

(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
30 SEPTEMBER 2024

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

Condensed Consolidated Statements of Financial Position as of 30 September 2024 and 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024 unless otherwise stated.)

ASSETS	Notes	Non-Audited	Audited
		Current Period	Prior Period
		30 September 2024	31 December 2023
Current Assets			
Cash and cash equivalents	3	480.472.551	797.137.347
Financial investments	4	128.581.995	329.085.573
Trade receivables		2.991.721.130	3.439.908.864
- Due from related parties	6	49.912.779	166.399.142
- Due from third parties	5	2.941.808.351	3.273.509.722
Other receivables		452.483.187	522.381.358
- Other receivables from related parties	6	205.415.236	33.051.327
- Other receivables from third parties		247.067.951	489.330.031
Inventories		2.171.698.559	2.680.299.620
Prepaid expenses		2.486.044.380	1.705.379.303
- Due from related parties	6	868.282.035	121.636.910
- Prepaid expenses, third parties	7	1.617.762.345	1.583.742.393
Current income tax assets		67.803.808	27.109.423
Other current assets		305.576.405	178.035.945
TOTAL CURRENT ASSETS		9.084.382.015	9.679.337.433
Non-current Assets			
Other receivables		4.213.155	5.724.007
- Other receivables from third parties		4.213.155	5.724.007
Right of use assets	9	196.367.305	272.305.834
Property plant and equipment	8	4.081.758.920	2.617.835.562
Intangible assets		22.333.363	26.218.777
Prepaid expenses		1.245.045.635	1.411.549.901
- Due from related parties	6	250.577.400	-
- Prepaid expenses, third parties	7	994.468.235	1.411.549.901
Deferred tax assets	12	494.689.097	321.233.837
TOTAL NON-CURRENT ASSETS		6.044.407.475	4.654.867.918
TOTAL ASSETS		15.128.789.490	14.334.205.351

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 30 September 2024 and 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024 unless otherwise stated.)

		Non-Audited	Audited
		Current Period	Prior Period
LIABILITIES	Notes	30 September 2024	31 December 2023
Current Liabilities			
Short-term borrowings	10	2.840.054.486	2.050.498.551
Short-term portion of long-term borrowings	10	1.056.592.867	417.593.311
Lease liabilities	10	56.775.165	44.650.031
- Lease transactions from related parties		19.198.465	14.054.646
- Lease transactions from third parties		37.576.700	30.595.385
Trade payables		2.399.332.448	3.202.219.646
- Due to related parties	6	351.929.034	737.279.724
- Trade payables third parties	5	2.047.403.414	2.464.939.922
Employee benefits obligations		110.239.321	91.275.099
Other payables		691.860	3.455.977
- Other payables from third parties		691.860	3.455.977
Deferred income		2.958.495.848	2.778.800.523
- Deferred income from third parties	7	2.958.495.848	2.778.800.523
Provisions		19.573.754	11.937.345
- Provisions for employee benefits		16.517.767	9.821.565
- Other short-term provisions		3.055.987	2.115.780
Other current liabilities		100.597.830	88.564.981
TOTAL CURRENT LIABILITIES		9.542.353.579	8.688.995.464
Non-current liabilities			
Long-term borrowings	10	2.194.571.272	2.582.439.717
Lease liabilities	10	139.389.085	153.983.599
- Lease transactions from related parties		47.290.853	56.106.844
- Lease transactions from third parties		92.098.232	97.876.755
Long-term provisions		23.533.648	17.190.804
- Long-term provisions for employee benefits		23.533.648	17.190.804
TOTAL NON-CURRENT LIABILITIES		2.357.494.005	2.753.614.120
Shareholders' Equity		3.228.507.135	2.884.295.839
Paid-in capital	13	605.880.000	605.880.000
Adjustment to share capital		917.853.291	917.853.291
Treasury shares (-)		(38.400.346)	(34.766.169)
Share premiums		566.989.638	566.989.638
Accumulated other comprehensive income not to be reclassified in profit or loss		(11.378.773)	(3.730.047)
- Gain/(Loss) on remeasurements of the defined benefit plans		(11.378.773)	(3.730.047)
Accumulated other comprehensive income that will be reclassified in profit or loss		(482.026.497)	(508.356.940)
- Foreign currency translation differences		4.711.590	2.016.208
- Gain / (loss) of hedging reserve		(486.738.087)	(510.373.148)
Reserves on retained earnings		153.429.570	93.379.688
Prior years' profit / (loss)		1.186.996.496	(142.782.149)
Net income for the period		329.163.756	1.389.828.527
Non-controlling interest		434.771	7.299.928
TOTAL SHAREHOLDER'S EQUITY		3.228.941.906	2.891.595.767
TOTAL LIABILITIES		15.128.789.490	14.334.205.351

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-30 September 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024 unless otherwise stated.)

		Non-Audited 1 January – 30 September 2024	Non-Audited 1 January – 30 September 2023	Non-Audited 1 July- 30 September 2024	Non-Audited 1 July – 30 September 2023
PROFIT OR LOSS	Notes				
Revenue	14	7.541.129.318	7.500.444.876	2.954.169.804	3.573.698.852
Cost of sales (-)	14	(6.183.193.924)	(5.458.437.835)	(2.602.847.197)	(2.310.464.081)
GROSS PROFIT		1.357.935.394	2.042.007.041	351.322.607	1.263.234.771
General administrative expense (-)	16	(430.575.482)	(302.167.068)	(140.629.474)	(142.765.936)
Selling, marketing and distribution expense (-)	15	(150.039.384)	(209.492.336)	(24.824.258)	(92.910.838)
Other operating income	18	976.132.732	1.152.610.568	222.405.689	52.330.488
Other operating expense (-)	18	(534.925.612)	(1.118.741.022)	(275.759.098)	(525.243.367)
OPERATING PROFIT / (LOSS)		1.218.527.648	1.564.217.183	132.515.466	554.645.118
Gains from investment activities	21	31.248.131	151.436.248	3.589.867	16.182.106
Expected credit loss according to TFRS 9		(18.617.066)	(15.052.818)	(5.173.040)	3.395.265
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		1.231.158.713	1.700.600.613	130.932.293	574.222.489
Financial income	19	71.926.087	57.527.226	39.785.619	37.815.981
Financial expenses (-)	19	(1.838.920.905)	(582.023.767)	(595.850.828)	(214.980.282)
Net monetary position gains (losses)		680.169.196	(131.870.195)	533.132.798	(68.144.587)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		144.333.091	1.044.233.877	107.999.882	328.913.601
Tax Income / (Expense) from Continuing Operations					
Current period tax expense		-	(93.261.356)	-	(23.252.527)
Deferred tax (expense) / income	12	177.965.508	(37.673.458)	36.818.231	(84.201.406)
PROFIT FROM CONTINUING OPERATIONS		322.298.599	913.299.063	144.818.113	221.459.668
NET PROFIT/LOSS FOR THE PERIOD		322.298.599	913.299.063	144.818.113	221.459.668
Attributable to:					
Non-controlling interest		(6.865.157)	17.395.824	(5.075.243)	(2.760.206)
Equity holder of the parent		329.163.756	895.903.239	149.893.356	224.219.874
		322.298.599	913.299.063	144.818.113	221.459.668
Earnings/(Loss) Per Share	20	0,54	2,63	0,25	0,66
Net Profit					
Items that will not to be reclassified to profit or loss					
- Gain / (loss) arising from defined benefit plans		(10.198.301)	(5.453.507)	(7.271.834)	(2.334.732)
- Total Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss		2.549.575	1.254.307	1.817.958	536.988
Items that will be reclassified to profit or loss					
- Currency translation differences		2.695.382	680.865	865.471	(339.361)
- Cash flow hedging		30.694.884	(421.036.080)	(29.922.993)	53.546.261
Taxes on items that will be reclassified to profit or loss					
- Deferred tax (expense) / income	12	(7.059.823)	98.998.462	6.882.289	16.813.885
TOTAL OTHER COMPREHENSIVE LOSS		18.681.717	(325.555.953)	(27.629.109)	68.223.041
TOTAL COMPREHENSIVE LOSS		340.980.316	587.743.110	117.189.004	289.682.709
Attributable to:					
Equity holder of the parent		347.845.473	570.347.286	122.264.247	292.442.915
Non-controlling interest		(6.865.157)	17.395.824	(5.075.243)	(2.760.206)

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-30 September 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024 unless otherwise stated.)

					Accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Accumulated other comprehensive income that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
	Paid-in capital	Adjustment to share capital	Treasury shares (-)	Share premium	Gain/(loss) on remeasurements of defined benefit plans	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period			
Balance as of 1 January 2023	306.000.000	705.823.314	-	696.725.393	1.250.436	(85.326.447)	2.243.493	39.231.458	173.009.648	120.530.654	1.959.487.949	(13.766.211)	1.945.721.738
Transfer	-	-	-	-	-	-	-	19.382.059	101.148.596	(120.530.655)	-	-	-
Total total income/expense	-	-	-	-	(4.199.200)	(322.037.618)	680.865	-	-	895.903.239	570.347.286	17.395.824	587.743.110
Capital increase	299.880.000	212.029.977	-	(129.735.755)	-	-	-	-	(382.174.222)	-	-	-	-
Increase/decrease due to acquisition of treasury shares	-	-	(20.232.899)	-	-	-	-	20.232.899	(20.232.899)	-	(20.232.899)	-	(20.232.899)
Increase due to share-based transactions	-	-	-	-	-	-	-	-	-	-	-	1.456.728	1.456.728
Balance as of 30 September 2023	605.880.000	917.853.291	(20.232.899)	566.989.638	(2.948.764)	(407.364.065)	2.924.358	78.846.416	(128.248.877)	895.903.238	2.509.602.336	5.086.341	2.514.688.677
Balance as of 1 January 2024	605.880.000	917.853.291	(34.766.169)	566.989.638	(3.730.047)	(510.373.148)	2.016.208	93.379.688	(142.782.149)	1.389.828.527	2.884.295.839	7.299.928	2.891.595.767
Transfer	-	-	-	-	-	-	-	56.415.705	1.333.412.822	(1.389.828.527)	-	-	-
Total total income/expense	-	-	-	-	(7.648.726)	23.635.061	2.695.382	-	-	329.163.756	347.845.473	(6.865.157)	340.980.316
Increase/decrease due to acquisition of treasury shares	-	-	(3.634.177)	-	-	-	-	3.634.177	(3.634.177)	-	(3.634.177)	-	(3.634.177)
Balance as of 30 September 2024	605.880.000	917.853.291	(38.400.346)	566.989.638	(11.378.773)	(486.738.087)	4.711.590	153.429.570	1.186.996.496	329.163.756	3.228.507.135	434.771	3.228.941.906

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-30 September 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024 unless otherwise stated.)

	Notes	Non-Audited 30 September 2024	Non-Audited 30 September 2023
A. Cash flows from operating activities		626.424.241	(1.904.487.205)
Profit for the period		322.298.599	913.299.063
Adjustments to reconcile net profit/loss to net cash:		450.484.091	(597.214.463)
Adjustments related to depreciation and amortization expenses	8	155.623.523	147.852.912
Adjustments related to provision for employee benefits		16.666.861	13.738.820
Adjustments related to interest expenses		1.210.345.917	278.517.802
Adjustments related to interest incomes		(71.926.087)	(85.937.043)
Adjustments for fair value losses / (gains) of financial assets		(31.248.131)	(151.436.248)
Adjustments related to expected provision losses		18.617.066	15.052.818
Adjustments related to tax income/(expense)	12	(177.965.508)	130.934.814
Adjustments related to unrealized currency translation differences		(395.895.611)	(556.724.198)
Monetary gain/(loss)		(273.733.939)	(389.214.140)
Adjustments related to other increase / (decrease) in working capital		(85.675.021)	(2.110.673.459)
Decrease/(increase) in financial investments		231.751.709	(134.564.801)
Decrease/(increase) in inventories		508.601.061	(2.581.745.160)
Decrease/(increase) in trade receivables from third parties		313.084.305	(2.450.327.474)
Decrease/(increase) in trade receivables from related parties		116.486.363	274.505.822
Decrease/(increase) in other operating receivables from related parties		(172.363.909)	(244.971.511)
Decrease / (increase) in other operating receivables from third parties		243.772.932	4.406.402
(Decrease) / Increase in trade payables to third parties		(417.536.508)	1.071.531.490
(Decrease) / increase in other operating payables to third parties		(2.764.117)	(19.802.533)
(Decrease) / increase in trade payables to related parties		(385.350.690)	535.896.089
(Decrease) / increase in deferred incomes		179.695.325	3.800.264.288
Decrease / (increase) in other assets related to operations		(108.576.238)	(171.916.906)
(Decrease) increase in other liabilities related to operations		21.685.557	(5.492.487)
Decreases / (increase) in prepaid expenses		(614.160.811)	(2.188.456.678)
Cash inflow (outflow) from other operations		(60.683.428)	(109.898.346)
Taxes paid		(40.694.385)	(105.205.050)
Payments under provisions for employee benefits		(19.989.043)	(4.693.296)
B. Cash flows from investing activities		(1.574.549.638)	(1.465.621.931)
Proceeds from sale of property, plant and equipment and intangible assets	8	168.075	474.617
Purchases of property, plant and equipment	8	(1.574.440.324)	(1.449.318.104)
Purchases of intangible assets		(277.389)	(16.778.444)
C. Cash flows from financing activities		841.865.025	4.019.543.578
Cash inflows from borrowings		3.475.739.313	5.048.096.035
Cash outflows from borrowings		(1.632.939.312)	(819.085.746)
Cash inflows from debt securities issued		327.452.815	-
Cash outflows from repayments of debt securities issued		(52.758.030)	-
Cash inflows from leasings		260.027.230	320.835.769
Cash outflows from leasings		(190.974.105)	(203.183.617)
Payment of obligations under finance liability		(19.045.361)	(114.305.204)
Cash outflows from acquisition of treasury shares		(3.634.177)	(20.232.899)
Interest paid		(1.393.929.435)	(278.517.803)
Interest received		71.926.087	85.937.043
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		(106.260.372)	649.434.442
D. Inflation impact on cash and cash equivalents		(210.404.424)	(178.919.690)
E. Cash and cash equivalents at the beginning of the year		797.137.347	537.799.024
Cash and cash equivalents at the end of the year (A+B+C+D+E)		480.472.551	1.008.313.776

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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 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 30.09.2024, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 30.09.2024, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki 3200 Cadde No:3207 41400 Gebze/Kocaeli and Çoraklar Mah. 5024. Sok. No:10 Aliğa Organize Sanayi Bölgesi (ALOSBİ) Aliğa/İzmir.

As of 30 September 2024 and 31 December 2023 the total number of personnel employed by the Group is 1.319 and 1.161 respectively.

The Subsidiaries

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

30 September 2024

Company Name	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & İHK 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 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**31 December 2023**

Company Name	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Güneş Tecnologías 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.

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 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.

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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**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 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 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 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:

30 September 2024

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

KES Adi Ortaklığı

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Accounting policies

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on July 3, 2024 by POA and the format and mandatory information recommended by CMB.

The Group prepared its condensed consolidated interim financial statements for the period ended September 30, 2024 in accordance with TAS 34 “Interim Reporting” standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

Condensed consolidated financial statements for the accounting period 1 January - 30 September 2024 were approved at the Board of Directors meeting dated 08 November 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 year ending on or after 31 December 2023. 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 30 September 2023, and 31 December 2023 on the purchasing power basis as of 30 September 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 TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with TAS 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 30 September 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 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 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
30 September 2024	2.526,16	1,0000	%343
31 December 2023	1.859,38	1,35860	%268
30 September 2023	1.691,04	1,49385	%254

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 TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

-Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the statement of financial position date have been adjusted using the relevant adjustment coefficients.

-All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the statement of financial position, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

-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 profit or loss statement

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Turkey

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

Netting/Offsetting

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

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

2.2. Declaration of Conformity to TAS

The Group prepared its condensed consolidated financial statements for the period ended 30 September 2024 in accordance with CMB Communiqué Serial: II-14.1 and announcements clarifying this communiqué. The condensed consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB, including the mandatory disclosures.

2.3. 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 30 September 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.

2.4 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 30 September, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments, and interpretations applicable as of 30 September 2024:

Amendments to TAS 1 - Classification of liabilities as current and non-current; In March 2020 and January 2023, POA issued amendments to TAS 1 to clarify the principles for classifying liabilities as current and non-current. According to the amendments made in January 2023, if an entity's right to defer payment of a liability depends on the entity's ability to comply with the terms of the loan agreement at a date subsequent to the reporting period, the entity has the right to defer payment of the liability at the end of the reporting period (even if it does not comply with the relevant conditions at the end of the reporting period). When a liability arising from a loan contract is classified as non-current and the entity's right to defer payment depends on the entity's ability to comply with the terms of the loan contract within 12 months, the January 2023 amendments require entities to make various disclosures. These disclosures should include information about the terms of the loan agreement and related obligations. The amendments also clarify that the right to defer payment for a long-term classification must exist at the end of the reporting period, regardless of whether compliance with the contractual terms will be tested at the reporting date or at a later date. The amendments clarify that the possibility that an entity will not exercise its right to defer payment until at least twelve months after the reporting period does not affect the classification of liability. The amendments are applied retrospectively in accordance with TAS 8. The amendments did not have a significant impact on the financial position or performance of the Group.

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

2.4 New and amended standards and interpretations (continued)

Amendments to TFRS 16 - Lease liabilities in sale and leaseback transactions; In January 2023, POA issued amendments to TFRS 16. These amendments clarify the requirements for the measurement of lease liabilities arising from sale and leaseback transactions by the seller-lessee, so that no gain or loss is recognised in respect of the retained right of use. In this context, the seller-lessee will determine 'lease payments' or 'revised lease payments' so as not to recognise any gain or loss on the remaining right of use after the commencement date of the sale and leaseback transaction when applying the provisions of TFRS 16 under the heading 'Subsequent measurement of a lease liability'. The amendments do not include a specific provision for the measurement of lease liabilities arising from leaseback. The initial measurement of such a lease liability may result in payments other than those included in the definition of lease payments in TFRS 16 being identified as lease payments. The seller-lessee will need to develop and apply an accounting policy that provides reliable and relevant information in accordance with TAS 8. The 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 TFRS 16. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 - Explanations: Supplier Financing Arrangements; The amendments, issued by POA in September 2023, provide clarifications that improve existing requirements to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows and liquidity risks. Supplier financing arrangements are defined as arrangements in which one or more financing providers undertake to pay an entity's supplier and the entity agrees to pay the supplier on or after the day on which the supplier is paid. The amendments require disclosures about the terms and conditions of such arrangements, quantitative information about the liabilities arising from them at the beginning and end of the reporting period, and the nature and effects of non-cash changes in the carrying amount of those liabilities. In addition, within the scope of quantitative disclosures about liquidity risk as required by TFRS 7, supplier financing arrangements are given as examples of other factors that may need to be disclosed. The amendment has no impact on the financial position and performance of the Group.

TSRS 1 General Disclosure Requirements for Sustainability-Related Financial Information

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

TSRS 2 Climate Related Disclosures

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

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

2.4 New and amended standards and interpretations (continued)

Standards, amendments, and interpretations that are issued but not effective as of 30 September

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets by an Investor Entity to an Associate or Joint Venture; In December 2017, POA indefinitely postponed the effective date of the amendments to TFRS 10 and TAS 28 to be amended depending on the outcome of the ongoing research project on the equity method. However, early adoption is still permitted. The Group is in the process of assessing the potential impact on the consolidated financial position and performance of the Group.

Amendments to TAS 21 - Non-exchangeability In May 2024, POA issued amendments to TAS 21. The amendments clarify how to assess whether a currency is not fungible and how to determine the exchange rate when a currency is not fungible. According to the amendments, when estimating the prevailing exchange rate because a currency is not exchangeable, information that enables users of financial statements to understand how the inability to exchange one currency for another currency has affected, or is expected to affect, an entity's performance, financial position and cash flows is disclosed. The amendments are effective for annual periods beginning on or after 1 January 2025. Early application is permitted, in which case information is disclosed in the notes. When the amendments are applied, comparative information is not restated. The Group is in the process of assessing the potential impact on the consolidated financial position and performance of the Group.

TFRS 17 - New Insurance Contracts Standard; In February 2019, POA issued TFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 introduces a model that enables both the measurement of liabilities arising from insurance contracts at current balance sheet values and the recognition of profit over the period in which the services are provided. With the announcement made by POA, the mandatory effective date of the Standard has been postponed to accounting periods beginning on or after 1 January 2025. The Group is in the process of assessing the impact on financial position or performance of the Group.

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

2.5 Summary of Significant Accounting Policies

In accordance with TAS 34 'Interim Financial Statements', the CMB has authorised the application of full set or condensed presentation in the presentation of interim financial statements of listed companies. Accordingly, the Group has prepared its condensed consolidated interim financial statements as at 30 September 2024, preferring condensed presentation.

In accordance with this communiqué, the disclosures and footnotes required to be included in the annual financial statements prepared in accordance with TAS/IFRS are summarised or not included in accordance with TAS 34. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at 31 December 2023 and the accompanying notes. Interim financial results alone are not necessarily indicative of year-end results.

The Group has continued to apply the same policies and accounting estimates as stated in the consolidated financial statements dated 31 December 2023.

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

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.

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

2.5 Summary of significant accounting policies (continued)

-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,
- 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.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.5 Summary of significant accounting policies (continued)****Property, plant and equipment and related depreciation**

As of 30 September 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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.5 Summary of significant accounting policies (continued)****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.

	30 September 2024		31 December 2023	
	Buying	Selling	Buying	Selling
USD	32,8262 TL	32,8853 TL	29,4382 TL	29,4913 TL
EUR	35,1284 TL	35,1917 TL	32,5739 TL	32,6326 TL
UAH	0,81174 TL	0,81174 TL	0,77519 TL	0,77519 TL
BGN	17,8599 TL	18,0936 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.

	1 January – 30 September 2024	1 January – 30 September 2023	1 July– 30 September 2024	1 July– 30 September 2023
Operating profit	1.218.527.648	1.564.217.183	132.515.466	554.645.118
Depreciation and amortization expenses (Note 8)	155.623.523	147.852.912	46.231.859	56.552.404
Vacation and termination expenses	9.970.659	15.350.899	(293.367)	5.126.041
EBITDA	1.384.121.830	1.727.420.994	178.453.958	616.323.563

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3. CASH AND CASH EQUIVALENTS

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

	30 September 2024	31 December 2023
Cash on hand	192.530	221.503
Cash at banks	480.280.021	796.915.844
- Demand deposit	436.992.767	661.616.361
- Time deposit	43.287.254	135.299.483
	480.472.551	797.137.347

4. FINANCIAL INVESTMENTS

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

Short-Term Financial Investments	30 September 2024	31 December 2023
Fx protected TL Deposits (*)	128.581.995	329.085.573
	128.581.995	329.085.573

(*) 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:

	30 September 2024	31 December 2023
Short-term trade receivables		
Trade receivables	2.504.425.609	3.121.262.263
Notes receivables	484.904.065	191.516.881
Expected credit loss (-)	(47.521.323)	(39.269.422)
Doubtful receivables (*)	66.202.160	82.957.320
Allowance for doubtful receivables (-)	(66.202.160)	(82.957.320)
	2.941.808.351	3.273.509.722

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

	1 January– 30 September 2024	1 January– 30 September 2023
Balance at beginning of the period	82.957.320	57.201.834
Current year additions / (Provisions no longer required)	5.141.427	9.967.154
Monetary gain / (loss)	(21.896.587)	(19.030.407)
End of the period	66.202.160	48.138.581

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

	1 January– 30 September 2024	1 January– 30 September 2023
Balance at beginning of the period	39.269.422	33.043.209
Current year additions / (Provisions no longer required)	18.617.066	15.052.818
Monetary gain / (loss)	(10.365.165)	(10.993.104)
End of the period	47.521.323	37.102.923

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5. TRADE RECEIVABLES AND PAYABLES (Continued)

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

	30 September 2024	31 December 2023
Short-term trade payables		
Trade payables	1.110.789.361	2.090.914.581
Notes payables	936.614.053	374.025.341
Total	2.047.403.414	2.464.939.922

6. RELATED PARTIES

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

	Trade Receivables	
	30 September 2024	31 December 2023
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	10.133.711	11.889.004
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	7.690.875	9.023.037
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.922.430	9.234.198
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	6.427.671	7.892.995
Smart Energy Ukraine	6.602.662	7.687.812
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	5.843.510	9.578.942
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.982.749	3.675.371
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	2.357.947	3.045.757
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	951.224	1.292.335
Smart Energy Group AD (Bulgaria)	-	17.702
Smart Verde Yenilenebilir Enerji A.Ş.	-	103.061.989
Total	49.912.779	166.399.142

	Other Receivables	
	30 September 2024	31 December 2023
Smart Holding A.Ş.	205.415.236	33.051.327
Total	205.415.236	33.051.327

	Prepaid Expenses	
	30 September 2024	31 December 2023
Smart Verde Yenilenebilir Enerji A.Ş.	1.064.802.568	-
Sumec Energy Holdings Co. Ltd.	54.056.867	104.303.032
KES Adi Ortaklığı	-	17.333.878
Total	1.118.859.435	121.636.910

	Short-term Trade Payables	
	30 September 2024	31 December 2023
Smart Energy Group AD (Bulgaria)	338.818.944	723.906.296
Kes Adi Ortaklığı	12.636.715	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	473.375	555.371
Smart Verde Yenilenebilir Enerji A.Ş.	-	11.921.379
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	-	489.097
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	-	407.581
Total	351.929.034	737.279.724

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6. RELATED PARTIES (Continued)

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

	Sales		Purchases	
	September 2024	September 2023	September 2024	September 2023
Smart Solar EOOD (Bulgaria)	115.414.137	173.584.075	125.092.231	208.860
Sumec Energy Holdings Co. Ltd.	6.271.078	6.416.860	703.816.533	1.569.004.350
Smart Verde Yenilenebilir Enerji A.Ş.	-	1.198.660	15.807.475	29.830.125
Smart Energy Group AD (Bulgaria)	-	-	-	1.151.926.564
Smart Holding A.Ş.	-	-	128.443.571	201.321.113
Sumec Hong Kong Co. Ltd.	-	-	27.189.529	-
Total	121.685.215	181.199.595	1.000.349.339	2.952.291.012

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 17.156.659 (30 September 2023: 14.689.999 TL).

7. PREPAID EXPENSES AND DEFERRED INCOME

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

<u>Short-term prepaid expenses</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
Advances given to suppliers (*)	1.605.350.783	1.535.880.669
Prepaid expenses	12.411.562	47.861.724
Total	1.617.762.345	1.583.742.393

<u>Long-term prepaid expenses</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
Advances given to suppliers (**)	946.918.670	1.355.174.129
Prepaid expenses	47.549.565	56.375.772
Total	994.468.235	1.411.549.901

(*) 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.

<u>Deferred Incomes</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
Advances received (*)	2.958.495.848	2.778.800.523
Total	2.958.495.848	2.778.800.523

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

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8. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-30.09.2024 is as follows:

Current Period	1 January 2024	Additions	Disposals (-)	30 September 2024
Cost				
Land	103.299.449	69.341.544	-	172.640.993
Machinery and equipment	1.084.752.913	64.071.224	-	1.148.824.137
Vehicles	48.109.121	48.698	(1.923.600)	46.234.219
Furniture and fixtures	73.409.911	39.422.175	-	112.832.086
Construction in progress	1.530.293.645	1.400.919.917	-	2.931.213.562
Leasehold improvements	109.502.445	636.766	-	110.139.211
	2.949.367.484	1.574.440.324	(1.923.600)	4.521.884.208
	1 January 2024	Current year charge	Disposals	30 September 2024
Accumulated depreciation				
Machinery and equipment	(225.800.692)	(82.995.145)	-	(308.795.837)
Vehicles	(9.772.544)	(5.590.235)	1.755.525	(13.607.254)
Furniture and fixtures	(22.494.791)	(12.512.955)	-	(35.007.746)
Leasehold improvements	(73.463.895)	(9.250.556)	-	(82.714.451)
	(331.531.922)	(110.348.891)	1.755.525	(440.125.288)
Net book value	2.617.835.562			4.081.758.920

Prior Period	1 January 2023	Additions	Disposals (-)	30 September 2023
Cost				
Land	103.299.450	-	-	103.299.450
Machinery and equipment	619.649.309	256.240.544	-	875.889.853
Vehicles	9.499.459	25.827.040	(1.506.393)	33.820.106
Furniture and fixtures	31.791.671	25.733.016	-	57.524.687
Construction in progress	72.085.971	1.138.589.748	-	1.210.675.719
Leasehold improvements	100.298.597	2.927.756	-	103.226.353
	936.624.457	1.449.318.104	(1.506.393)	2.384.436.168
	1 January 2023	Current year charge	Disposals	30 September 2023
Accumulated depreciation				
Machinery and equipment	(139.947.123)	(63.005.387)	-	(202.952.510)
Vehicles	(6.086.255)	(4.144.695)	1.031.776	(9.199.174)
Furniture and fixtures	(12.906.792)	(6.478.838)	-	(19.385.630)
Leasehold improvements	(62.112.663)	(8.192.630)	-	(70.305.293)
	(221.052.833)	(81.821.550)	1.031.776	(301.842.607)
Net book value	715.571.624			2.082.593.561

As of 30 September 2024, the insurance amount on tangible fixed assets is 2.239.240.990 TL and there is no mortgage on them. (30 September 2023: 1.734.685.344 TL)

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8. PROPERTY, PLANT AND EQUIPMENTS (Continued)

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 30 September are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Cost		
Cost of sales (Note 14)	140.363.144	128.918.134
General administrative expenses (Note 16)	15.260.379	18.934.778
Total	155.623.523	147.852.912

9. RIGHT OF USE ASSETS

Movement of right of use assets for the period 01.01.-30.09.2024 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2024	261.661.474	10.644.360	272.305.834
Additions	-	12.069.742	12.069.742
Changes in leases	(43.729.170)	(3.167.272)	(46.896.442)
Depreciation	(34.628.977)	(6.482.852)	(41.111.829)
As of 30 September 2024	183.303.327	13.063.978	196.367.305

	Buildings	Vehicles	Total
As of 1 January 2023	139.105.348	14.828.866	153.934.214
Additions	39.679.402	5.114.805	44.794.207
Changes in leases	155.258.783	3.392.230	158.651.013
Depreciation	(52.288.436)	(11.602.063)	(63.890.499)
As of 30 September 2023	281.755.097	11.733.838	293.488.935

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10. FINANCIAL BORROWINGS

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

	30 September 2024	31 December 2023
Short-term bank borrowings	2.100.755.112	1.501.004.689
Financial lease liabilities	158.705.031	186.977.931
Liabilities arising from leasing transactions (*)	56.775.165	44.650.031
Debt instruments issued	580.594.343	362.515.931
Short-term borrowings	2.896.829.651	2.095.148.582
Short-term portion of long-term borrowings	1.056.592.867	417.593.311
Short-term portion of long-term borrowings	1.056.592.867	417.593.311
Long-term borrowings	2.038.428.793	2.323.071.481
Long-term financial lease liabilities	156.142.479	259.368.236
Liabilities arising from leasing transactions (*)	139.389.085	153.983.599
Long-term borrowings	2.333.960.357	2.736.423.316
Total financial borrowings	6.287.382.875	5.249.165.209

(*) 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	30 September 2024
TL bank borrowings	%7,50 - %68,00	3.696.543.932
EUR bank borrowings	%7,00 - %8,00	332.395.826
USD bank borrowings	%4,75 - %10,75	2.062.278.867
		6.091.218.625
	Interest Rate	31 December 2023
TL bank borrowings	%7,50 - %60,00	2.429.844.075
EUR bank borrowings	%7,00 - %9,50	905.643.197
USD bank borrowings	%4,75 - %12,00	1.715.044.307
		5.050.531.579

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

As of 30 September 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 30 September 2024, 31 December 2023, are as follows:

CPMB's given by the Group	30 September 2024	31 December 2023
A. CPMB's given for Group's own legal personality	2.430.521.779	1.629.116.806
B. CPMB's given on behalf of fully consolidated companies	1.690.323.463	2.107.438.160
C. CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
Total	4.120.845.242	3.736.554.966

Given to	30 September 2024	31 December 2023
In Turkish Lira	1.445.919.471	2.083.575.348
In ABD Dollar	2.597.001.126	1.537.330.072
In Euro	77.924.645	115.649.546
Total	4.120.845.242	3.736.554.966

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 30 September 2024 (31 December 2023: 23%). 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 30 September 2024.

Tax expenses included in the statements of comprehensive income for the accounting periods ending 30 September 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 08.12.2023/544854.

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.

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

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

	30 September 2024	31 December 2023
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	11.770.302	7.877.517
Trade payables	(6.874.445)	(17.203.135)
Trade receivables	30.710.689	28.166.169
Lease liabilities	45.117.778	45.685.735
Inventories	(68.624.340)	21.694.224
Tangible and intangible assets	40.660.628	62.819.572
Assets subject to cash flow hedge accounting	145.389.299	152.449.122
Financial liabilities	17.232.581	22.326.295
Lawsuit provisions	702.877	486.630
Cash and cash equivalents	(193.800)	-
Right of use assets	(45.164.480)	(62.630.341)
Investment incentives (*)	312.849.150	30.849.189
Financial Investments	11.112.858	28.712.860
Deferred tax assets	494.689.097	321.233.837
Deferred tax assets	615.546.162	401.067.313
Deferred tax liabilities	(120.857.065)	(79.833.476)
Deferred tax assets	494.689.097	321.233.837

(*) 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 30 September 2024, the tax advantage amounting to 312.849.150 TL (31 December 2023: 30.849.189 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 30 September 2024, deferred tax income amounting to 281.999.961 TL (current period effect of 1 January-30 September 2024) has occurred in the consolidated profit or loss statement for the period 1 January- 30 September 2024

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

	1 January 2024	Deferred tax income/ (expense)	Other comprehensive income	30 September 2024
Deferred tax assets	321.233.837	177.965.508	(4.510.248)	494.689.097

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	30 September 2023
Deferred tax assets	(8.960.829)	(37.673.458)	100.252.769	53.618.482

Tax Income / (Expense)	1 January– 30 September 2024	1 January– 30 September 2023	1 July– 30 September 2024	1 July– 30 September 2023
Period tax provisions (-)	-	(93.261.356)	-	(23.252.527)
Deferred tax income / (expense)	177.965.508	(37.673.458)	36.818.231	(84.201.406)
Total	177.965.508	(130.934.814)	36.818.231	(107.453.933)

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13. SHARE CAPITALPaid-in Capital

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

	30 September 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 (*)	917.853.291		917.853.291	
Total	1.523.733.291	100	1.523.733.291	100

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

Between 16.02.2023 and 12.09.2024, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş., It has repurchased 520.000 shares of its publicly traded shares. (Ratio to company capital is 0.0858%)

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 30 September 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 30 September 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 30 September 2024, the equity items prepared in accordance with the Tax Procedure Laws and the amounts presented in accordance with TAS/IFRS are as follows:

30.09.2024 (IFRS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	917.853.291	1.523.733.291
Share Premiums	133.782.358	433.207.280	566.989.638
Restricted Reserves (*)	99.945.843	53.483.727	153.429.570

30.09.2024 (TAS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	857.942.429	1.463.822.429
Share Premiums	133.782.358	434.183.221	567.965.579
Restricted Reserves (*)	76.138.947	42.510.774	118.649.721

(*) In the Reserves on retained earnings allocated from profit, 38.400.346 TL has been allocated within the scope of repurchased shares according to TAS/IFRS financial statements..

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14. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Domestic Sales	7.426.777.840	7.379.715.756	2.858.526.520	3.690.355.774
Export Sales	128.008.811	340.559.215	98.860.419	71.392.196
Gross Sales	7.554.786.651	7.720.274.971	2.957.386.939	3.761.747.970
Sales Returns (-)	(9.849.367)	(205.241.140)	(34.934)	(185.675.510)
Sales Discounts (-)	(3.807.966)	(14.588.955)	(3.182.201)	(2.373.608)
Net Sales	7.541.129.318	7.500.444.876	2.954.169.804	3.573.698.852
Cost of Sales (-)	(6.183.193.924)	(5.458.437.835)	(2.602.847.197)	(2.310.464.081)
Gross Profit	1.357.935.394	2.042.007.041	351.322.607	1.263.234.771

15. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Personnel expenses	50.890.765	60.513.799	13.820.547	24.446.691
Advertising, publicity and promotion expenses	43.775.039	43.506.071	5.025.624	9.699.339
Taxes and fees	20.933.143	50.690.162	1.297.593	39.655.176
Transport costs	14.795.748	7.207.856	1.609.502	4.137.934
Consultancy expenses	4.895.131	5.087.886	629.251	2.496.625
Export and warehouse expenses	3.667.661	1.058.724	182.446	372.079
Meal and travelling expenses	2.958.676	2.593.767	681.356	2.096.692
SPP project expenses	-	30.355.249	-	5.406.443
Other	8.123.221	8.478.822	1.577.939	4.599.859
Total	150.039.384	209.492.336	24.824.258	92.910.838

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16. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Personnel expenses	220.943.045	127.847.947	69.147.937	51.585.604
Consultancy expenses	64.368.434	66.062.872	21.854.645	28.318.561
Depreciation and amortization expenses (Note 8)	15.260.379	18.934.778	3.787.514	5.296.283
Representation and hospitality expenses	14.629.493	5.529.855	503.888	1.886.135
Meal and travelling expenses	9.367.138	13.838.906	4.179.285	4.144.189
Taxes and duties	4.543.650	4.183.167	1.796.096	1.841.721
Vehicle expenses	4.112.974	15.436.090	1.354.785	14.418.232
Other (*)	97.350.369	50.333.453	38.005.324	35.275.211
Total	430.575.482	302.167.068	140.629.474	142.765.936

(*) As of 30.09.2024, Smart Holding A.Ş. has a common expense reflection expense of 63.309.084 TL.

17. EXPENSES BY NATURE

The details of the Group's expenses by type of expenses for the periods are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Cost of sales	6.042.830.780	5.329.519.701	2.560.402.851	2.261.823.531
Personnel expenses	271.833.810	188.361.746	82.968.484	76.032.295
Depreciation and amortization expenses (Note 8)	155.623.523	147.852.912	46.231.860	53.936.833
Consultancy expenses	69.263.565	71.150.758	22.483.896	30.815.186
Advertising, publicity and promotion expenses	43.775.039	43.506.071	5.025.624	9.699.339
Representation and hospitality expenses	12.325.814	16.432.673	4.860.641	6.240.881
Transport costs	14.795.748	7.207.856	1.609.502	4.137.934
Meal and travelling expenses	14.629.493	5.529.855	503.888	1.886.135
Export and warehouse expenses	3.667.661	1.058.724	182.446	372.079
Other	135.063.357	159.476.943	44.031.737	101.196.642
Total	6.763.808.790	5.970.097.239	2.768.300.929	2.546.140.855

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18. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Other operating income				
Foreign exchange gain (*)	948.436.730	1.111.168.550	202.806.675	37.978.759
Social security and other incentive income	2.748.062	33.471.414	-	12.351.447
Other	24.947.940	7.970.604	19.599.014	2.000.282
Total	976.132.732	1.152.610.568	222.405.689	52.330.488

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Other operating expenses				
Foreign exchange loss (*)	505.485.244	1.090.375.893	258.727.918	516.581.767
Provision expenses	6.640.094	10.978.317	2.603.804	2.966.837
Other	22.800.274	17.386.812	14.427.376	5.694.763
Total	534.925.612	1.118.741.022	275.759.098	525.243.367

(*) 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- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Financial income				
Interest income	71.926.087	57.527.226	39.785.619	37.815.981
Total	71.926.087	57.527.226	39.785.619	37.815.981

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Financial Expenses (-)				
Interest expense	1.210.345.917	278.517.802	480.794.304	116.554.903
Foreign exchange loss (*)	360.846.379	244.483.890	58.776.983	74.603.123
Bank transaction and commission expenses	267.728.609	59.022.075	56.279.541	23.822.256
Total	1.838.920.905	582.023.767	595.850.828	214.980.282

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

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20. EARNINGS 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- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Profit for the period attributable to equity holders	329.163.756	895.903.239	149.893.356	224.219.874
Weighted average number of common shares issued	605.880.000	340.052.308	605.880.000	340.052.308
Profit per share	0,54	2,63	0,25	0,66

21. INCOME FROM INVESTING ACTIVITIES

The details of the Group's income from investing activities by periods are as follows:

Income from Investing Activities	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Interest and foreign exchange gains on currency hedged deposits	31.248.131	151.436.248	3.589.867	16.182.106
Total	31.248.131	151.436.248	3.589.867	16.182.106

22. FINANCIAL INSTRUMENTS**Capital Risk Management**

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

	30 September 2024	31 December 2023
Total financial borrowings	6.287.382.875	5.249.165.209
Less: Cash and cash equivalents and financial investments	(609.054.546)	(1.126.222.920)
Net debt	5.678.328.329	4.122.942.289
Total equity	3.228.941.906	2.891.595.767
Net debt to equity ratio	1,76	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.

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

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

Credit Risk

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

30 September 2024	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B)	49.912.779	2.941.808.351	205.415.236	251.281.106	480.280.021	128.581.995
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	49.912.779	2.941.808.351	205.415.236	251.281.106	480.280.021	128.581.995
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	113.723.483	-	-	-	-
- Impairment (-)	-	(113.723.483)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

31 December 2023	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B)	166.399.142	3.273.509.722	33.051.327	495.054.038	796.915.844	329.085.573
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	166.399.142	3.273.509.722	33.051.327	495.054.038	796.915.844	329.085.573
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	122.226.742	-	-	-	-
- Impairment (-)	-	(122.226.742)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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

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

Liquidity Risk

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

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

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

30 September 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	8.687.407.183	10.575.052.496	976.729.236	5.403.635.888	2.965.772.989	1.228.914.383
Loans and borrowings	6.091.218.625	7.925.995.521	590.164.949	3.306.482.404	2.800.433.785	1.228.914.383
Trade payables	2.399.332.448	2.399.332.448	365.538.298	2.033.794.150	-	-
Lease liabilities	196.164.250	249.032.667	20.334.129	63.359.334	165.339.204	-
Other payables	691.860	691.860	691.860	-	-	-

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	8.454.840.832	10.666.056.950	1.163.526.459	4.581.786.917	3.161.248.293	1.759.495.281
Loans and borrowings	5.050.531.579	7.196.487.465	479.116.379	1.988.975.482	2.968.900.323	1.759.495.281
Trade payables	3.202.219.646	3.202.219.646	662.033.013	2.540.186.633	-	-
Lease liabilities	198.633.630	263.893.862	18.921.090	52.624.802	192.347.970	-
Other payables	3.455.977	3.455.977	3.455.977	-	-	-

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

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

		30 September 2024			31 December 2023		
		TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1	Trade payables	1.762.999.378	46.020.980	5.048.741	2.930.924.004	95.204.131	3.938.299
2a.	Monetary financial assets	23.004.678	663.460	9.608	83.231.830	2.067.347	686.834
2b.	Non-Monetary financial assets	-	-	-	-	-	-
3	Other	1.167.681.384	26.385.051	7.005.168	1.861.491.330	40.881.938	20.200.243
4	Current assets (1+2+3)	2.953.685.440	73.069.491	12.063.517	4.875.647.164	138.153.416	24.825.376
5	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-Monetary financial assets	-	-	-	-	-	-
7	Other	858.361.022	25.156.385	-	1.355.174.129	46.034.544	-
8	Non- Current assets (5+6+7)	858.361.022	25.156.385	-	1.355.174.129	46.034.544	-
9	Total assets (4+8)	3.812.046.462	98.225.876	12.063.517	6.230.821.293	184.187.960	24.825.376
10	Trade payables	2.352.500.230	63.727.109	4.554.064	2.612.979.026	84.954.069	3.296.492
11	Financial borrowings	1.432.230.081	36.706.059	4.642.372	1.706.412.010	36.400.751	19.394.917
12a.	Other Monetary financial liabilities	-	-	-	-	-	-
12b.	Other Non-Monetary financial liabilities	2.389.519.167	69.904.751	-	2.717.418.598	91.031.143	1.004.880
13	Current liabilities (10+11+12)	6.174.249.478	170.337.919	9.196.436	7.036.809.634	212.385.963	23.696.289
14	Trade payables	-	-	-	-	-	-
15	Financial borrowings	962.444.604	23.625.364	4.049.942	914.275.462	21.753.494	8.357.797
16a.	Other Monetary financial liabilities	-	-	-	-	-	-
16b.	Other Non-Monetary financial liabilities	-	-	-	-	-	-
17	Non-Current liabilities (14+15+16)	962.444.604	23.625.364	4.049.942	914.275.462	21.753.494	8.357.797
18	Total liabilities (13+17)	7.136.694.082	193.963.283	13.246.378	7.951.085.096	234.139.457	32.054.086
19	Net asset / liability position of off-balance sheet derivatives	2.394.674.685	60.331.423	8.692.314	2.620.687.472	58.154.245	27.752.714
20	Net foreign currency asset / (liability)position (9-18+19)	(929.972.935)	(35.405.984)	7.509.453	900.423.669	8.202.748	20.524.004
21	Net foreign currency asset / (liability)position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(2.961.170.859)	(77.374.092)	(8.188.029)	(2.219.510.664)	(45.836.836)	(26.424.073)

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

Foreign currency risk (continued)

Sensitivity analysis

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

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

	30 September 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	(327.858.478)	327.858.478	(148.291.509)	148.291.509
2- Amount hedged for USD risk (-)				
3- USD net effect (1+2)	(327.858.478)	327.858.478	(148.291.509)	148.291.509
In case of 10% appreciation of EUR against TL				
4- EUR net asset/liability	(4.606.281)	4.606.281	(23.734.885)	23.734.885
5- Amount hedged for EUR risk (-)				
6- EUR net effect (4+5)	(4.606.281)	4.606.281	(23.734.885)	23.734.885
Total net effect (3+6)	(332.464.759)	332.464.759	(172.026.394)	172.026.394

Interest rate position table

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

Interest rate position table		
Financial instruments with fixed interest rates	30 September 2024	31 December 2023
Financial assets	128.581.995	329.085.573
Financial liabilities	3.882.356.575	3.198.625.902
Finance leases	314.847.510	446.346.167
Debt instruments issued	580.594.343	362.515.931
Financial instruments with floating interest rates		
Financial liabilities	1.313.420.197	1.043.043.579

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 30 September 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 September 2024, unless otherwise stated.)

24. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

		30 September 2024		31 December 2023	
<i>Financial assets</i>	Notes	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	3	480.472.551	480.472.551	797.137.347	797.137.347
Financial investments	4	128.581.995	128.581.995	329.085.573	329.085.573
Trade receivables	5	3.039.242.453	2.991.721.130	3.479.178.286	3.439.908.864
Other receivables		456.696.342	456.696.342	528.105.365	528.105.365
Total financial assets		4.104.993.341	4.057.472.018	5.133.506.571	5.094.237.149
<i>Financial liabilities</i>					
Financial borrowings	10	6.287.382.875	6.287.382.875	5.249.165.209	5.249.165.209
Trade payables	5	2.399.332.448	2.399.332.448	3.202.219.646	3.202.219.646
Other payables		691.860	691.860	3.455.977	3.455.977
Payables related to employment benefits		110.239.321	110.239.321	91.275.099	91.275.099
Total financial liabilities		8.797.646.504	8.797.646.504	8.546.115.931	8.546.115.931
Net		(4.692.653.163)	(4.740.174.486)	(3.412.609.360)	(3.451.878.782)

25. SUBSEQUENT EVENTS

None.