

(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 2024

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	5
CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS	6
1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	6
2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	12
3. CASH AND CASH EQUIVALENTS	19
4. FINANCIAL INVESTMENTS	19
5. TRADE RECEIVABLES AND PAYABLES	19
6. RELATED PARTIES	20
7. PREPAID EXPENSES AND DEFERRED INCOME	22
8. PROPERTY, PLANT AND EQUIPMENTS	22
9. RIGHT OF USE ASSETS	24
10. FINANCIAL BORROWINGS	25
11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)	26
12. INCOME TAX	27
13. SHARE CAPITAL	30
14. REVENUE AND COST OF SALES	31
15. SELLING, MARKETING AND DISTRIBUTION EXPENSES	31
16. GENERAL ADMINISTRATIVE EXPENSES	32
17. EXPENSES BY NATURE	32
18. OTHER OPERATING INCOME AND EXPENSES	33
19. FINANCIAL INCOME AND EXPENSES	33
20. EARNING PER SHARE	34
21. FINANCIAL INSTRUMENTS	34
22. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS	35
23. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)	39
24. SUBSEQUENT EVENTS	39

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 2024**

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024 unless otherwise stated.)

ASSETS	<i>Notes</i>	Non-Audited	Audited
		Current Period	Prior Period
		31 March 2024	31 December 2023
Current Assets			
Cash and cash equivalents	3	380.654.508	675.116.161
Financial investments	4	198.460.433	278.711.052
Trade receivables		3.434.624.926	2.913.347.459
- <i>Due from related parties</i>	6	53.684.896	140.927.721
- <i>Due from third parties</i>	5	3.380.940.030	2.772.419.738
Other receivables		584.906.872	442.418.233
- <i>Other receivables from related parties</i>	6	126.880.961	27.992.020
- <i>Other receivables from third parties</i>		458.025.911	414.426.213
Inventories		2.655.951.005	2.270.014.816
Prepaid expenses		1.219.156.192	1.444.329.677
- <i>Due from related parties</i>	6	374.262.897	103.017.433
- <i>Prepaid expenses, third parties</i>	7	844.893.295	1.341.312.244
<i>Current income tax assets</i>		59.412.295	22.959.669
Other current assets		380.391.326	150.783.229
TOTAL CURRENT ASSETS		8.913.557.557	8.197.680.296
Non-current Assets			
Other receivables		4.213.155	4.847.809
- <i>Other receivables from third parties</i>		4.213.155	4.847.809
Right of use assets	9	219.016.719	230.622.828
Property plant and equipment	8	2.658.193.553	2.217.112.396
Intangible assets		21.035.233	22.205.358
Prepaid expenses	7	850.598.963	1.195.477.985
Deferred tax assets	12	233.293.878	272.061.214
TOTAL NON-CURRENT ASSETS		3.986.351.501	3.942.327.590
TOTAL ASSETS		12.899.909.058	12.140.007.886

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024 unless otherwise stated.)

LIABILITIES	<i>Notes</i>	Non-Audited	Audited
		Current Period	Prior Period
		31 March 2024	31 December 2023
Current Liabilities			
Short-term borrowings	10	1.975.049.932	1.736.620.061
Short-term portion of long-term borrowings	10	584.720.813	353.670.536
Lease liabilities	10	50.668.911	37.815.262
- <i>Lease transactions from related parties</i>		17.704.159	11.903.242
- <i>Lease transactions from third parties</i>		32.964.752	25.912.020
Trade payables		2.924.086.725	2.712.042.335
- <i>Due to related parties</i>	6	737.556.822	624.421.197
- <i>Trade payables third parties</i>	5	2.186.529.903	2.087.621.138
Employee benefits obligations		98.669.607	77.303.233
Other payables		2.543.772	2.926.956
- <i>Other payables from third parties</i>		2.543.772	2.926.956
Deferred income		2.404.592.882	2.353.437.769
- <i>Deferred income from third parties</i>	7	2.404.592.882	2.353.437.769
Provisions		14.127.760	10.110.046
- <i>Provisions for employee benefits</i>		12.584.502	8.318.137
- <i>Other short-term provisions</i>		1.543.258	1.791.909
Other current liabilities		72.060.421	75.007.965
TOTAL CURRENT LIABILITIES		8.126.520.823	7.358.934.163
Non-current liabilities			
Long-term borrowings	10	1.906.771.705	2.187.134.742
Lease liabilities	10	126.925.163	130.412.678
- <i>Lease transactions from related parties</i>		56.545.534	47.518.332
- <i>Lease transactions from third parties</i>		70.379.629	82.894.346
Long-term provisions		18.410.778	14.559.335
- <i>Long-term provisions for employee benefits</i>		18.410.778	14.559.335
TOTAL NON-CURRENT LIABILITIES		2.052.107.646	2.332.106.755
Shareholders' Equity		2.716.664.933	2.442.784.471
Paid-in capital	13	605.880.000	605.880.000
Adjustment to share capital		684.608.989	684.608.989
Treasury shares (-)		(30.841.722)	(29.444.365)
Share premiums		480.198.135	480.198.135
Accumulated other comprehensive income not to be reclassified in profit or loss		4.227.812	(3.159.073)
- <i>Gain/(Loss) on remeasurements of the defined benefit plans</i>		4.227.812	(3.159.073)
Accumulated other comprehensive income that will be reclassified in profit or loss		(454.860.822)	(430.540.592)
- <i>Foreign currency translation differences</i>		3.713.571	1.707.579
- <i>Gain / (loss) of hedging reserve</i>		(458.574.393)	(432.248.171)
Reserves on retained earnings		80.483.021	79.085.664
Prior years' profit / (loss)		1.054.758.356	(120.925.881)
Net income for the period		292.211.164	1.177.081.594
Non-controlling interest		4.615.656	6.182.497
TOTAL SHAREHOLDER'S EQUITY		2.721.280.589	2.448.966.968
TOTAL LIABILITIES		12.899.909.058	12.140.007.886

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 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024 unless otherwise stated.)

		Non-Audited	Non-Audited
	<i>Notes</i>	1 January- 31 March 2024	1 January- 31 March 2023
Revenue	14	2.257.333.245	1.360.393.492
Cost of sales (-)	14	(1.454.077.140)	(1.121.461.282)
GROSS PROFIT		803.256.105	238.932.210
General administrative expense (-)	16	(126.149.224)	(60.218.103)
Selling, marketing and distribution expense (-)	15	(38.175.470)	(59.763.223)
Other operating income	18	91.096.459	41.200.315
Other operating expense (-)	18	(150.003.696)	(34.005.131)
OPERATING PROFIT / (LOSS)		580.024.174	126.146.068
Gains from investment activities		5.260.327	4.720.644
Expected credit loss according to TFRS 9		(3.100.064)	(2.206.658)
Share of profit/loss of investments accounted for using the equity method		-	233.482
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		582.184.437	128.893.536
Financial income	19	20.809.432	6.685.131
Financial expenses (-)	19	(374.213.418)	(67.023.345)
Net monetary position gains (losses)		106.653.340	(92.824.976)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		335.433.791	(24.269.654)
Tax Income / (Expense) from Continuing Operations			
Current period tax expense	12	(620.750)	(46.167.220)
Deferred tax (expense) / income	12	(44.168.718)	38.682.551
PROFIT FROM CONTINUING OPERATIONS		290.644.323	(31.754.323)
NET PROFIT/LOSS FOR THE PERIOD		290.644.323	(31.754.323)
Attributable to:			
Non-controlling interest		(1.566.841)	2.218.247
Equity holder of the parent		292.211.164	(33.972.570)
Earnings/(Loss) Per Share	20	0,48	(0,11)
OTHER COMPREHENSIVE INCOME / (LOSS)			
Net Profit		290.644.323	(31.754.323)
Items that will not to be reclassified to profit or loss			
- Gain / (loss) arising from defined benefit plans		9.849.180	(1.410.677)
Taxes on items that will not to be reclassified to profit or loss			
- Deferred tax (expense) / income		(2.462.295)	282.135
Items that will be reclassified to profit or loss			
- Currency translation differences		2.005.992	200.146
- Cash flow hedging		(34.189.899)	(14.022.505)
Taxes on items that will be reclassified to profit or loss			
- Deferred tax (expense) / income		7.863.677	220.196
TOTAL OTHER COMPREHENSIVE LOSS		(16.933.345)	(14.730.705)
TOTAL COMPREHENSIVE LOSS		273.710.978	(46.485.028)
Attributable to:			
Equity holder of the parent		275.277.819	(48.703.275)
Non-controlling interest		(1.566.841)	2.218.247

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 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024 unless otherwise stated.)

	Paid-in capital	Adjustment to share capital	Repurchased Shares	Share premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Accumulated other comprehensive income that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
					Gain/(loss) on remeasurements of defined benefit plans	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period			
Balance as of 1 January 2023	306.000.000	550.939.238	-	590.074.689	1.059.028	(72.265.161)	1.900.071	33.226.132	146.526.330	102.080.517	1.659.540.844	(11.658.959)	1.647.881.885
Transfer	-	-	-	-	-	-	-	-	102.080.517	(102.080.517)	-	-	-
Total total income/expense	-	-	-	-	(1.128.542)	(13.802.309)	200.146	-	-	(33.972.570)	(48.703.275)	2.218.247	(46.485.028)
Increase/decrease due to acquisition of treasury shares	-	-	(6.287.216)	-	-	-	-	6.287.216	(6.287.216)	-	(6.287.216)	-	(6.287.216)
Balance as of 31 March 2023	306.000.000	550.939.238	(6.287.216)	590.074.689	(69.514)	(86.067.470)	2.100.217	39.513.348	242.319.631	(33.972.570)	1.604.550.353	(9.440.712)	1.595.109.641
Balance as of 1 January 2024	605.880.000	684.608.989	(29.444.365)	480.198.135	(3.159.073)	(432.248.171)	1.707.579	79.085.664	(120.925.881)	1.177.081.594	2.442.784.471	6.182.497	2.448.966.968
Transfer	-	-	-	-	-	-	-	-	1.177.081.594	(1.177.081.594)	-	-	-
Total total income/expense	-	-	-	-	7.386.885	(26.326.222)	2.005.992	-	-	292.211.164	275.277.819	(1.566.841)	273.710.978
Increase/decrease due to acquisition of treasury shares	-	-	(1.397.357)	-	-	-	-	1.397.357	(1.397.357)	-	(1.397.357)	-	(1.397.357)
Balance as of 31 March 2024	605.880.000	684.608.989	(30.841.722)	480.198.135	4.227.812	(458.574.393)	3.713.571	80.483.021	1.054.758.356	292.211.164	2.716.664.933	4.615.656	2.721.280.589

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 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024 unless otherwise stated.)

	Notes	Non-audited 31 March 2024	Non-audited 31 March 2023
A. Cash flows from operating activities		(147.003.425)	132.456.173
Profit for the period		290.644.323	(31.754.323)
Adjustments to reconcile net profit/loss to net cash:		83.038.227	480.608.074
Adjustments related to depreciation and amortization expenses	8	44.974.846	39.323.289
Adjustments related to provision for employee benefits		19.873.032	8.051.249
Adjustments related to interest expenses		260.414.873	46.102.287
Adjustments related to interest incomes		(20.809.432)	(6.685.131)
Adjustments for fair value losses / (gains) of financial assets		(5.260.327)	(4.720.644)
Adjustments for retained earnings from equity method investments		-	(233.482)
Adjustments related to expected provision losses		3.100.064	2.206.658
Adjustments related to tax income/(expense)	12	44.789.468	7.484.669
Adjustments related to unrealized currency translation differences		71.479.101	85.644.136
Monetary gain/(loss)		(335.523.398)	303.435.043
Adjustments related to other increase / (decrease) in working capital		(482.846.392)	(283.746.691)
Decrease/(increase) in financial investments		85.510.946	(46.362.600)
Decrease/(increase) in inventories		(536.069.751)	(344.904.034)
Decrease/(increase) in trade receivables from third parties		(611.620.356)	(322.043.212)
Decrease/(increase) in trade receivables from related parties		87.242.825	3.009.253
Decrease/(increase) in other operating receivables from related parties		(98.888.941)	(257.306.218)
Decrease / (increase) in other operating receivables from third parties		(42.965.044)	11.396.575
(Decrease) / Increase in trade payables to third parties		98.908.765	433.487.962
(Decrease) / increase in other operating payables to third parties		(383.184)	(4.673.287)
(Decrease) / increase in trade payables to related parties		113.135.625	(116.441.201)
(Decrease) / increase in deferred incomes		52.335.317	1.087.332.635
Decrease / (increase) in other assets related to operations		(208.241.723)	71.008.522
(Decrease) increase in other liabilities related to operations		(6.798.327)	31.654.589
Decreases / (increase) in prepaid expenses		584.987.456	(829.905.675)
Cash inflow (outflow) from other operations		(37.839.583)	(32.650.887)
Taxes paid		(36.452.626)	(28.523.834)
Payments under provisions for employee benefits		(1.386.957)	(4.127.053)
B. Cash flows from investing activities		(471.265.040)	(297.379.557)
Proceeds from sale of property, plant and equipment and intangible assets	8	-	401.966
Purchases of property, plant and equipment	8	(471.265.040)	(294.274.812)
Purchases of intangible assets		-	(3.506.711)
C. Cash flows from financing activities		412.190.050	2.130.951.525
Cash inflows from borrowings		999.796.291	2.157.843.900
Cash outflows from borrowings		(386.200.568)	(73.608.562)
Bonds issued		50.000.000	-
Cash inflows from leaseings		-	187.547.185
Cash outflows from leaseings		(22.358.279)	(85.234.151)
Payment of obligations under finance liability		(20.299.258)	(24.595.189)
Cash outflows from acquisition of treasury shares		(1.397.357)	(6.287.216)
Interest paid		(228.160.211)	(31.399.573)
Interest received		20.809.432	6.685.131
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		(206.078.415)	1.966.028.141
D. Inflation impact on cash and cash equivalents		(88.383.238)	(295.025.003)
E. Cash and cash equivalents at the beginning of the year		675.116.161	455.475.852
Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	380.654.508	2.126.478.990

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, 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").

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 31.03.2024, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.03.2024, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki 3200 Cadde No:3207 41400 Gebze/Kocaeli, Çerkeşli OSB Mah. İMES 10.Cad. No 3 Dilovası/Kocaeli and Çoraklar Mah. 5024. Sok. No:10 Aliğa Organize Sanayi Bölgesi (ALOSBİ) Aliğa/İzmir.

As of 31 March 2024 and 31 December 2023 the total number of personnel employed by the Group is 1.216 and 1.161 respectively.

The company is registered at Istanbul Trade Registry Office and the registration number is 934086.

The Subsidiaries

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

31 March 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 Energy Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Green Energy Technologies Inc.	Solar Panel and Power Plant Commercial Activities	100	USA

Smart 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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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

31 December 2023

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 Güneş Technologies Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, 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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, 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 Arısu GES 45MWe/55 MWp Licensed Van Arısu 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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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 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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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

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 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.

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 2024

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

KES Adi Ortaklığı

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

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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 consolidated financial statements of the Group are prepared as per the CMB announcement of 15 April 2019 relating to financial statements presentations.

The Company and its subsidiaries operating in Turkey, maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Minis TL of Finance. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

Condensed consolidated financial statements for the accounting period 1 January - 31 March 2024 were approved at the Board of Directors meeting dated 14 June 2024. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

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 2024. 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 2023, and 31 December 2023 on the purchasing power basis as of March 31, 2024.

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 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, 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 2024	2,139.47	1.00000	211%
31 December 2023	1,859.38	1.15063	268%
31 March 2023	1,269.75	1.68495	152%

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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 2024 as condensed.

The explanations and notes required to be included in the annual financial statements prepared in accordance with TAS/IFRS 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 2023. 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 December 2023 financial statements are applied in the current period.

2.3 New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of 31 March 2024 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Financial Reporting Standards (“IFRS”) and IFRS interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments, and interpretations applicable as of 31 March 2023:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback’

In January 2023, POA issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in IFRS 16. The seller- lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16. The amendments did not have a significant impact on the financial position or performance of the Group.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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

2.3 New and amended standards and interpretations (continued)

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

TSRS 2 Climate-related Disclosures

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

Standards, amendments, and interpretations that are issued but not effective as of 31 March

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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,

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, 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.

	<u>31 March 2024</u>		<u>31 December 2023</u>	
	<u>Buying</u>	<u>Selling</u>	<u>Buying</u>	<u>Selling</u>
USD	32,2854 TL	32,3436 TL	29,4382 TL	29,4913 TL
EUR	34,8023 TL	34,8650 TL	32,5739 TL	32,6326 TL
UAH	0,82897 TL	0,82897 TL	0,77519 TL	0,77519 TL
BGN	17,6935 TL	17,9250 TL	16,5611 TL	16,7778 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 2024</u>	<u>31 March 2023</u>
Operating profit	580.024.174	126.146.068
Depreciation and amortization expenses (Note 8)	44.974.846	39.323.289
Vacation and termination expenses	20.962.006	8.507.938
EBITDA	645.961.026	173.977.295

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

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

	<u>31 March 2024</u>	<u>31 December 2023</u>
Cash on hand	268.191	187.596
Cash at banks	380.386.317	674.928.565
- Demand deposit	306.631.140	560.339.946
- Time deposit	73.755.177	114.588.619
	<u>380.654.508</u>	<u>675.116.161</u>

4. FINANCIAL INVESTMENTS

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

Short-Term Financial Investments	<u>31 March 2024</u>	<u>31 December 2023</u>
Fx protected TL Deposits (*)	198.460.433	278.711.052
	<u>198.460.433</u>	<u>278.711.052</u>

(*) 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:

	<u>31 March 2024</u>	<u>31 December 2023</u>
Short-term trade receivables		
Trade receivables	3.274.513.313	2.643.477.441
Notes receivables	138.431.038	162.200.582
Expected credit loss (-)	(32.004.321)	(33.258.285)
Doubtful receivables (*)	64.186.784	70.258.692
Allowance for doubtful receivables (-)	(64.186.784)	(70.258.692)
	<u>3.380.940.030</u>	<u>2.772.419.738</u>

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

	<u>1 January- 31 March 2024</u>	<u>1 January- 31 March 2023</u>
Balance at beginning of the period	70.258.692	48.445.707
Current year additions / (Provisions no longer required)	3.126.051	1.030.885
Monetary gain / (loss)	(9.197.959)	(5.391.121)
End of the period	<u>64.186.784</u>	<u>44.085.471</u>

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

	<u>1 January- 31 March 2024</u>	<u>1 January- 31 March 2023</u>
Balance at beginning of the period	33.258.285	27.985.145
Current year additions / (Provisions no longer required)	3.100.064	2.206.658
Monetary gain / (loss)	(4.354.028)	(3.114.236)
End of the period	<u>32.004.321</u>	<u>27.077.567</u>

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 March 2024	31 December 2023
Short-term trade payables		
Trade payables	1.696.144.270	1.770.849.439
Notes payables	490.385.633	316.771.699
	2.186.529.903	2.087.621.138

6. RELATED PARTIES

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

	Trade Receivables	
	31 March 2024	31 December 2023
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	11.558.848	8.112.653
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	9.597.270	10.069.104
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	7.283.748	7.641.842
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.873.706	7.820.680
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	6.187.914	6.684.781
Smart Energy Ukraine	6.044.185	6.511.006
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.875.100	3.112.767
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	2.312.901	2.579.530
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	951.224	1.094.512
Smart Verde Yenilenebilir Enerji A.Ş.	-	87.285.854
Smart Energy Group AD (Bulgaria)	-	14.992
	53.684.896	140.927.721
	Other Receivables	
	31 March 2024	31 December 2023
Smart Holding A.Ş.	126.880.961	27.992.020
	126.880.961	27.992.020
	Prepaid Expenses	
	31 March 2024	31 December 2023
Smart Verde Yenilenebilir Enerji A.Ş.	196.324.110	-
Sumec Energy Holdings Co. Ltd.	151.375.502	88.336.926
KES Adi Ortaklığı	26.563.285	14.680.507
	374.262.897	103.017.433

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

6. RELATED PARTIES (Continued)

	Short-term Trade Payables	
	31 March 2024	31 December 2023
Smart Energy Group AD (Bulgaria)	736.448.505	613.094.897
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	414.229
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	345.191
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	448.317	470.357
Smart Verde Yenilenebilir Enerji A.Ş.	-	10.096.523
	737.556.822	624.421.197

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

	Sales		Purchases	
	March 2024	March 2023	March 2024	March 2023
Smart Solar EOOD (Bulgaria)	11.914.537	23.039.980	103.332.965	-
Sumec Energy Holdings Co. Ltd.	1.850.171	1.895.593	383.188.142	382.271.959
Smart Verde Yenilenebilir Enerji A.Ş.	-	28.851	9.210.155	1.511.705
Sumec Hong Kong Co. Ltd.	-	-	9.532.646	-
Smart Holding A.Ş.	-	-	6.933.533	14.365.713
Smart Energy Group AD (Bulgaria)	-	-	-	109.201.342
	13.764.708	24.964.424	512.197.441	507.350.719

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 TL 4.770.725 (31 March 2023: 3.772.926 TL).

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

7. PREPAID EXPENSES AND DEFFERED INCOME

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

Short-term prepaid expenses	31 March 2024	31 December 2023
Advances given to suppliers (*)	817.021.586	1.300.776.916
Prepaid expenses	27.871.709	40.535.328
	844.893.295	1.341.312.244
Long-term prepaid expenses	31 March 2024	31 December 2023
Advances given to suppliers (**)	812.183.961	1.147.731.891
Prepaid expenses	38.415.002	47.746.095
	850.598.963	1.195.477.985

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

(**) Long-term order advances consist of order advances given for the purchase of machinery and equipment within the scope of Aliğa cell production investments.

Deferred Incomes	31 March 2024	31 December 2023
Advances received (*)	2.404.592.882	2.353.437.769
	2.404.592.882	2.353.437.769

(*) 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.-31.03.2024 is as follows:

Current Period	1 January 2024	Additions	Disposals (-)	31 March 2024
Cost				
Land	87.486.967	-	-	87.486.967
Machinery and equipment	918.705.194	6.991.191	-	925.696.385
Vehicles	40.744.854	-	-	40.744.854
Furniture and fixtures	62.172.745	3.309.505	-	65.482.250
Construction in progress	1.296.045.121	460.900.520	-	1.756.945.641
Leasehold improvements	92.740.443	63.824	-	92.804.267
	2.497.895.324	471.265.040	-	2.969.160.364
Accumulated depreciation	1 January 2024	Current year charge	Disposals	31 March 2024
Machinery and equipment	(191.236.424)	(22.944.035)	-	(214.180.459)
Vehicles	(8.276.620)	(1.624.652)	-	(9.901.272)
Furniture and fixtures	(19.051.418)	(2.984.851)	-	(22.036.269)
Leasehold improvements	(62.218.466)	(2.630.345)	-	(64.848.811)
	(280.782.928)	(30.183.883)	-	(310.966.811)
Net book value	2.217.112.396			2.658.193.553

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

8. PROPERTY, , PLANT AND EQUIPMENTS (Continued)

Prior Period	1 January 2023	Additions	Disposals (-)	31 March 2023
Cost				
Land	87.486.966	-	-	87.486.966
Machinery and equipment	524.796.970	162.392.945	-	687.189.915
Vehicles	8.045.337	2.220.590	(1.275.803)	8.990.124
Furniture and fixtures	26.925.185	10.968.390	-	37.893.575
Construction in progress	61.051.466	118.510.358	-	179.561.824
Leasehold improvements	84.945.466	182.529	-	85.127.995
	793.251.390	294.274.812	(1.275.803)	1.086.250.399
	1 January 2023	Current year charge	Disposals	31 March 2023
Accumulated depreciation				
Machinery and equipment	(118.524.825)	(16.203.241)	-	(134.728.066)
Vehicles	(5.154.607)	(346.270)	873.837	(4.627.040)
Furniture and fixtures	(10.931.095)	(1.481.888)	-	(12.412.983)
Leasehold improvements	(52.604.815)	(2.273.308)	-	(54.878.123)
	(187.215.342)	(20.304.707)	873.837	(206.646.212)
Net book value	606.036.048			879.604.187

As of 31 March 2024, the insurance amount on tangible fixed assets is 863.501.434 TL and there is no mortgage on them. (31 March 2023 574.967.677 TL)

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 2024	1 January- 31 March 2023
Cost		
Cost of sales (Note 14)	41.090.043	34.699.132
General administrative expenses (Note 16)	3.884.803	4.624.157
	44.974.846	39.323.289

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

9. RIGHT OF USE ASSETS

Movement of right of use assets for the period 01.01.-31.03.2024 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2024	221.607.845	9.014.983	230.622.828
Additions	-	9.746.371	9.746.371
Changes in leases	(7.389.945)	(341.697)	(7.731.642)
Depreciation	(11.807.401)	(1.813.437)	(13.620.838)
As of 31 March 2024	202.410.499	16.606.220	219.016.719

	Buildings	Vehicles	Total
As of 1 January 2023	117.811.904	12.558.948	130.370.852
Additions	21.937.681	3.233.163	25.170.844
Changes in leases	65.072.989		65.072.989
Depreciation	(15.169.012)	(3.312.135)	(18.481.147)
As of 31 March 2023	189.653.562	12.479.976	202.133.538

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

10. FINANCIAL BORROWINGS

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

	31 March 2024	31 December 2023
Short-term bank borrowings	1.508.539.463	1.271.239.550
Financial lease liabilities	145.070.037	158.356.428
Liabilities arising from leasing transactions (*)	50.668.911	37.815.262
Other financial borrowings	321.440.432	307.024.083
Short-term borrowings	2.025.718.843	1.774.435.323
Short-term portion of long-term borrowings	584.720.813	353.670.536
Short-term portion of long-term borrowings	584.720.813	353.670.536
Long-term borrowings	1.731.681.220	1.967.469.100
Long-term financial lease liabilities	175.090.485	219.665.642
Liabilities arising from leasing transactions (*)	126.925.163	130.412.678
Long-term borrowings	2.033.696.868	2.317.547.420
Total financial borrowings	4.644.136.524	4.445.653.279

(*) 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 2024
TL bank borrowings	%7,50 - %68,00	2.283.466.387
EUR bank borrowings	%7,00 - %9,50	138.738.000
USD bank borrowings	%4,75 - %12,00	1.402.737.109
		3.824.941.496
	Interest Rate	31 December 2023
TL bank borrowings	%7,50 - %60,00	1.749.973.894
EUR bank borrowings	%7,00 - %9,50	393.589.466
USD bank borrowings	%4,75 - %12,00	1.448.815.825
		3.592.379.186

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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

As of 31 March 2024, the Group has no guarantees received (31 December 2023: None).

b. Guarantees Given

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of 31 March 2024, 31 December 2023, are as follows:

CPMB’s given by the Group	31 March 2024	31 December 2023
A. CPMB’s given for Group’s own legal personality	1.056.719.731	1.379.741.003
B. CPMB’s given on behalf of fully consolidated companies	2.297.035.853	1.784.843.684
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	-	-
	3.353.755.584	3.164.584.687

Given to	31 March 2024	31 December 2023
In Turkish Lira	1.853.669.701	1.764.633.654
In Euro	62.992.163	97.946.580
In ABD Dollar	1.437.093.720	1.302.004.453
Total	3.353.755.584	3.164.584.687

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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 2024 (31 December 2023: 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 2024.

Tax expenses included in the statements of comprehensive income for the accounting periods ending 31 March 2024 and 2023 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.

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 Aliaga Organized Industrial Zone within the scope of the Investment Incentive Certificate dated 08.12.2022/544854.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

12. INCOME TAX (Continued)

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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 2024	31 December 2023
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	4.669.285	6.671.672
Trade payables	(8.916.500)	(14.569.778)
Trade receivables	26.205.745	23.854.654
Lease liabilities	40.846.637	38.692.426
Inventories	24.667.654	18.373.397
Tangible and intangible assets	(3.568.343)	53.203.514
Assets subject to cash flow hedge accounting	136.976.767	129.113.090
Financial liabilities	18.309.421	18.908.715
Lawsuit provisions	354.949	412.139
Right of use assets	(50.373.845)	(53.043.250)
Investment incentives (*)	66.751.738	26.126.973
Other	(22.629.630)	24.317.662
Deferred tax assets	233.293.878	272.061.214
Deferred tax assets	318.782.196	339.674.242
Deferred tax liabilities	(85.488.318)	(67.613.028)
Deferred tax assets	233.293.878	272.061.214

(*) 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 2024, the tax advantage amounting to 66.751.738 TL (31 December 2023: 26.126.973 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 2024, deferred tax income amounting to 40.624.765 TL (current period effect of 1 January-31 March 2024) has occurred in the consolidated profit or loss statement for the period 1 January - 31 March 2024

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

	1 January 2024	Deferred tax income/ (expense)	Other comprehensive income	31 March 2024
Deferred tax assets	272.061.214	(44.168.718)	5.401.382	233.293.878

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	31 March 2023
Deferred tax assets	(7.589.155)	38.682.551	502.331	31.595.727

Tax Income / (Expense)	31 March 2024	31 March 2023
Period tax provisions (-)	(620.750)	(46.167.220)
Deffered tax income / (expense)	(44.168.718)	38.682.551
Total	(44.789.468)	(7.484.669)

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

13. SHARE CAPITAL

Paid-in Capital

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

	31 March 2024	Share	31 December 2023	Share
	TL	%	TL	%
Shareholders				
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 (*)	684.608.989		684.608.989	
	1.290.488.989	100	1.290.488.989	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 18.03.2024, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş. It has repurchased 480.000 shares of its publicly traded shares. (Ratio to company capital is 0.0792%)

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 2024, the Group's capital consists of 605.880.000 shares (31 December 2023: 605.880.000). The nominal value of the shares is 1 TL per share (31 December 2023: 1 TL).

As of 31 March 2024, 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 2024, the equity items prepared in accordance with the Tax Procedure Laws and the amounts presented in accordance with TAS/TFRS are as follows:

	Adjustment to share capital	Share premiums	Reserves on retained earnings (*)
According to TAS/TFRS Financial Statements	684.608.988	480.198.135	80.483.021
According to Tax Procedure Law	560.035.834	452.377.316	49.664.585
Difference	124.573.154	27.820.819	30.818.436

(*) In the Reserves on retained earnings allocated from profit, 30.841.721 TL has been allocated within the scope of repurchased shares according to TAS/TFRS 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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

14. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Domestic Sales	2.247.419.902	1.301.027.664
Export Sales	11.914.537	63.241.788
Gross Sales	2.259.334.439	1.364.269.452
Sales Returns (-)	(2.001.194)	(360.702)
Sales Discounts (-)	-	(3.515.258)
Net Sales	2.257.333.245	1.360.393.492
Cost of Sales (-)	(1.454.077.140)	(1.121.461.282)
Gross Profit	803.256.105	238.932.210

15. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 31 March 2024	1 January- 31 March 2023
Personnel expenses	16.597.151	13.650.395
Advertising and promotion expenses	10.579.110	16.987.660
Logistics expenses	2.885.429	1.304.658
Export and warehouse expenses	1.774.205	445.795
Taxes, fees and late fees expenses	1.544.725	5.131.961
Consultancy expenses	1.543.960	983.418
Food and travel expenses	1.206.225	264.959
Solar energy system project expenses	-	19.672.942
Other	2.044.665	1.321.435
	38.175.470	59.763.223

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

16. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 March 2024	1 January- 31 March 2023
Personnel expenses	67.444.688	28.866.942
Consultancy expenses	17.328.045	14.338.067
Depreciation and amortization expenses (Note 8)	3.884.803	4.624.157
Representation expenses	2.825.959	1.224.592
Food and travel expenses	2.765.005	3.003.696
Taxes, fees and late fees expenses	1.532.379	381.832
Vehicle expenses	1.148.253	905.487
Other (*)	29.220.092	6.873.330
	126.149.224	60.218.103

(*) As of 31.03.2024, Smart Holding A.Ş. has a common expense reflection expense of 19.366.484 TL

17. EXPENSES BY NATURE

Grup'un dönemler itibarıyla çeşit esasına göre giderlerin detayı aşağıdaki gibidir:

	1 January- 31 March 2024	1 January- 31 March 2023
Cost of sales	1.412.987.097	1.086.762.150
Personnel expenses	84.041.839	42.517.337
Depreciation and amortization expenses (Note 8)	44.974.846	39.323.289
Consultancy expenses	18.872.005	15.321.485
Advertising and promotion expenses	10.579.110	16.987.660
Food and travel expenses	3.971.230	3.268.655
Logistics expenses	2.885.429	1.304.658
Representation expenses	2.825.959	1.224.592
Export and warehouse expenses	1.774.205	445.795
Other	35.490.114	34.286.987
	1.618.401.834	1.241.442.608

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

18. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 31 March 2024	1 January- 31 March 2023
Other operating income		
Foreign exchange gain (*)	86.162.872	29.988.967
Social security and other incentive income	2.266.637	7.904.622
Other	2.666.950	3.306.726
	91.096.459	41.200.315
	1 January- 31 March 2024	1 January- 31 March 2023
Other operating expenses		
Foreign exchange loss (*)	139.039.000	23.714.959
Provision expenses	3.075.249	1.670.215
Donations	61.898	5.405.487
Other	7.827.549	3.214.470
	150.003.696	34.005.131

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

19. FINANCIAL INCOME AND EXPENSES

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

	1 January- 31 March 2024	1 January- 31 March 2023
Finance income		
Interest income	20.809.432	6.685.131
	20.809.432	6.685.131
	1 January- 31 March 2024	1 January- 31 March 2023
Finance expenses		
Interest expense	260.414.873	46.102.287
Foreign exchange loss (*)	86.476.401	7.196.641
Bank transaction and commission expenses	27.322.144	13.724.417
	374.213.418	67.023.345

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

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

20. 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 2024	1 January – 31 March 2023
Profit for the period attributable to equity holders	292.211.164	(33.972.570)
Weighted average number of common shares issued	605.880.000	306.000.000
Profit per share	0,48	(0,11)

21. 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 2024	31 December 2023
Total financial borrowings	4.644.136.524	4.445.653.279
Less: Cash and cash equivalents and financial investments	(579.114.941)	(953.827.213)
Net debt	4.065.021.583	3.491.826.066
Total equity	2.721.280.589	2.448.966.968
Net debt to equity ratio	1,49	1,43

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

22. 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.

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
31 March 2024						
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	53.684.896	3.380.940.030	126.880.961	462.239.066	380.386.317	198.460.433
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	53.684.896	3.380.940.030	126.880.961	462.239.066	380.386.317	198.460.433
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	96.191.105	-	-	-	-
- Impairment (-)	-	(96.191.105)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
31 December 2023						
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	140.927.721	2.772.419.738	27.992.020	419.274.022	674.928.565	278.711.052
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	140.927.721	2.772.419.738	27.992.020	419.274.022	674.928.565	278.711.052
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	103.516.977	-	-	-	-
- Impairment (-)	-	(103.516.977)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

22. 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 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	7.570.767.021	9.241.130.950	328.170.119	5.235.340.466	2.409.038.269	1.268.582.096
Loans and borrowings	4.466.542.450	6.081.930.904	306.360.808	2.253.409.937	2.253.578.063	1.268.582.096
Trade payables	2.924.086.725	2.924.086.725	-	2.924.086.725	-	-
Lease liabilities	177.594.074	232.569.549	19.265.539	57.843.804	155.460.206	-
Other payables	2.543.772	2.543.772	2.543.772	-	-	-
31 December 2023						
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	7.160.239.386	9.033.358.482	985.420.540	3.880.433.407	2.677.342.641	1.490.161.893
Loans and borrowings	4.277.425.339	6.094.890.679	405.776.007	1.684.514.589	2.514.438.189	1.490.161.893,43
Trade payables	2.712.042.335	2.712.042.335	560.692.818	2.151.349.517	-	-
Lease liabilities	168.227.940	223.498.512	16.024.759	44.569.301	162.904.452	-
Other payables	2.543.772	2.926.956	2.926.956	-	-	-

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

22. 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 2024			31 December 2023		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	2.309.292.063	69.911.825	1.498.775	2.482.275.065	80.630.832	3.335.447
2a. Monetary financial assets	185.666.025	5.607.152	133.234	70.491.181	1.750.890	581.697
2b. Non-Monetary financial assets	-	-	-	-	-	-
3 Other	748.274.039	19.111.825	3.771.047	1.576.544.975	34.623.966	17.108.106
4 Current assets (1+2+3)	3.243.232.127	94.630.802	5.403.056	4.129.311.221	117.005.688	21.025.250
5 Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-	-	-
7 Other	812.183.960	25.156.385	-	1.147.731.891	38.987.842	-
8 Non- Current assets (5+6+7)	812.183.960	25.156.385	-	1.147.731.891	38.987.842	-
9 Total assets (4+8)	4.055.416.087	119.787.187	5.403.056	5.277.043.112	155.993.530	21.025.250
10 Trade payables	2.613.792.552	78.236.765	2.390.189	2.212.999.271	71.949.790	2.791.884
11 Financial borrowings	1.136.575.855	26.667.693	7.860.223	1.445.204.303	30.828.734	16.426.055
12a. Other Monetary financial liabilities	-	-	-	-	-	-
12b. Other Non-Monetary financial liabilities	2.242.928.062	69.099.929	229.101	2.301.451.835	77.096.620	851.059
13 Current liabilities (10+11+12)	5.993.296.469	174.004.387	10.479.513	5.959.655.409	179.875.144	20.068.998,00
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	707.281.343	16.780.340	4.719.482	774.323.448	18.423.595	7.078.433,00
16a. Other Monetary financial liabilities	-	-	-	-	-	-
16b. Other Non-Monetary financial liabilities	-	-	-	-	-	-
17 Non-Current liabilities (14+15+16)	707.281.343	16.780.340	4.719.482,00	774.323.448	18.423.595	7.078.433
18 Total liabilities (13+17)	6.700.577.812	190.784.727	15.198.995	6.733.978.857	198.298.739	27.147.431
19 Net asset / liability position of off-balance sheet derivatives	1.843.857.198	43.448.033	12.579.705	2.219.527.751	49.252.329	23.504.488
20 Net foreign currency asset / (liability) position (9-18+19)	(801.304.527)	(27.549.507)	2.783.766	762.592.006	6.947.120	17.382.307
21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.962.691.662)	(46.165.821)	(13.337.885)	(1.879.760.776)	(38.820.397)	(22.379.228)

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

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

Foreign currency risk (continued)

Sensibility 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 2024		31 December 2023	
	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	(230.328.874)	230.328.874	(125.591.895)	125.591.895
2- Amount hedged for USD risk (-)				
3- USD net effect (1+2)	(230.328.874)	230.328.874	(125.591.895)	125.591.895
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	(34.187.418)	34.187.418	(20.101.687)	20.101.687
5- Amount hedged for EUR risk (-)				
6- EUR net effect (4+5)	(34.187.418)	34.187.418	(20.101.687)	20.101.687
Total net effect (3+6)	(264.516.292)	264.516.292	(145.693.582)	145.693.582

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 2024	31 December 2023
Financial assets	198.460.433	278.711.052
Financial obligations	2.865.515.707	2.630.205.225
Financial leases	320.160.522	378.022.070
Issued debt instruments	321.440.432	307.024.083
Financial instruments with variable interest rates		
Financial obligations	959.425.789	962.173.961

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.

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.

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 March 2024, unless otherwise stated.)

23. 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 2024		31 December 2023	
		Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	3	380.654.508	380.654.508	675.116.161	675.116.161
Financial investments		198.460.433	198.460.433	278.711.052	278.711.052
Trade receivables	5	3.466.629.247	3.434.624.926	2.946.605.745	2.913.347.459
Other receivables		589.120.027	589.120.027	447.266.041	447.266.042
Total financial assets		4.634.864.215	4.602.859.894	4.347.698.999	4.314.440.714
Financial liabilities					
Financial borrowings	10	4.644.136.524	4.644.136.524	4.445.653.279	4.445.653.279
Trade payables	5	2.924.086.725	2.924.086.725	2.712.042.335	2.712.042.335
Other payables		2.543.772	2.543.772	2.926.956	2.926.956
Payables related to employment benefits		98.669.607	98.669.607	77.303.233	77.303.233
Total financial liabilities		7.669.436.628	7.669.436.628	7.237.925.803	7.237.925.803
Net		(3.034.572.413)	(3.066.576.734)	(2.890.226.804)	(2.923.485.089)

24. SABSEQUENT EVENTS

The Group has repurchased 10.000 shares of its shares traded on Borsa Istanbul on 31.05.2024 with an average price of 50,52, and 10.000 shares on 05.06.2024 with an average price of 49,56. The total number of SMRTG shares owned by the Group has reached 500.000. (The ratio to the company capital is %0,0825).

Our Board of Directors had applied to the Capital Markets Board for the necessary permission within the scope of the decision taken on 24.01.2024 in accordance with the provisions of the Capital Markets Board's Debt Instruments Communiqué (VII-128.8); for the issuance of debt instruments in Turkish Lira, not exceeding 1.000.000.000 TL, in various maturities up to 5 (five) years, to be sold to qualified investors in the country without a public offering, in one or more times. Our application in question was approved by the CMB with an issuance limit of 250.000.000 TL and published in the CMB Weekly Bulletin dated 07.06.2024 and numbered 2024/28.