.497)
- Gain/(Loss) on remeasurements of the defined benefit plans		(22.517.913)	(26.652.497)
Accumulated other comprehensive income that will be reclassified in profit or loss		(576.132.968)	(560.237.305)
- Foreign currency translation differences		10.638.473	5.194.797
- Gain / (loss) of hedging reserve		(586.771.441)	(565.432.102)
Reserves on retained earnings		179.456.891	179.456.891
Prior years' profit / (loss)		1.873.873.173	1.388.354.923
Net income for the period		(278.614.846)	485.518.250
Non-controlling interest		1.233.680	641.064
TOTAL SHAREHOLDER'S EQUITY		3.577.770.280	3.867.553.589
TOTAL LIABILITIES		19.326.206.868	19.219.512.215

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

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods of 1 January-31 March 2025 and 2024

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

		Non-Audited	Non-Audited
	<i>Notes</i>	1 January-31 March 2025	1 January-31 March 2024
Revenue	14	2.572.704.176	3.117.463.655
Cost of sales (-)	14	(2.129.026.705)	(2.008.136.214)
GROSS PROFIT		443.677.471	1.109.327.441
General administrative expense (-)	16	(157.655.801)	(174.216.909)
Selling, marketing and distribution expense (-)	15	(36.712.427)	(52.721.786)
Other operating income	18	94.164.362	125.807.698
Other operating expense (-)	18	(225.851.520)	(207.160.846)
OPERATING PROFIT / (LOSS)		117.622.085	801.035.598
Gains from investment activities		-	7.264.713
Expected credit loss according to TFRS 9		(4.454.212)	(4.281.307)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		113.167.873	804.019.004
Financial income	19	37.725.424	28.738.622
Financial expenses (-)	19	(633.768.000)	(516.803.061)
Net monetary position gains (losses)	20	345.086.546	147.292.347
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		(137.788.157)	463.246.912
Tax Income / (Expense) from Continuing Operations			
Current period tax expense	12	-	(857.280)
Deferred tax (expense) / income	12	(140.234.073)	(60.998.691)
PROFIT FROM CONTINUING OPERATIONS		(278.022.230)	401.390.941
NET PROFIT/LOSS FOR THE PERIOD		(278.022.230)	401.390.941
Attributable to:			
Non-controlling interest		592.616	(2.163.867)
Equity holder of the parent		(278.614.846)	403.554.808
Earnings/(Loss) Per Share	21	(0,46)	0,67
OTHER COMPREHENSIVE INCOME / (LOSS)			
Net Profit		(278.022.230)	401.390.941
Items that will not to be reclassified to profit or loss			
- Gain / (loss) arising from defined benefit plans		5.512.779	13.602.095
Taxes on items that will not to be reclassified to profit or loss			
- Deferred tax (expense) / income		(1.378.195)	(3.400.524)
Items that will be reclassified to profit or loss			
- Currency translation differences		5.443.676	2.770.352
- Cash flow hedging		(40.123.487)	(47.217.560)
Taxes on items that will be reclassified to profit or loss			
- Deferred tax (expense) / income		18.784.148	10.860.039
TOTAL OTHER COMPREHENSIVE LOSS		(11.761.079)	(23.385.598)
TOTAL COMPREHENSIVE LOSS		(289.783.309)	378.005.343
Attributable to:			
Equity holder of the parent		(290.375.925)	380.169.210
Non-controlling interest		592.616	(2.163.867)

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

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

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

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

					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					
	Paid-in capital	Adjustment to share capital	Repurchased Shares	Share premium	Gain/(loss) on remeasurements of defined benefit plans	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period	Attributable to equity holders of the parent	Non- controlling interest	Total equity
Balance as of 1 January 2024	605.880.000	1.176.334.712	(40.663.795)	663.172.014	(4.362.801)	(596.951.277)	2.358.232	109.220.330	(167.003.272)	1.625.594.757	3.373.578.900	8.538.265	3.382.117.165
Transfer	-	-	-	-	-	-	-	-	1.625.594.757	(1.625.594.757)	-	-	-
Total total income/expense	-	-	-	-	10.201.571	(36.357.521)	2.770.352	-	-	403.554.808	380.169.210	(2.163.867)	378.005.343
Increase/decrease due to acquisition of treasury shares	-	-	(1.929.804)	-	-	-	-	1.929.804	(1.929.804)	-	(1.929.804)	-	(1.929.804)
Balance as of 31 March 2024	605.880.000	1.176.334.712	(42.593.599)	663.172.014	5.838.770	(633.308.798)	5.128.584	111.150.134	1.456.661.681	403.554.808	3.751.818.306	6.374.398	3.758.192.704
Balance as of 1 January 2025	605.880.000	1.176.334.712	(44.914.463)	663.172.014	(26.652.497)	(565.432.102)	5.194.797	179.456.891	1.388.354.923	485.518.250	3.866.912.525	641.064	3.867.553.589
Transfer	-	-	-	-	-	-	-	-	485.518.250	(485.518.250)	-	-	-
Total total income/expense	-	-	-	-	4.134.584	(21.339.339)	5.443.676	-	-	(278.614.846)	(290.375.925)	592.616	(289.783.309)
Balance as of 31 March 2025	605.880.000	1.176.334.712	(44.914.463)	663.172.014	(22.517.913)	(586.771.441)	10.638.473	179.456.891	1.873.873.173	(278.614.846)	3.576.536.600	1.233.680	3.577.770.280

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş and Its Subsidiaries**Condensed Consolidated Statement of Cash Flows for the Periods of 1 January-31 March 2025 and 2024**

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

	Notes	Non-audited 31 March 2025	Non-audited 31 March 2024
A. Cash flows from operating activities		588.789.247	(239.803.224)
Profit for the period		(278.022.230)	401.390.941
Adjustments to reconcile net profit/loss to net cash:		175.040.901	(107.191.451)
Adjustments related to depreciation and amortization expenses	8	122.077.453	62.111.985
Adjustments related to provision for employee benefits		26.754.849	27.445.418
Adjustments related to interest expenses		431.601.537	359.642.912
Adjustments related to interest incomes		(37.725.424)	(28.738.622)
Adjustments for fair value losses / (gains) of financial assets		-	(7.264.713)
Adjustments related to expected provision expenses in trade receivables		4.454.212	4.281.307
Adjustments related to tax income/(expense)	12	140.234.073	61.855.971
Adjustments related to unrealized currency translation differences		84.367.485	97.140.531
Monetary gain/(loss)		(596.723.284)	(683.666.240)
Adjustments related to other increase / (decrease) in working capital		696.696.839	(481.744.801)
Decrease/(increase) in financial investments		22.571.952	118.093.891
Decrease/(increase) in inventories		509.738.246	(532.992.656)
Decrease/(increase) in trade receivables from third parties		320.757.695	(844.671.133)
Decrease/(increase) in trade receivables from related parties		585.585	120.485.682
Decrease/(increase) in other operating receivables from related parties		(411.861.543)	(136.569.414)
Decrease / (increase) in other operating receivables from third parties		463.774.736	(59.336.371)
(Decrease) / Increase in trade payables to third parties		200.031.605	136.596.792
(Decrease) / increase in other operating payables to third parties		-	(529.192)
(Decrease) / increase in trade payables to related parties		(113.624.030)	156.244.631
(Decrease) / increase in deferred incomes		460.182.842	70.647.170
Decrease / (increase) in other assets related to operations		39.410.308	(287.589.794)
(Decrease) increase in other liabilities related to operations		(324.732.257)	(9.388.750)
Decreases / (increase) in prepaid expenses		(470.138.300)	787.264.343
Cash inflow (outflow) from other operations		(4.926.263)	(52.257.913)
Taxes paid		(2.660.582)	(50.342.472)
Payments under provisions for employee benefits		(2.265.681)	(1.915.441)
B. Cash flows from investing activities		(612.759.361)	(650.835.066)
Purchases of property, plant and equipment	8	(611.390.099)	(650.835.066)
Purchases of intangible assets		(1.369.262)	-
C. Cash flows from financing activities		279.729.120	606.036.107
Cash inflows from borrowings	10	1.049.460.557	1.426.314.761
Cash outflows from borrowings	10	(667.792.058)	(546.954.732)
Bonds issued	10	518.123.096	74.462.203
Cash outflows from leasing transactions	10	(45.329.621)	(31.462.901)
Cash outflows related to debt payments arising from lease agreements	10	(36.700.998)	(28.034.053)
Cash outflows related to the purchase of the company's own shares and other equity instruments		-	(1.929.804)
Interest paid		(575.757.280)	(315.097.989)
Interest received		37.725.424	28.738.622
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		255.759.006	(284.602.183)
D. Inflation impact on cash and cash equivalents		(47.098.293)	(122.060.636)
E. Cash and cash equivalents at the beginning of the year		515.143.463	932.361.272
Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	723.804.176	525.698.453

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

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2025

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 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 Borsa Istanbul with the code SMRTG on 24 March 2022 and continues to trade at a rate of 26.97% as of the report date.

The Main Field 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 31.03.2025, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.03.2025, 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 March 2025 and 31 December 2024 the total number of personnel employed by the Group is 1.192 and 1.164 respectively.

The Subsidiaries

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

31 March 2025

Company Title	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 A.Ş.	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 LLC	Solar Panel and Power Plant Commercial Activities	100	USA
Smart Yeşil Enerji Depolama A.Ş.	Commercial Activities of Solar Panels and Power Plants with Storage	100	Türkiye

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2025

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

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

31 December 2024

Company Title	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 LLC.	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 20.04.2021. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. To carry out all kinds of research and development activities for the electrical energy sector, including electricity networks and electricity generation facilities, to provide maintenance and operation services of all technical infrastructure and systems, to manage turnkey projects for the electrical energy sector, To make project installation and maintenance repairs of low voltage lines and facilities, electricity networks, transformers, electricity distribution panels and tables, control systems, meters, and to undertake contracting works in this regard, to benefit from renewable and alternative energy sources such as sun, wind, river. tools and software for measuring, protection, automation, remote monitoring, communication in high, medium and low voltage networks, devices that transfer electrical energy obtained from renewable energy sources to all kinds of electrical networks and tools related to the automation of these devices, all kinds of power electronic systems, devices such as frequency converters, rectifiers, inverters and systems and software for remote monitoring and control of these systems and devices, systems for remote monitoring and communication of all kinds of information and telecommunication devices and systems, and To produce and have all kinds of panels made, to buy, to sell, to import and export of ready-made panels, to establish all kinds of marketing networks and to market the products and semi-products that are used for energy production from the sun, with the power plant to be established in and outside Turkey and the generation and sale of electrical energy from this power plant. Regarding power plants, refineries, factories, tunnels, highways, canals, waterways, gas plants, steam turbines, wind turbines, water turbines and other turbines, solar panels and all kinds of construction, including buildings and accessories of all kinds of work done. connected t It may design, design, provide settlement and engineering services, equip, maintain, operate and install the facilities. It was established to develop software programs related to its subject, to make sales and marketing, to prepare studies, research and reports, to provide official-private, national-international consultancy services related to its subject.

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2025

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

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

Smart GES Enerji Üretim A.Ş.

The company was established on 05.03.2021. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. By complying with all applicable legislation and obtaining permission from the relevant authorities, the purpose and subject of the company are as follows; By obtaining the necessary license from the Energy Market Regulatory Authority, it is aimed to increase and support energy efficiency in the production, transmission, distribution and consumption stages of energy, in industrial enterprises, buildings, electric power generation facilities, transmission and distribution networks and transportation, to develop energy awareness in the society, to benefit from renewable energy sources. Establishing, commissioning, leasing, generating electrical energy, producing electrical energy and/or capacity, to legal entities holding wholesale licenses, in order to produce electrical energy, to convert energy resources into electrical energy in generation facilities, to cover the procedures and principles to be applied for to sell to retail license holder legal entities and eligible consumers through bilateral agreements, to provide project, contracting, engineering and consultancy services for all necessary facilities and transmission lines, and/or have it made. To establish facilities to generate electricity by utilizing the sun, to manufacture power plants that operate with wind to provide electrical energy in parts or as a whole. To carry out all kinds of electrical-electronic contracting works in the country and abroad, to participate in tenders, to prepare projects and feasibility studies, to have them prepared, to undertake the electrical-electronic works partially or completely with real or legal persons or to tender them to others, responsible engineering and control engineering was established to do so.

Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.

The company was established on 08.08.2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 50% of the company. To carry out all kinds of transactions related to all kinds of products, semi-finished products and raw materials; Establishing various facilities for buying, selling, importing, exporting these goods, dealing with the full trade of these goods and packaging these goods, operating these enterprises, having them operated by third parties or renting and leasing, For the installation of photovoltaic solar power plants Opening and establishing warehouses, showrooms and offices for the purchase and sale of all kinds of necessary materials, establishment of relevant service units to serve companies engaged in electrical energy production, distribution, retail and wholesale, managing and selling turnkey projects for the electrical energy sector and/or include power grids and power generation facilities for sale; systems used for remote monitoring and control of all kinds of data processing and telecommunication devices and systems; was established to market, import and export software. However, there is no personnel working in the company, and its administration and accounting is entirely under the control of Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. it says. In addition, Smart Enerji carries out the Company's customer portfolio and new customer acquisitions, and Sumec is not involved in these matters. For this reason, it has been consolidated using the full consolidation method in the accompanying financial statements.

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

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

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

The company was established on 08.05.2020. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. is the 60% owner and leading partner of the relevant company. The relevant consortium is between Smart Solar Energy R&D Production Industry Trade A.Ş. and IHK Holding, "Gün Güneş Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş." was established for the project "Engineering, Procurement and Construction Turnkey Works for Van Arisu GES 45MWe/55 MWp Licensed Van Arisu Solar Power Plant (GES)", which was put out to tender by the parties, to create a partnership and complete the project. In the said consortium, Smart Energy has 60% and IHK Holding 40%. In the founding agreement, the parties agreed that Smart Energy is the leading partner and coordinator. It has been accepted and declared by all partners that if a unanimous vote cannot be reached at the board of directors meetings of the said consortium, the matter will be conveyed to the parties for resolution by the Lead partner within 2 business days, and if an agreement cannot be reached within the specified day, the decision of the lead partner regarding the works and transactions that will cause delay in the work program will be considered final. For this reason, it has been consolidated using the full consolidation method in the accompanying financial statements.

Icarus Solar Gmbh

The company was established in Germany in 2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. There are no personnel working in the company. Solar panel, Inverter, construction etc. was established to wholesale solar energy products to Europe, mainly Germany, Netherlands, Belgium, France, Spain, through channel management.

Smart Solar Technology Gmbh

The company was established in Germany in 2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. There are no personnel working in the company. It was established to provide turnkey installation and engineering services in Europe.

Smart Solar Ukraine

The company was established in Ukraine in 2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. Due to COVID, there are no personnel working in the company. It was established to provide turnkey installation and engineering services in countries in Eastern Europe.

Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi

The company was established on 30.11.2022. Smart Solar Enerji Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş. owns 100% of the company. The subject of activity is electric vehicle; to provide charging solutions by creating a station network and transmission system consisting of charging units, electric vehicle; To contribute to the charging infrastructure works in terms of technical, administrative and legislation, to supply vehicle charging units and to install them at the requested points.

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

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

Smart Gunes Tecnologias Renovables Sociedad Limitada

The establishment of the company was carried out in 2023. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. The Company's field of activity covers energy generation, transmission, distribution and the supply, sale and trade of renewable energy-based products.

Smart Global Enterprises & Trading B.V.

The company was established in 2023 and operates in the Netherlands. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. owns 100% of the company. The firm's field of activity includes energy generation, transmission, distribution and the supply, sale and trade of renewable energy-based products.

Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.

The company was established on 31.05.2023. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. owns 70% of the relevant company. The company's field of activity; It covers the production, energy production, storage and trading of gaseous or liquid fuels using hydrogen and oxygen based on renewable energy.

Smart Solar Technologies AD

The company was established in 2023 and operates in Bulgaria. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş who owns 100% of the company. The Company's field of activity includes energy production, transmission, distribution and production, supply, sale and trade of products based on renewable energy.

Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.

The company was established on 29.11.2023. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş is 100% owner of the relevant company. The company's field of activity; It produces and trades solar panel cells.

Smart Energy Global Investment and Development B.V.

The company was established in 2023 and operates in the Netherlands. Smart Global Enterprises & Trading B.V. It owns 100% of the company. The Company's field of activity includes energy production, transmission, distribution and supply, sale and trade of products based on renewable energy, as the main partner of companies operating in and outside the country where it operates.

Smart Energy Bulgaria B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. It owns 100% of the company. As the main partner of companies operating in Bulgaria outside the country where the company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

Smart Energy Iberia B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. As the main partner of companies operating in Spain outside the country in which the Company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2025

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

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

Smart Energy Romania B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. As the main partner of companies operating in Romania outside the country in which the Company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

Smart Energy Overseas Investment B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. The Company's field of activity includes energy production, transmission, distribution and supply, sale and trade of products based on renewable energy, as the main partner of companies operating in overseas countries.

Smart Green Energy Technologies Inc.

In order to establish solar panel production facilities in the United States, a company with a capital of USD 50.000 titled "Smart Green Energy Technologies Inc." was established in the state of Delaware, USA, through Smart Global Enterprises & Trading BV, a 100% subsidiary of our Company, located in the Netherlands, and its registration procedures were completed.

Smart Yeşil Enerji Depolama A.Ş.

The company was established on 13.03.2025. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş is the 100% owner of the relevant company. The company's field of activity includes; establishing a production facility for the conversion and storage of energy resources into electrical energy in production facilities by obtaining the necessary licenses and permits from the Energy Market Regulatory Authority, producing electrical energy, and selling the produced electrical energy and/or capacity to customers.

Joint Ventures

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

31 March 2025

Company Title	Main Activity	Owner Share(%)	Country of Establishment
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 Condensed Consolidated Financial Statements as of 31 March 2025

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Accounting policies

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.

The summary consolidated financial statements are presented in accordance with the formats specified in the “Announcement on TMS Taxonomy” published by the KGK on July 3, 2024 and the Financial Statement Samples and User Guide published by the CMB.

The financial statements are prepared according to the historical cost principle, except for the revaluation of certain fixed assets and financial instruments. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

The summary consolidated financial statements for the accounting period of January 1 - March 31, 2025 were approved at the Board of Directors meeting dated 9 May 2025. The Company's General Assembly and the relevant regulatory authorities have the right to request that the consolidated financial statements be amended after their publication.

Comparative Information and Correction of Prior Financial Statements

The current period consolidated financial statements of the 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

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 March 2025 TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 March 2024, and 31 December 2024 on the purchasing power basis as of March 31, 2025.

Pursuant to the decision of the Capital Markets Board (SPK) dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

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

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Notes To the Condensed Consolidated Financial Statements as of 31 March 2025

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

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 March 2025	2.954,69	1,0000	250%
31 December 2024	2.684,55	1,10063	291%
31 March 2024	2.139,47	1,38104	309%

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

- Current period condensed 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 IAS 36 "Impairment of Assets" and IAS 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 balance sheet 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 balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the condensed consolidated income statement.

Functional and presentation currency

The 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 the Group is Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is the valid currency of the Group.

Financial statements of subsidiaries operating in countries other than Turkey

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.

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

2.2. Summary of accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 31 March 2025 as condensed.

The explanations and notes required to be included in the annual financial statements prepared in accordance with TAS/TFRS based on this communiqué are summarized in accordance with TAS 34 or not included in the financial statements. The accompanying condensed consolidated financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2024. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 March 2025 financial statements are applied in the current period.

2.3. New and Revised Turkish Financial Reporting Standards

As of March 31, 2025, the accounting policies used in the preparation of the summary consolidated interim financial statements are consistent with those applied in the previous year, except for the new and revised TFRS standards and TFRIC 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) Amendments and interpretations effective from 2025

TAS 21 (Amendments) Lack of Exchangeability

TFRS 10 and TMS 28 (Amendments) – Asset Sales or Contributions Made by the Investor to its Subsidiary or Joint Venture

TSRS 1 General requirements for disclosure of sustainability-related financial information

TSRS 2 Climate Related Disclosures

TAS 21 (Amendments) Lack of Exchangeability

These amendments provide guidance on when a currency is exchangeable and how exchange rates should be determined when it is not. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The potential effects of these standards, amendments, and improvements on the Group’s consolidated financial position and performance are being evaluated.

TFRS 10 and TMS 28 (Amendments) – Asset Sales or Contributions Made by the Investor to its Subsidiary or Joint Venture

These amendments provide new guidance on the accounting for asset sales and contributions made by investor entities to their subsidiaries or joint ventures, offering clarity on how such transactions should be reported in the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2025.

The potential effects of these standards, amendments, and improvements on the Group’s consolidated financial position and performance are being evaluated.

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

2.3. New and Revised Turkish Financial Reporting Standards (Continued)

TSRS 1 General requirements for disclosure of sustainability-related financial information

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

The impact of this amendment on the Group's consolidated financial position and performance is being evaluated.

TSRS 2 Climate Related Disclosures

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

b) Standards, amendments and interpretations to existing standards that are not yet effective

The Group has not yet adopted the following standards, amendments and interpretations to existing standards that are not yet effective

TFRS 17 Insurance Contracts

TFRS 17 (Amendments) Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information

TFRS 17 - Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts as at 1 January 2026.

The impact of this amendment on the Group's consolidated financial position and performance is being evaluated.

TFRS 17 (Amendments) Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information

Amendments have been made to TFRS 17 to reduce implementation costs and facilitate disclosure of results and transition.

In addition, the amendment on comparative information permits entities that are first-time adopters of TFRS 7 and TFRS 9 to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset. These amendments will be applied when TFRS 17 is first adopted.

The potential effects of these standards, amendments, and improvements on the Group's consolidated financial position and performance are being evaluated.

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

2.4 Summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Consolidation Principles

Full Consolidation:

The paid-in 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.

- The paid-in capital of the consolidated balance sheet is the paid-in capital of the Company, the paid-in 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.

- 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, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the 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,

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

2.4. Summary of significant accounting policies (continued)

Related Parties (continued)

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 (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- (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),
- (vii) 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).

Trade Receivables and Allowance for Doubtful

Trade receivables that are created by the 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.

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 the Group are considered.

The 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.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Costs comprise direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.4. Summary of significant accounting policies (continued)****Property, plant and equipment and related depreciation**

As of 31 March 2024, the Group's tangible assets are shown by deducting accumulated depreciation from the indexed acquisition cost. Lands are 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>Years</u>
Machinery and Equipment	4-15
Vehicles	5
Furniture and Fixtures	2-50
Leasehold improvements	5-10

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 March 2025		31 December 2024	
	<u>Buying</u>	<u>Selling</u>	<u>Buying</u>	<u>Selling</u>
USD	37,7656 TL	37,8337 TL	35,2803 TL	35,3438 TL
EUR	40,7019 TL	40,7753 TL	36,7362 TL	36,8024 TL
UAH	0,9112 TL	0,9112 TL	0,8396 TL	0,8396 TL
BGN	20,6940 TL	20,9648 TL	18,6752 TL	18,9196 TL

EBITDA

This financial data is an indicator of a business's measured income without taking into account financing, tax expenses, and depreciation and amortization expenses. This financial information should be evaluated together with other financial data in the cash flow statement. The Group's EBITDA calculations for the ended periods are given below.

The Group's "Earnings Before Interest, Depreciation and Taxes (EBITDA)" is calculated by adding depreciation and amortization expenses, severance pay for employee benefits and leave payments, and other non-cash income/expenses to the "Main operating profit" item.

	<u>31 March 2025</u>	<u>31 March 2024</u>
Operating profit	117.622.085	801.035.598
Depreciation and amortization expenses (Note 8)	122.077.453	62.111.985
Vacation and termination expenses	22.195.279	28.949.333
EBITDA	261.894.817	892.096.916

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3. CASH AND CASH EQUIVALENTS

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

	31 March 2025	31 December 2024
Cash on hand	199.577	201.563
Cash at banks	723.604.599	514.941.900
- Demand deposit	655.613.260	307.034.561
- Time deposit	67.991.339	207.907.339
	723.804.176	515.143.463

4. FINANCIAL INVESTMENTS

The details of the Group's financial investments by periods are as follows:

Short-Term Financial Investments	31 March 2025	31 December 2024
Fx protected TL Deposits (*)	-	22.571.952
	-	22.571.952

(*) Currency Protected TL Time Deposit Account is a deposit product that offers foreign exchange protection in case the USD and Euro exchange rates in TL increase more than the interest rate at the end of the term.

5. TRADE RECEIVABLES AND PAYABLES

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

	31 March 2025	31 December 2024
Short-term trade receivables		
Trade receivables	2.474.988.033	2.749.262.216
Notes receivables	606.502.475	657.252.675
Expected credit loss (-)	(46.854.952)	(46.667.428)
Doubtful receivables (*)	76.628.025	77.981.725
Allowance for doubtful receivables (-)	(76.628.025)	(77.981.725)
	3.034.635.556	3.359.847.463

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

	1 January- 31 March 2025	1 January- 31 March 2024
Balance at beginning of the period	77.981.725	97.029.944
Current year additions / (Provisions no longer required)	5.775.977	4.317.197
Monetary gain / (loss)	(7.129.677)	(12.702.734)
End of the period	76.628.025	88.644.407

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

	1 January- 31 March 2025	1 January- 31 March 2024
Balance at beginning of the period	46.667.428	45.930.965
Current year additions / (Provisions no longer required)	4.454.212	4.281.307
Monetary gain / (loss)	(4.266.688)	(6.013.079)
End of the period	46.854.952	44.199.193

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5. TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 March 2025	31 December 2024
Short-term trade payables		
Trade payables	2.679.015.583	2.432.211.030
Notes payables	2.056.711.594	2.103.484.542
	4.735.727.177	4.535.695.572

6. RELATED PARTIES

The details of the Group's related party transactions for periods are as follows:

	Trade Receivables	
	31 March 2025	31 December 2024
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	7.021.671	7.652.696
Smart Energy Ukraine	7.068.780	7.023.340
	14.090.451	14.676.036

	Other Receivables	
	31 March 2025	31 December 2024
Smart Holding A.Ş.	432.380.056	20.518.513
	432.380.056	20.518.513

	Prepaid Expenses	
	31 March 2025	31 December 2024
Smart Verde Yenilenebilir Enerji A.Ş.	1.019.632.947	657.152.076
Sumec Energy Holdings Co. Ltd.	338.691.946	499.103.706
KES Adi Ortaklığı	7.496.904	5.502.903
	1.365.821.797	1.161.758.685

	Advances received	
	31 March 2025	31 December 2024
Asya GES Enerji Üretim San. Tic. Ltd. Şti.	1.463.578.467	-
	1.463.578.467	-

	Short-term Trade Payables	
	31 March 2025	31 December 2024
Smart Energy Group AD (Bulgaria)	254.491.055	368.115.085
	254.491.055	368.115.085

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6. RELATED PARTIES (Continued)

The details of the Group's related party transactions for periods are as follows:

	Sales		Purchases	
	March 2025	March 2024	March 2025	March 2024
Sumec Energy Holdings Co. Ltd.	2.597.157	2.555.157	329.883.980	529.197.498
Smart Solar EOOD (Bulgaria)	-	16.454.432	-	142.706.782
Smart Holding A.Ş.	-	-	33.641.740	9.575.475
Smart Verde Yenilenebilir Enerji A.Ş.	-	-	-	12.719.577
Sumec Hong Kong Co. Ltd.	-	-	-	13.164.948
	2.597.157	19.009.589	363.525.720	707.364.280

	Interest Income	
	31 March 2025	31 December 2024
Smart Holding A.Ş.	20.132.330	-
	20.132.330	-

Key management remuneration:

Total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives in the current period is 5.794.918 TL (31 March 2024: 6.588.554 TL).

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7. 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 March 2025</u>	<u>31 December 2024</u>
Advances given to suppliers (*)	2.813.583.593	2.609.444.040
Prepaid expenses	102.788.227	34.329.504
	<u>2.916.371.820</u>	<u>2.643.773.544</u>

<u>Long-term prepaid expenses</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Advances given to suppliers	135.130.308	134.237.155
Prepaid expenses	57.619.305	65.035.546
	<u>192.749.613</u>	<u>199.272.701</u>

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

<u>Deferred Incomes</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Advances received (*)	1.424.985.761	2.428.381.386
	<u>1.424.985.761</u>	<u>2.428.381.386</u>

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

8. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.03.2025 is as follows:

Current Period	1 January 2025	Additions	Disposals (-)	31 March 2025
Cost				
Land	276.673.050	-	-	276.673.050
Machinery and equipment	2.197.271.026	35.568.662	-	2.232.839.688
Vehicles	53.945.742	-	-	53.945.742
Furniture and fixtures	143.060.056	7.930.699	-	150.990.755
Construction in progress	2.249.226.356	564.585.244	-	2.813.811.600
Leasehold improvements	1.504.563.752	3.305.494	-	1.507.869.246
	<u>6.424.739.982</u>	<u>611.390.099</u>	<u>-</u>	<u>7.036.130.081</u>
	1 January 2025	Current year charge	Disposals	31 March 2025
Accumulated depreciation				
Machinery and equipment	(401.167.051)	(54.852.949)	-	(456.020.000)
Vehicles	(18.059.630)	(2.095.720)	-	(20.155.350)
Furniture and fixtures	(47.382.813)	(6.644.534)	-	(54.027.347)
Leasehold improvements	(100.855.844)	(37.730.535)	-	(138.586.379)
	<u>(567.465.338)</u>	<u>(101.323.738)</u>	<u>-</u>	<u>(668.789.076)</u>
Net book value	<u>5.857.274.644</u>			<u>6.367.341.005</u>

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8. PROPERTY, , PLANT AND EQUIPMENTS (Continued)

Prior Period	1 January 2024	Additions	Disposals (-)	31 March 2024
Cost				
Land	120.822.852	-	-	120.822.852
Machinery and equipment	1.268.767.054	9.655.102	-	1.278.422.156
Vehicles	56.270.204	-	-	56.270.204
Furniture and fixtures	85.862.942	4.570.553	-	90.433.495
Construction in progress	1.789.887.944	636.521.268	-	2.426.409.212
Leasehold improvements	128.078.104	88.143	-	128.166.247
	3.449.689.100	650.835.066	-	4.100.524.166
	1 January 2024	Current year charge	Disposals	31 March 2024
Accumulated depreciation				
Machinery and equipment	(264.104.825)	(31.686.591)	-	(295.791.416)
Vehicles	(11.430.329)	(2.243.707)	-	(13.674.036)
Furniture and fixtures	(26.310.738)	(4.122.194)	-	(30.432.932)
Leasehold improvements	(85.926.084)	(3.632.607)	-	(89.558.691)
	(387.771.976)	(41.685.099)	-	(429.457.075)
Net book value	3.061.917.124			3.671.067.091

As of 31 March 2025, the insurance amount on tangible fixed assets is 5.349.369.592 TL (31 March 2024 1.192.528.548 TL) There are mortgages of USD 18.613.091 on the Group's real estate. (31 March 2024: None).

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

	1 January- 31 March 2025	1 January- 31 March 2024
Cost		
Cost of sales	115.134.141	56.746.923
General administrative expenses	6.943.312	5.365.062
	122.077.453	62.111.985

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9. RIGHT OF USE ASSETS

ovement of right of use assets for the period 01.01.-31.03.2025 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2025	217.621.153	11.313.773	228.934.926
Additions	-	-	-
Changes in leases	13.005.762	(1.636.983)	11.368.779
Depreciation	(16.416.563)	(2.771.248)	(19.187.811)
As of 31 March 2025	214.210.352	6.905.542	221.115.894

	Buildings	Vehicles	Total
As of 1 January 2024	306.048.920	12.450.037	318.498.957
Additions	-	13.460.112	13.460.112
Changes in leases	(10.205.797)	(471.897)	(10.677.694)
Depreciation	(16.306.473)	(2.504.426)	(18.810.899)
As of 31 March 2024	279.536.650	22.933.826	302.470.476

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10. FINANCIAL BORROWINGS

The details of financial borrowings for the periods are as follows:

	31 March 2025	31 December 2024
Short-term bank borrowings	2.264.812.799	2.000.976.323
Financial lease liabilities	141.922.332	156.439.395
Liabilities arising from leasing transactions (*)	70.406.205	67.596.283
Liabilities from financial leasing transactions	1.071.109.317	621.843.868
Short-term borrowings	3.548.250.653	2.846.855.869
Short-term portion of long-term borrowings	1.135.870.373	1.256.962.299
Short-term portion of long-term borrowings	1.135.870.373	1.256.962.299
Long-term borrowings	2.252.466.971	2.636.767.688
Long-term financial lease liabilities	115.783.790	140.030.028
Liabilities arising from leasing transactions (*)	134.319.595	147.253.962
Long-term borrowings	2.502.570.356	2.924.051.678
Total financial borrowings	7.186.691.382	7.027.869.846

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

The details of currency-based financial liabilities are as follows:

	Interest Rate	31 March 2025
TL bank borrowings	%7,50 - %68,00	4.286.109.071
EUR bank borrowings	%7,00 - %8,00	266.573.702
USD bank borrowings	%4,75 - %11,00	2.429.282.809
		6.981.965.582
	Interest Rate	31 December 2024
TL bank borrowings	%7,50 - %68,00	3.957.618.796
EUR bank borrowings	%7,00 - %8,00	309.594.805
USD bank borrowings	%4,75 - %11,00	2.545.806.000
		6.813.019.601

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11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**a. Guarantees received**

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

Guarantees Received by the Group	31 March 2025	31 December 2024
Bank Letters of Guarantee	67.790.651	86.650.100
Total	67.790.651	86.650.100

b. Guarantees Given

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

Teminat-Rehin-İpotekler-Kefalet ("TRİK")	31 March 2025	31 December 2024
A. CPMB's given for Group's own legal personality	3.240.253.856	3.099.317.081
B. CPMB's given on behalf of fully consolidated companies	2.035.221.891	2.291.222.065
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	-	-
	5.275.475.747	5.390.539.146

Given to	31 March 2025	31 December 2024
In Turkish Lira	2.226.269.046	2.258.141.353
In Euro	167.600.232	164.342.050
In ABD Dollar	2.881.606.469	2.968.055.743
Total	5.275.475.747	5.390.539.146

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

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12. INCOME TAX

The details of current period tax assets for the periods are as follows:

Corporation Tax

In Turkey, the corporate tax rate is 25% as of 31 March 2025 (31 December 2024: 25%). The corporate tax rate is applied to the net corporate income, which will be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions and deducting the exemptions and deductions in the 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, the institutions whose shares are offered to the public at least 20% of the time to be traded in the Borsa Istanbul Equity Market are subject to five accounting periods, starting from the accounting period in which their shares are offered to the public for the first time. It has been stipulated that the corporate tax rate will be applied to the corporate earnings of the company with a 2 point discount. Within the scope of the said law, 23% was used as the tax rate in the current tax and deferred tax calculations in the parent company in the consolidated financial statements dated 31 March 2025.

Tax expenses included in the statements of comprehensive income for the accounting periods ending 31 March 2025 and 2024 are as follows:

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that it does not exceed 5 years. Declarations and relevant accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies resident in Turkey to those other than those who are not liable for corporate tax and income tax and those who are exempt, and to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings obtained by institutions from participation in the capital of another institution subject to full liability (except dividends obtained from participation certificates of investment funds and shares of investment trusts) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares that have been in the assets of the institutions for at least two full years, as well as the founding shares, usufruct shares and priority rights of the real estate (immovable properties) they have owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for real estate, and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the earnings in question must be kept in a passive fund account and must not be withdrawn from the business for 5 years. The sales price must be collected by the end of the second calendar year following the year in which the sale was made.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the month in which the accounting period closes. Authorities authorized for tax inspection may examine tax returns and the accounting records underlying them during the five years following the accounting period and make re-assessments as a result of their findings.

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12. INCOME TAX (Continued)

The Group, due to the Complete New Investment and Expansion Investment made in Kocaeli Gebze Organized Industrial Zone within the scope of Investment Incentive Certificates dated 05.10.2017-B 130930 and 08.01.2020/507856, is in compliance with the 15th article of the said Council of Ministers Decision and the Corporate Tax Law. Pursuant to the Reduced Corporate Tax Application in accordance with the provisions of Article 32/A, it has benefited from the tax advantage regarding the income obtained from other activities due to the investment expenditures actually made for the investments subject to the incentive certificate during the certification period.

The Group will benefit from the income tax advantage with the Complete New Investment it will make in Izmir Aliğa Organized Industrial Zone within the scope of the Investment Incentive Certificate dated 08.12.2022/544854.

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.

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 the Group. The 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 the Group while reflecting the deferred tax asset to the consolidated financial statements. The Group estimates that it will generate sufficient taxable profits in the future.

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

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

	31 March 2025	31 December 2024
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	13.339.581	16.302.567
Trade payables	(36.035.946)	(4.661.072)
Trade receivables	29.576.218	27.225.798
Lease liabilities	47.086.934	49.415.556
Inventories	(53.480.195)	36.022.330
Tangible and intangible assets	44.158.012	28.272.256
Assets subject to cash flow hedge accounting	187.695.235	168.911.087
Financial liabilities	(1.902.165)	22.120.676
Lawsuit provisions	1.703.249	1.182.753
Right of use assets	(50.856.656)	(52.655.034)
Investment incentives (*)	794.131.111	874.042.671
Other	87.417.108	19.481.018
Deferred tax assets	1.062.832.486	1.185.660.606
Deferred tax assets	1.205.107.448	1.242.976.712
Deferred tax liabilities	(142.274.962)	(57.316.106)
Deferred tax assets	1.062.832.486	1.185.660.606

(*) Gains obtained from the investments of the Group, which are subject to the incentive certificate, are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be operated partially or completely, until it reaches the amount of contribution to the investment. In this context, as of 31 March 2025, the tax advantage amounting to 794.131.111 TL (31 December 2024: 874.042.671 TL) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of recognizing the mentioned tax advantage as of 31 March 2025, deferred tax expense amounting to (79.911.560) TL (current period effect of 1 January-31 March 2025) has occurred in the consolidated profit or loss statement for the period 1 January - 31 March 2025

The movement of the deferred tax for the periods are as follows:

	1 January 2025	Deferred tax income/ (expense)	Other comprehensive income	31 March 2025
Deferred tax assets	1.185.660.606	(140.234.073)	17.405.953	1.062.832.486

	1 January 2024	Deferred tax income/ (expense)	Other comprehensive income	31 March 2024
Deferred tax assets	375.726.955	(60.998.691)	7.459.515	322.187.779

Tax Income / (Expense)	31 March 2025	31 March 2024
Period tax provisions (-)	-	(857.280)
Deferred tax income / (expense)	(140.234.073)	(60.998.691)
Total	(140.234.073)	(61.855.971)

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13. SHARE CAPITAL**Paid-in Capital**

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

Shareholders	31 March 2025 TL	Share %	31 December 2024 TL	Share %
Smart Holding A.Ş.	442.458.799	73,03	442.458.799	73,03
Public part	163.421.201	26,97	163.421.201	26,97
Total paid-in capital	605.880.000	100	605.880.000	100
Adjustment to share capital (*)	1.176.334.712		1.176.334.712	
	1.782.214.712	100	1.782.214.712	100

(*) 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 0,086%)

The 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 March 2025, the 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 March 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.

Group	Capital ratio (%)	Total balance
Group A Stocks (Registered)	22,88	138.600.000
Group B Shares (Bearer)	77,12	467.280.000
Issued capital	100,00	605.880.000

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

31.03.2025 (TFRS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	1.176.334.712	1.782.214.712
Share Premiums	133.782.358	529.389.655	663.172.014
Restricted Reserves Allocated from Profit(*)	99.945.843	79.151.807	179.456.891

31.03.2025 (VUK)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	1.000.908.908	1.606.788.908
Share Premiums	133.782.358	489.654.457	623.436.815
Restricted Reserves Allocated from Profit(*)	76.138.947	54.231.165	130.370.112

(*) In the Reserves on retained earnings allocated from profit, 44.914.463 TL has been allocated within the scope of repurchased shares according to TAS/TFRS financial statements..

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14. REVENUE AND COST OF SALES

Revenue for the periods are as follows

	1 January- 31 March 2025	1 January- 31 March 2024
Domestic Sales	2.538.249.575	3.103.772.949
Export Sales	36.415.445	16.454.432
Gross Sales	2.574.665.020	3.120.227.381
Sales Returns (-)	(172.000)	(2.763.726)
Sales Discounts (-)	(1.788.844)	-
Net Sales	2.572.704.176	3.117.463.655
Cost of Sales (-)	(2.129.026.705)	(2.008.136.214)
Gross Profit	443.677.471	1.109.327.441

15. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 31 March 2025	1 January- 31 March 2024
Personnel expenses	21.957.817	22.921.301
Shipping, cargo, courier expenses	6.660.481	3.984.888
Advertisement, promotion and advertising expenses	1.586.185	14.610.156
Consulting expenses	1.491.343	2.132.268
Food and travel expenses	728.600	1.665.843
Tax, duty and fee expenses	555.869	2.133.324
Export and warehouse expenses	249.110	2.450.245
Other	3.483.022	2.823.761
	36.712.427	52.721.786

16. GENERAL ADMINISTRATIVE EXPENSES

The details of general administrative expenses for the periods are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Personnel expenses	91.810.529	93.143.697
Consultancy expenses	15.629.641	23.930.694
Depreciation and amortization expenses (Note 8)	6.943.312	5.365.062
Tax, duty and fee expenses	2.649.676	2.116.274
Food and travel expenses	1.998.804	3.818.578
Vehicle expenses	1.101.340	1.585.781
Representation expenses	1.089.953	3.902.758
Other (*)	36.432.546	40.354.065
	157.655.801	174.216.909

(*) As of 31.03.2025, Smart Holding A.Ş. has a common expense reflection expense of 22.990.905 TL(31.03.2024: 26.745.856 TL)

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17. EXPENSES BY NATURE

The details of expenses by nature for the periods are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Cost of sales	2.013.892.564	1.951.389.291
Depreciation and amortization expenses (Note 8)	122.077.453	62.111.985
Personnel expenses	113.768.346	116.064.998
Consulting expenses	17.120.984	26.062.962
Transportation, cargo, courier expenses	6.660.481	3.984.888
Food and travel expenses	2.727.404	5.484.421
Advertisement, promotion and advertising expenses	1.586.185	14.610.156
Representation expenses	1.089.953	3.902.758
Export and warehouse expenses	249.110	2.450.245
Other	44.222.453	49.013.205
	2.323.394.933	2.235.074.909

18. OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods are as follows

	1 January- 31 March 2025	1 January- 31 March 2024
Other operating income		
Foreign exchange gain (*)	75.510.259	118.994.226
Other	18.654.103	6.813.472
	94.164.362	125.807.698
Other operating expenses		
Foreign exchange loss (*)	180.593.320	192.018.183
Provision expenses	8.508.725	4.247.037
Other	36.749.475	10.895.626
	225.851.520	207.160.846

(*) Currency difference income and expenses are netted presented on a company basis in consolidation subsidiaries.

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19. FINANCIAL INCOME AND EXPENSES

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

	1 January- 31 March 2025	1 January- 31 March 2024
Finance income		
Interest income	37.725.424	28.738.622
	37.725.424	28.738.622
	1 January- 31 March 2025	1 January- 31 March 2024
Finance expenses		
Interest expense	431.601.537	359.642.912
Foreign exchange loss (*)	134.464.370	119.427.221
Bank transaction and commission expenses	67.702.093	37.732.928
	633.768.000	516.803.061

(*) Currency difference income and expenses are netted presented on a company basis in consolidation subsidiaries.

20. EXPLANATIONS ON NET MONETARY POSITION GAINS/(LOSSES)

Non-Monetary Items	31 March 2025
Statement of Financial Position Items	316.708.144
Inventories	19.884.032
Prepaid expenses	778.573
Right of use assets	(1.134.959)
Property, plant and equipment	543.269.368
Intangible assets	2.260.438
Deferred income	(3.209.075)
Deferred tax assets	108.402.017
Paid-in capital	(162.943.484)
Treasury shares	4.106.418
Share premiums	(60.632.177)
Items not to be reclassified to profit or loss	2.436.772
Items to be reclassified to profit or loss	51.221.111
Restricted reserves appropriated from profit	(16.407.300)
Retained earnings	(171.323.590)
Profit or Loss Statement Items	28.378.402
Revenue	(32.264.887)
Cost of sales (-)	52.110.231
General administrative expenses (-)	2.748.794
Marketing, selling and distribution expenses (-)	886.198
Income/expense from investing activities	(3.993.248)
Finance income/expense	8.891.314
Net monetary position gains (losses)	345.086.546

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21. 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 March 2025	1 January- 31 March 2024
Profit for the period attributable to equity holders	(278.614.846)	403.554.808
Weighted average number of common shares issued	605.880.000	605.880.000
Profit per share	(0,46)	0,67

22. FINANCIAL INSTRUMENTS**Capital Risk Management**

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way. The Group's capital structure consists of equity items including issued capital, reserves and retained earnings:

	31 March 2025	31 December 2024
Total financial borrowings	7.186.691.382	7.027.869.846
Less: Cash and cash equivalents and financial investments	(723.804.176)	(537.715.415)
Net debt	6.462.887.206	6.490.154.431
Total equity	3.577.770.280	3.867.553.589
Net debt to equity ratio	1,81	1,68

Risk Management System

When calculating the 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.

The 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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23. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS**Risk Management Disclosures**

The 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. The 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 the 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 March 2025	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Trade receivables			
	Related Party	Related Party	Related Party	Related Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	14.090.451	3.034.635.556	432.380.056	192.882.374	723.604.599	-
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	14.090.451	3.034.635.556	432.380.056	192.882.374	723.604.599	-
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	123.482.977	-	-	-	-
- Impairment (-)	-	(123.482.977)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

31 December 2024	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Trade receivables			
	Related Party	Related Party	Related Party	Related Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	14.676.036	3.359.847.463	20.518.513	656.657.110	514.941.900	22.571.952
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	14.676.036	3.359.847.463	20.518.513	656.657.110	514.941.900	22.571.952
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	124.649.153	-	-	-	-
- Impairment (-)	-	(124.649.153)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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23. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)
Credit Risk (continued)

The 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

The 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 the Group's non-derivative financial liabilities:

31 March 2025						
Contractual maturity	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	12.176.909.614	13.952.142.636	1.173.071.410	8.528.996.796	3.080.253.482	1.169.820.948
Loans and borrowings	6.981.965.582	8.709.546.103	387.863.293	4.225.851.528	2.926.010.334	1.169.820.948
Trade payables	4.990.218.232	4.990.218.232	760.259.748	4.229.958.484	-	-
Lease liabilities	204.725.800	252.378.301	24.948.369	73.186.784	154.243.148	-
31 December 2024						
Contractual maturity	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	11.931.680.503	14.067.349.342	1.539.084.234	7.497.483.660	3.600.891.370	1.429.890.079
Loans and borrowings	6.813.019.601	8.894.975.893	767.584.816	3.268.637.069	3.428.863.930	1.429.890.079
Trade payables	4.903.810.657	4.903.810.657	747.095.554	4.156.715.103	-	-
Lease liabilities	214.850.245	268.562.792	24.403.864	72.131.488	172.027.440	-

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23. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)
Foreign Currency Risk

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

		31 March 2025			31 December 2024		
		TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1	Trade payables	2.844.023.179	70.368.202	4.582.730	2.934.732.170	81.177.616	1.926.207
2a.	Monetary financial assets	140.382.036	1.744.919	1.829.991	104.645.578	2.868.392	93.854
2b.	Non-Monetary financial assets	-	-	-	-	-	-
3	Other	1.355.654.359	23.820.856	11.204.524	1.458.387.240	36.834.201	4.324.496
4	Current assets (1+2+3)	4.340.059.574	95.933.977	17.617.245	4.497.764.988	120.880.209	6.344.557
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)	4.340.059.574	95.933.977	17.617.245	4.497.764.988	120.880.209	6.344.557
10	Trade payables	3.632.022.164	80.627.385	14.263.288	2.507.916.597	67.635.624	3.190.462
11	Financial borrowings	1.457.184.946	34.505.978	3.720.294	1.482.106.319	37.095.454	4.646.762
12a.	Other Monetary financial liabilities	-	-	-	-	-	-
	Other Non-Monetary financial						
12b.	liabilities	2.208.535.301	58.374.817	-	2.227.188.712	63.014.976	-
13	Current liabilities (10+11+12)	7.297.742.411	173.508.180	17.983.582	6.217.211.628	167.746.054	7.837.224
14	Trade payables	-	-	-	-	-	-
15	Financial borrowings	1.238.671.584	29.703.518	2.817.333	1.373.294.516	34.934.323	3.765.592
16a.	Other Monetary financial liabilities	-	-	-	-	-	-
	Other Non-Monetary financial						
16b.	liabilities	-	-	-	-	-	-
17	Non-Current liabilities (14+15+16)	1.238.671.584	29.703.518	2.817.333	1.373.294.516	34.934.323	3.765.592
18	Total liabilities (13+17)	8.536.413.995	203.211.698	20.800.915	7.590.506.144	202.680.377	11.602.816
19	Net asset / liability position of off-balance sheet derivatives	2.695.856.530	64.209.496	6.537.627	2.855.400.835	72.029.777	8.412.354
20	Net foreign currency asset / (liability) position (9-18+19)	(1.500.497.891)	(43.068.225)	3.353.957	(237.340.321)	(9.770.391)	3.154.095
21	Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(3.343.473.479)	(72.723.760)	(14.388.194)	(2.323.939.684)	(55.619.393)	(9.582.755)

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23. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**Foreign currency risk (continued)***Sensitivity analysis*

The 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 March 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	(406.524.623)	406.524.623	(289.880.532)	289.880.532
2- Amount hedged for USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(406.524.623)	406.524.623	(289.880.532)	289.880.532
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	(13.110.821)	13.110.821	(19.393.655)	19.393.655
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(13.110.821)	13.110.821	(19.393.655)	19.393.655
Total net effect (3+6)	(419.635.444)	419.635.444	(309.274.187)	309.274.187

Profil

The current interest structure of the report of the Group's financial items with interest instruments is as follows:

Interest position table		
Fixed interest financial instruments	31 March 2025	31 December 2024
Financial assets	-	22.571.952
Financial obligations	3.851.849.061	3.924.553.050
Financial leases	257.706.122	296.469.423
Issued debt instruments	787.446.177	285.972.978
Financial instruments with variable interest rates		
Financial obligations	1.801.301.082	1.970.153.260
Issued debt instruments	283.663.140	335.870.890

Cash flow hedge accounting for high probability forecast transaction currency risk

The 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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Within the scope of the currency risk management strategy it has determined, the 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.

24. 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 March 2025		31 December 2024	
		Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	3	723.804.176	723.804.176	515.143.463	515.143.463
Financial investments		-	-	22.571.952	22.571.952
Trade receivables	5	3.095.580.959	3.048.726.007	3.421.190.926	3.374.523.499
Other receivables		625.262.430	625.262.430	677.175.623	677.175.623
Total financial assets		4.444.647.565	4.397.792.613	4.636.081.964	4.589.414.537
Financial liabilities					
Financial borrowings	10	7.186.691.382	7.186.691.382	7.027.869.846	7.027.869.846
Trade payables	5	4.990.218.232	4.990.218.232	4.903.810.657	4.903.810.657
Payables related to employment benefits		164.992.483	164.992.483	169.548.801	169.548.801
Total financial liabilities		12.341.902.097	12.341.902.097	12.101.229.304	12.101.229.304
Net		(7.897.254.532)	(7.944.109.484)	(7.465.147.340)	(7.511.814.767)

25. SUBSEQUENT EVENTS

None.