

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

**SMART GÜNEŞ ENERJİSİ
TEKNOLOJİLERİ
AR-GE ÜRETİM SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

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Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Condensed Consolidated Statements of Financial Position as of 31 March 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	<i>Notes</i>	Non-Audited Current Period 31 March 2022	Audited Prior Period 31 December 2021
Current Assets			
Cash and cash equivalents	3	345.427.431	23.734.489
Trade receivables		499.800.914	365.450.354
- <i>Due from related parties</i>	5	67.589.939	106.290.325
- <i>Due from third parties</i>	4	432.210.975	259.160.029
Other receivables		18.499.100	83.135.874
- <i>Other receivables from related parties</i>	5	-	62.708.571
- <i>Other receivables from third parties</i>		18.499.100	20.427.303
Inventories		149.020.522	98.969.813
Prepaid expenses		145.498.338	111.703.385
- <i>Due from related parties</i>	5	-	5.640.039
- <i>Prepaid expenses, third parties</i>		145.498.338	106.063.346
Other current assets		46.310.642	29.662.936
TOTAL CURRENT ASSETS		1.204.556.947	712.656.851
Non-current Assets			
Other receivables		878.748	778.650
- <i>Other receivables from third parties</i>		878.748	778.650
Right of use assets	7	8.527.234	4.379.081
Property plant and equipment	6	103.544.445	82.705.278
Intangible assets		2.338.817	2.199.954
Deferred tax assets	10	28.377.442	15.611.949
TOTAL NON-CURRENT ASSETS		143.666.686	105.674.912
TOTAL ASSETS		1.348.223.633	818.331.763

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Condensed Consolidated Statements of Financial Position as of 31 March 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

LIABILITIES	<i>Notes</i>	Non-Audited Current Period 31 March 2022	Audited Prior Period 31 December 2021
Current Liabilities			
Short-term borrowings	8	213.273.472	131.586.339
Short-term portion of long-term borrowings	8	1.905.678	7.394.989
Lease liabilities	8	6.968.576	2.923.536
Trade payables		266.951.578	231.218.044
- <i>Due to related parties</i>	5	116.158.148	109.402.642
- <i>Trade payables third parties</i>	4	150.793.430	121.815.402
Employee benefits obligations		5.902.725	6.129.347
Other Payables		11.607.074	13.944.900
- <i>Other payables from third parties</i>		11.607.074	13.944.900
Deferred income		191.187.506	158.807.989
- <i>Deferred income from third parties</i>		191.187.506	158.807.989
Current income tax liabilities		1.455.969	5.362.132
Provisions		2.966.852	2.775.732
- <i>Provisions for employee benefits</i>		1.185.563	994.443
- <i>Other short-term provisions</i>		1.781.289	1.781.289
Other current liabilities		28.313.475	18.939.282
TOTAL CURRENT LIABILITIES		730.532.905	579.082.290
Non-current liabilities			
Long-term borrowings	8	40.328.057	33.915.175
Lease liabilities	8	1.895.554	1.940.779
Long-term provisions		3.379.693	2.781.957
- <i>Long-term provisions for employee benefits</i>		3.379.693	2.781.957
TOTAL NON-CURRENT LIABILITIES		45.603.304	38.637.911
Shareholders' Equity			
Paid-in capital	11	153.000.000	127.500.000
Share premiums		314.584.197	-
Accumulated other comprehensive income not to be reclassified in profit or loss		14.594.123	15.106.790
- <i>Gain on revaluation of property, plant and equipment</i>		15.224.000	15.736.667
- <i>Gain/(Loss) on remeasurements of the defined benefit plans</i>		(629.877)	(629.877)
Accumulated other comprehensive income that will be reclassified in profit or loss		(33.488.726)	(33.018.378)
- <i>Foreign currency translation differences</i>		(2.100.161)	(1.285.506)
- <i>Gain / (loss) of hedging reserve</i>		(31.388.565)	(31.732.872)
Reserves on retained earnings		5.978.453	5.978.453
Retained earnings		78.398.601	(2.122.664)
Net income for the period		31.409.388	80.008.598
Non-controlling interest		7.611.388	7.158.763
TOTAL SHAREHOLDER'S EQUITY		572.087.424	200.611.562
TOTAL LIABILITIES		1.348.223.633	818.331.763

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the
Periods of 1 January-31 March 2022 and 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		Non-Audited 1 January- 31 March 2022	Non-Audited 1 January- 31 March 2021
Revenue	12	204.950.347	102.737.096
Cost of sales (-)	12	(159.220.171)	(82.047.845)
GROSS PROFIT		45.730.176	20.689.251
General administrative expense (-)	14	(8.014.250)	(4.860.331)
Selling, marketing and distribution expense (-)	13	(4.100.078)	(1.913.341)
Other operating income	16	14.153.458	49.521.169
Other operating expense (-)	16	(3.890.728)	(33.438.581)
OPERATING PROFIT / (LOSS)		43.878.578	29.998.167
Expected credit loss according to TFRS 9		(764.158)	(3.340.562)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		43.114.420	26.657.605
Financial income	17	668.206	-
Financial expenses (-)	17	(23.372.168)	(11.251.354)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		20.410.458	15.406.251
Tax Income / (Expense) from Continuing Operations			
Current period tax expense		(1.099.039)	(1.345.164)
Deferred tax expense / (income)	10	12.550.594	(2.572.973)
PROFIT FROM CONTINUING OPERATIONS		31.862.013	11.488.114
NET PROFIT/LOSS FOR THE PERIOD		31.862.013	11.488.114
Attributable to:			
Non-controlling interest		452.625	(403.920)
Equity holder of the parent		31.409.388	11.892.034
OTHER COMPREHENSIVE INCOME / (LOSS)			
To be reclassified to profit or loss, before tax			
- Currency translation differences		(814.655)	(376.411)
- Cash flow hedge expense		441.420	-
To be reclassified other comprehensive income, total tax effect			
- Deferred tax income/(expense)		(97.113)	-
TOTAL OTHER COMPREHENSIVE LOSS		(470.348)	(376.411)
TOTAL COMPREHENSIVE LOSS		31.391.665	11.111.703
Attributable to:			
Equity holder of the parent		30.939.040	11.515.623
Non-controlling interest		452.625	(403.920)

The accompanying notes form an integral part of these consolidated financial statement

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

Condensed Consolidated Statement of Changes in Equity for the Periods of 1 January-31 March 2022 and 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

			Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses 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	Share premium	Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit/(loss)	Net profit/loss for the period			
Balances as of 1 January 2021	30.998.000	-	(388.124)	-	-	(14.242)	1.802.897	(16.126.616)	54.932.336	71.204.251	2.822.067	74.026.318
Transfers	-	-	-	-	-	-	-	54.932.336	(54.932.336)	-	-	-
Total comprehensive income	-	-	-	-	-	(376.411)	-	-	11.892.034	11.515.623	(403.920)	11.111.703
Effects of merged business under common controls	-	-	-	-	-	-	281.993	1.687.382	-	1.969.375	-	1.969.375
Balances as of 31 March 2021	30.998.000	-	(388.124)	-	-	(390.653)	2.084.890	40.493.102	11.892.034	84.689.249	2.418.147	87.107.396
Balances as of 1 January 2022	127.500.000	-	(629.877)	15.736.667	(31.732.872)	(1.285.506)	5.978.453	(2.122.664)	80.008.598	193.452.799	7.158.763	200.611.562
Transfers	-	-	-	(512.667)	-	-	-	80.521.265	(80.008.598)	-	-	-
Total comprehensive income	-	-	-	-	344.307	(814.655)	-	-	31.409.388	30.939.040	452.625	31.391.665
Capital increase (*)	25.500.000	-	-	-	-	-	-	-	-	25.500.000	-	25.500.000
Increase Due to Share Based Transactions (*)	-	314.584.197	-	-	-	-	-	-	-	314.584.197	-	314.584.197
Balances as of 31 March 2022	153.000.000	314.584.197	(629.877)	15.224.000	(31.388.565)	(2.100.161)	5.978.453	78.398.601	31.409.388	564.476.036	7.611.388	572.087.424

(*) The Company's 25.500.000 shares with a nominal value of 1 TL were offered to the public on March 24, 2022 and sold for 14 TL per share. The amount of 25.500.000 TL obtained was used in the capital increase and the remaining portion was recorded in the "Share Premiums" account. Expenses amounting to TL 16.915.803 made within the scope of public offering have been deducted from this account within the scope of TAS 32.

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
Consolidated Statement of Cash Flows for the Periods of 1 January-31 March 2022 and 2021
(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

	Notes	Non-audited 31 March 2022	Non-audited 31 March 2021
A. Cash flows from operating activities		(57.459.593)	(33.807.163)
Profit for the period		31.862.013	11.488.114
Adjustments to reconcile net profit/loss to net cash:		11.906.417	18.525.784
Adjustments related to depreciation and amortization expenses	6	5.966.772	3.333.931
Adjustments related to provision for employee benefits		863.063	1.569.663
Adjustments related to interest expenses		9.125.025	3.095.311
Adjustments related to expected provision losses		764.158	3.340.562
Adjustments related to tax income/(expense)	10	(11.451.555)	3.918.137
Adjustments related to unrealized currency translation differences		6.638.954	3.268.180
Adjustments related to other increase / (decrease) in working capital		(88.885.120)	(63.348.681)
Increase in inventories		(50.050.709)	(28.682.270)
Increase in trade receivables from third parties		(173.815.104)	(80.746.643)
Decrease/(increase) in trade receivables from related parties		38.700.386	(44.561.272)
Decrease in other operating receivables from related parties		62.708.571	-
Decrease / (increase) in other operating receivables from third parties		(37.606.887)	1.659.995
Increase in trade payables to third parties		28.978.028	95.259.102
Decrease in other operating payables to third parties		(2.337.826)	(1.120.851)
Increase/(decrease) in trade payables to related parties		6.755.506	(47.288.190)
(Decrease)/ increase in other operating payables to third parties		-	(1.936.124)
Increase in deferred incomes		32.379.517	78.356.148
Increase/(decrease) in other liabilities related to operations		(236.641)	3.317.555
Decrease/(increase) in prepaid expenses		5.640.039	(37.606.131)
Cash generated from operations		(12.342.903)	(472.380)
Taxes paid		(12.342.903)	(472.380)
B. Cash flows from investing activities		(24.780.431)	(2.798.453)
Proceeds from sale of property, plant and equipment and intangible assets	6	2.267	346.937
Purchases of property, plant and equipment	6	(24.782.698)	(3.141.390)
Purchases of intangible assets		-	(4.000)
C. Cash flows from financing activities		403.932.966	35.309.827
Cash inflows from borrowings		96.702.820	29.637.068
Cash outflows from borrowings		(44.231.213)	(11.740.092)
Cash inflows from leasings		32.867.494	22.130.768
Cash outflows from leasings		(10.052.598)	(2.648.436)
Payment of obligations under finance liability		(2.312.709)	(943.545)
Cash inflows resulting from the merger effect of entities under common control		-	1.969.375
Cash inflows from the sale of the entity's own shares and other equity instruments		314.584.197	-
Capital increase	11	25.500.000	-
Interest paid		(9.793.231)	(3.095.311)
Interest received		668.206	-
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		321.692.942	(1.295.789)
D. Cash and cash equivalents at the beginning of the year		23.734.489	25.869.747
Cash and cash equivalents at the end of the year (A+B+C+D)		345.427.431	24.573.958

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

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2022

(Amounts expressed in TL unless otherwise indicated.)

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 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.

The details of 10 important turnkey projects undertaken by the Group are as follows:

Project name	Country	Project Location	Capacity	Starting Date	Completion Date
Gün Güneş 55MW	Turkey	Van	55.010 kWp	June 2020	The project continues.
Solhan PV Power Plant	Turkey	Bingöl	22.642 kWp	May 2018	The entire project was completed in October 2019.
Akfel 18MW	Turkey	Niğde, Adıyaman	20.700 kWp	January 2020	The entire project was completed in 2020.
Siverek PV Power Plant	Turkey	Şanlıurfa	18.205 kWp	March 2018	The entire project was completed in January 2019.
Tuzluca PV Power Plant	Turkey	Şanlıurfa	14.440 kWp	February 2019	The entire project was completed in December 2020
Yaytaş PV Power Plant	Turkey	Diyarbakır	13.960 kWp	October 2018	The project continues.
Oğlaklı 10MW	Turkey	Diyarbakır	12.560 kWp	June 2020	The entire project was completed in September 2021.
Eskil PV Power Plant	Turkey	Aksaray	11.797 kWp	June 2017	The entire project was completed in October 2017.
Slobidka PV Power Plant	Ukraine	Khmelnitsky	11.035 kWp	December 2019	The entire project was completed in September 2019.
Mardin Licenced PV Power Plant	Turkey	Mardin	10.794 kWp	August 2019	The entire project was completed in January 2020.

As of 31.03.2022, the headquarters of the Group is Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.03.2022, the factory of the Gebze Organize Sanayi Bölgesi Tembelova Mevki, 3200 Cadde No:3207, 41400 Gebze/Kocaeli.

25,500,000 shares of the Company with a nominal value of 1 TL were offered to the public on March 24, 2022. The shareholding structure as of 31 March 2022 is as follows. A portion of 38,208,000 TL of the bearer B group shares is traded on Borsa Istanbul A.Ş (BIST) with the code "SMRTG".

	Share Ratio (%)	Amount
A Group (Registered share)	22,88	35.000.000
B Group (Bearer share)	77,12	118.000.000
Issued Capital	100,00	153.000.000

As of 31 March 2022, 31 December 2021 the total number of personnel employed by the Group is 525, 549, respectively.

The registry where the company is registered; Istanbul Trade Registry Office, registration number is 934086.

The subsidiaries

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

31 March 2022

Company Title	Main Activity	Share Owned (%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Turkey
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Turkey
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Turkey
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Turkey
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

31 December 2021

Company Title	Main Activity	Share Owned (%)	Country of Establishment
Smart Güneş Teknolojileri Pazarlama A.Ş.	Solar Power Plant Equipment	100	Turkey
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Turkey
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Turkey
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Turkey
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Turkey
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukraine	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2022

(Amounts expressed in TL unless otherwise indicated.)

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

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

Smart Güneş Teknolojileri Pazarlama A.Ş.

The company was established on 22.01.2018. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Tic. A.Ş. owns 100% of the company. The company, to make and have all kinds of processes of all kinds of products, semi-products, raw materials and materials; To buy, sell, import, export and wholesale marketing and to establish, operate, operate or lease facilities for the purpose of packaging all these products, to wholesale all kinds of materials for the installation of photovoltaic solar power plants and to establish stores and sales offices for this business, electricity to establish service units to serve companies engaged in energy generation, distribution, retail sale, wholesale and other activities; It was established to carry out all kinds of research and development activities for the electrical energy sector, including electricity networks and electricity generation facilities. The company was founded on 31.03.2021 as Smart Güneş Enerjisi Teknolojileri R&D Üretim San. and Tic. A.Ş. continues its activities within the body of the parent company.

Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

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

Smart GES Enerji Üretim A.Ş.

The company was established on 05.03.2021. Smart Solar Energy Technologies R&D Production Industry. and Tic. 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 Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries

Notes To the Condensed Consolidated Financial Statements as of 31 March 2022

(Amounts expressed in TL unless otherwise indicated.)

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

Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.

The company was established on 08.08.2019. Smart Solar Energy Technologies R&D Production Industry. and Tic. 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 R&D Üretim Sanayi Ticaret A.Ş. ' he says. In addition, Smart R&D 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 Solar Energy Technologies R&D Production Industry. and Tic. A.Ş. is the 60% owner and leading partner of the relevant company. The relevant consortium is between Smart Solar Energy R&D Production Industry Trade A.Ş. and IHK Holding, "Gün Güneş Enerjisi Elektrik Üretim Sanayi ve Ticaret A.Ş." was established for the project "Engineering, Procurement and Construction Turnkey Works for Van Arisu GES 45MWe/55 MWp Licensed Van Arisu Solar Power Plant (GES)", which was put out to tender by the parties, to create a partnership and complete the project. In the said consortium, Smart Energy has 60% and IHK Holding 40%. In the founding agreement, the parties agreed that Smart Energy is the leading partner and coordinator. It has been accepted and declared by all partners that if a unanimous vote cannot be reached at the board of directors meetings of the said consortium, the matter will be conveyed to the parties for resolution by the Lead partner within 2 business days, and if an agreement cannot be reached within the specified day, the decision of the lead partner regarding the works and transactions that will cause delay in the work program will be considered final. For this reason, it has been consolidated using the full consolidation method in the accompanying financial statements.

Icarus Solar GmbH

The company was established in Germany in 2019. Smart Solar Energy Technologies R&D Production Industry. and Tic. 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 Solar Energy Technologies R&D Production Industry. and Tic. 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 Solar Energy Technologies R&D Production Industry. and Tic. 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

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

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

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

Condensed consolidated financial statements for the accounting period 1 January - 31 March 2022 were approved at the Board of Directors meeting dated 9 May 2022. 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.

Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005, no:29 “Financial reporting in Hyperinflationary Economies” (“TAS 29”) was not applied.

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Turkey

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

Netting/Offsetting

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

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

2.2. Summary of accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 31 March 2022 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 2021. 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 2021 financial statements are applied in the current period.

2.3 New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of 31 March 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Financial Reporting Standards (“IFRS”) and IFRS interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations that are issued but not effective as of 31 March 2022:

Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2021 These amendments to TMS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
- ii) clarify the explanation of the definition of material and
- iii) incorporate some of the guidance in TAS 1 about immaterial information.

This change does not have any impact on the Group’s financial performance.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change does not have any impact on the Group’s financial performance.

Amendments to IFRS 9, TAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This change does not have any impact on the Group’s financial performance.

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change does not have any impact on the Group’s financial performance.

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

2.3 New and amended standards and interpretations (continued)

Standards, amendments and interpretations that are issued but not effective as of 31 March 2022:

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was **issued** on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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

2.3 New and amended standards and interpretations (continued)

Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

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

2.3 New and amended standards and interpretations (continued)

Definition of Accounting Estimates (Amendments to TAS 8) (continued)

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group does not expect that application of these amendments to Amendments to TAS 8) will have significant impact on its consolidated financial statements.

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group does not expect that application of these amendments to Amendments to TAS 1) will have significant impact on its consolidated financial statements.

2.4 Summary of significant accounting policies

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

Consolidation Principles

Full Consolidation:

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

- The paid-in capital of the consolidated balance sheet is the paid-in capital of the Company, the paid-in capital of the subsidiary is not included in the consolidated balance sheet.

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

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

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

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

2.4. Summary of significant accounting policies (continued)

Consolidation Principles (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 Receivables

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.

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

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and related depreciation

As of 31 March 2021, the Group's property, plant and equipment are presented at acquisition cost less accumulated depreciation and permanent value losses. The lands are not subject to depreciation.

As of 31 March 2022, the fixed assets of the Group are shown in their legal records with their revalued (increased) amounts within the scope of Law No. 7326. In the attached TFRS financial statements, these increased amounts (excluding machinery and equipment) have been cancelled. However, for the fair values of machinery and equipment, an independent valuation company authorized by the Capital Markets Board "CMB" has prepared a valuation report as of 06.10.2021 and it has been seen that the increased values in the legal records reflect the fair values. The valuation difference between the increased net book value in the legal records and the fair value of the machinery and equipment is accounted for in the revaluation fund in equity, taking into account the tax effect.

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

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

	<u>Year</u>
Machinery and Equipment	4-14
Motor vehicles	5-10
Furniture and Fixtures	4-10
Leasehold improvements	10-20

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 and UAH are shown below:

	<u>31.03.2022</u>	<u>31.12.2021</u>
USD	14,6371 TL	12,9775 TL
EUR	16,2855 TL	14,6823 TL
UAH	0,49620 TL	0,47613 TL

EBITDA

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

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

	<u>31 March 2022</u>	<u>31 March 2021</u>
Operating profit	43.878.578	29.998.167
Depreciation and amortization expenses (Note 6)	5.966.772	3.325.313
Vacation and termination expenses	788.856	679.728
EBITDA	50.634.206	34.003.208

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2022

(Amounts expressed in TL unless otherwise indicated.)

3. CASH AND CASH EQUIVALENTS

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Cash on hand	507.721	460.042
Cash at banks	344.919.710	23.078.902
- Demand deposit	59.866.254	18.915.675
- Time deposit	285.053.456	4.163.227
Other liquid assets	-	195.545
	<u>345.427.431</u>	<u>23.734.489</u>

4. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	<u>31 March 2022</u>	<u>31 December 2021</u>
Trade receivables	330.830.136	153.564.009
Notes receivables	108.430.395	115.064.769
Expected credit loss (-)	(7.049.556)	(6.285.398)
Discount on trade receivables	-	(3.183.351)
Doubtful receivables	17.900.994	19.530.075
Allowance for doubtful receivables (-) (*)	(17.900.994)	(19.530.075)
	<u>432.210.975</u>	<u>259.160.029</u>

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

	<u>1 January- 31 March 2022</u>	<u>1 January- 31 March 2021</u>
Balance at beginning of the period	19.530.075	37.205.796
Provisions no longer required	(1.629.081)	(17.835.389)
End of the period	<u>17.900.994</u>	<u>19.370.407</u>

The movement of the allowance for expected credit losses is as follows:

	<u>1 January- 31 March 2022</u>	<u>1 January- 31 March 2021</u>
Balance at beginning of the period	6.285.398	-
Period charge	764.158	3.340.562
End of the period	<u>7.049.556</u>	<u>3.340.562</u>

The details of the trade payables are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Short-term trade payables		
Trade payables	128.518.971	83.130.591
Notes payables	22.274.459	44.526.339
Discount on trade payables	-	(5.841.528)
	<u>150.793.430</u>	<u>121.815.402</u>

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Notes To the Condensed Consolidated Financial Statements as of 31 March 2022
(Amounts expressed in TL unless otherwise indicated.)

5. RELATED PARTIES

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

	Trade Receivables	
	31 March 2022	31 December 2021
Smart Holding A.Ş.	25.846.803	24.514.725
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	10.344.015	2.469.800
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	6.586.801	3.289.774
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	5.292.635	3.289.774
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	5.290.104	3.289.774
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	3.743.143	1.990.450
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	3.471.899	5.792.505
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	2.665.263	1.646.534
Smart Energy Ukraine	2.527.833	2.275.757
Smart Solar Araş. Geliş. Enerji San. Tic. Ltd. Şti.	1.821.443	55.313.795
Hakan Akkoç	-	2.315.563
Tuzluca 6 Güneş Enerjisi San.ve Tic. A.Ş.	-	37.252
Tuzluca 3 Güneş Enerjisi San.ve Tic. A.Ş.	-	37.174
Tuzluca 5 Güneş Enerjisi San.ve Tic. A.Ş.	-	24.566
Tuzluca 4 Güneş Enerjisi San.ve Tic. A.Ş.	-	2.882
	67.589.939	106.290.325
	Other Receivables	
	31 March 2022	31 December 2021
Smart Solar Araş. Geliş. Enerji San. Tic. Ltd. Şti.	-	62.708.571
	-	62.708.571
	Prepaid Expenses	
	31 March 2022	31 December 2021
Smart Energy Group AD (Bulgaria)	-	5.640.039
	-	5.640.039
	Short-term Trade Payables	
	31 March 2022	31 December 2021
Smart Energy Group AD (Bulgaria)	112.284.722	108.907.642
Smart Solar Araş. Geliş. Enerji San. Tic. Ltd. Şti.	3.873.426	-
Smart Alternatif Enerji Tic. A.Ş.	-	495.000
	116.158.148	109.402.642

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5. RELATED PARTIES (continued)

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

	Sales		Purchases	
	March 2022	March 2021	March 2022	March 2021
Smart Energy Group AD (Bulgaria)	22.041.235	-	41.138.384	30.161.151
Smart Holding A.Ş.	15.716.857	-	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	5.263.009	-	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	3.827.519	-	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	1.457.577	-	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	197.681	-	-	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	197.681	-	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	118.704	-	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	118.704	-	-	-
Sumec Energy Holdings Co. Ltd.	-	-	83.028.525	15.255.270
Smart Solar Araş. Geliş. Enerji San. Tic. Ltd. Şti	-	535.141	7.389.802	2.136.317
	48.938.967	535.141	131.556.711	47.552.738

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 766.526 (31 March 2021: TL 219.596).

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6. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.03.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	31 March 2022
Cost				
Land	1.470.000	-	-	1.470.000
Machinery and equipment	89.788.497	24.222.444	-	114.010.941
Vehicles	1.852.640	-	-	1.852.640
Furniture and fixtures	4.391.892	270.941	(3.349)	4.659.484
Construction in progress	160.606	98.082	-	258.688
Leasehold improvements	15.764.771	-	-	15.764.771
	113.428.406	24.591.467	(3.349)	138.016.524
	1 January 2022	Current year charge	Disposals (-)	31 March 2022
Accumulated depreciation				
Machinery and equipment	(21.993.835)	(2.569.302)	-	(24.563.137)
Vehicles	(702.734)	(81.978)	1.082	(783.630)
Furniture and fixtures	(1.259.200)	(196.836)	-	(1.456.036)
Leasehold improvements	(6.767.359)	(901.917)	-	(7.669.276)
	(30.723.128)	(3.750.033)	1.082	(34.472.079)
Net book value	82.705.278	20.841.434	(2.267)	103.544.445

Movement of property, plant and equipment for the period 01.01.-31.03.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	Transfers(*)	31 March 2021
Cost					
Land	1.360.000	110.000	-	-	1.470.000
Machinery and equipment	42.739.524	41.272	(346.937)	13.697.827	56.131.686
Vehicles	1.964.330	270.941	-	-	2.235.271
Furniture and fixtures	2.582.051	1.116.025	-	123.042	3.821.118
Construction in progress	16.306.293	61.593	-	(16.316.624)	51.262
Leasehold improvements	7.747.529	1.541.559	-	2.495.755	11.784.843
	72.699.727	3.141.390	(346.937)	-	75.494.180
	1 January 2021	Current year charge	Disposals (-)	Transfers	31 March 2021
Accumulated depreciation					
Machinery and equipment	(11.392.450)	(799.855)	-	-	(12.192.305)
Vehicles	(304.921)	(47.543)	-	-	(352.464)
Furniture and fixtures	(813.535)	(168.624)	-	-	(982.159)
Leasehold improvements	(3.913.347)	(489.649)	-	-	(4.402.996)
	(16.424.253)	(1.505.671)	-	-	(17.929.924)
Net book value	56.275.474	1.635.719	(346.937)	-	57.564.256

As of 31 March 2022, the insurance amount on tangible fixed assets is 214.964.506 TL and there is no mortgage on them. (31 March 2021 116,836,132 TL)

(*) The Group's transfers consist of machinery purchased through leasing and followed in investments in progress, special costs incurred for machinery and capitalization of fixtures.

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6. 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 31 Marchs are as follows:

Cost	1 January- 31 March 2022	1 January- 31 March 2021
Cost of sales (Note 12)	5.431.937	2.731.657
General administrative expenses (Note 14)	534.835	593.656
	5.966.772	3.325.313

7. RIGHT OF USE ASSETS

Movement of right of use assets for the period 01.01.-31.03.2022 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2022	1.807.731	2.571.350	4.379.081
Additions	369.787	264.018	633.805
Changes in leases	5.678.719	-	5.678.719
Depreciation	(1.915.815)	(248.556)	(2.164.371)
As of 31 March 2022	5.940.422	2.586.812	8.527.234
	Buildings	Vehicles	Total
As of 1 January 2021	6.624.964	622.553	7.247.517
Additions	-	440.311	440.311
Depreciation	(1.549.326)	(225.584)	(1.774.910)
As of 31 March 2021	5.075.638	837.280	5.912.918

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8. FINANCIAL BORROWINGS

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Short-term bank borrowings	191.672.069	114.038.356
Financial lease liabilities	21.601.403	17.502.706
Liabilities arising from leasing transactions (*)	6.968.576	2.923.536
Other financial borrowings	-	45.277
Short-term borrowings	<u>220.242.048</u>	<u>134.509.875</u>
Short-term portion of long-term borrowings	1.905.678	7.394.989
Short-term portion of long-term borrowings	<u>1.905.678</u>	<u>7.394.989</u>
Long-term borrowings	188.587	5.966.469
Long-term financial lease liabilities	40.139.470	27.948.706
Liabilities arising from leasing transactions (*)	1.895.554	1.940.779
Long-term borrowings	<u>42.223.611</u>	<u>35.855.954</u>
Total financial borrowings	<u>264.371.337</u>	<u>177.760.818</u>

(*) 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:

	<u>Interest rate</u>	<u>31 March 2022</u>
TL bank borrowings	% 18,00 - % 27,00	78.661.907
EUR bank borrowings	% 4,50 - % 5,50	4.261.160
USD bank borrowings	% 6,00-% 7,00	110.843.267
		<u>193.766.334</u>
	<u>Interest rate</u>	<u>31 December 2021</u>
TL bank borrowings	% 7,50 - % 25,00	54.717.589
EUR bank borrowings	% 4,50 - % 5,50	4.041.788
USD bank borrowings	% 7,00	68.640.437
		<u>127.399.814</u>

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9. COMMITMENTS

a) Guarantees received

As of 31 March 2022, the Group has no guarantees received (31 December 2021: None).

b) Guarantees given

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of 31 March 2022, 31 December 2021, are as follows:

CPMB’s given by the Group	31 March 2022	31 December 2021
A. CPMB’s given for Group’s own legal personality	119.793.365	159.741.686
B. CPMB’s given on behalf of fully consolidated companies	100.000.000	-
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	-	-
	219.793.365	159.741.686

As of 31 March 2022, the ratio of other CPMs given by the Group to the Group's equity is 0% (31 December 2021: 0%).

Given to	31.03.2022	31.12.2021
T.C Enerji Bakanlığı / YEKA BOR-1	100.000.000	-
Yıldırım Enerji Projesi Avans Mektubu	87.874.800	77.865.000
T.C. Enerji Bakanlığı / YEKA Diyarbakır	14.000.000	14.000.000
Eren Parekende Servis A.Ş.	10.596.236	-
Yapıen A.Ş.	7.139.754	6.326.466
Global Holding Mardin Ra Projesi	-	11.679.750
Gün Güneş / Van 55 MWp	-	49.708.692
Letter of Commitment	182.575	161.778
Total	219.793.365	159.741.686

The balance of cautions given by the Group to its related parties and in its own favor are as follows:

Type	Given for	Reason of issue	Currency	Balance
Secondary liability	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.	General loan agreement	TL	10.000.000
Secondary liability	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.	General loan agreement	TL	20.000.000
Secondary liability	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.	General loan agreement	TL	35.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	20.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	12.000.000
Caution	Smart Holding A.Ş.	General loan agreement	TL	17.000.000
Caution	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.	General loan agreement	TL	5.000.000
Caution	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.	General loan agreement	TL	5.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	15.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	120.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	USD	3.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	EUR	3.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	35.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	USD	1.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	TL	200.000.000
Caution	Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	General loan agreement	USD	1.000.000
Caution	Gapsan Elektrik Üretimi San. ve Tic. A.Ş.	General loan agreement	TL	20.000.000
Caution	Gapsan Elektrik Üretimi San. ve Tic. A.Ş.	General loan agreement	USD	10.000.000

10. TAXES

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

Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey. Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month.

As of 31 March 2022, the corporate tax rate is 23% in Turkey (31 December 2021: 25%,). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from 20% to 25%, for the year 2022 to 23%. With the provision added to Article 35 of the Law No. 7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. As of April 22, 2021, the company's corporate tax rate has been calculated 23%. Accordingly, in the Group's consolidated financial statements as of March 31, 2022, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 21% for the parts of the temporary differences that will occur as of 2022, and the tax rate for the parts that will occur from 2023 rate was taken into account as 20%.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Dividend earnings of corporations from participation in the capital of another corporation subject to full obligation (Except for the dividends obtained from mutual funds participation certificate and the shares of investment trusts) are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the real estates, founder shares, usufruct shares and pre-emptive rights owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

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10. INCOME TAX (continued)

To benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for a period of 5 years. The sales price must be collected until the end of the second calendar year following the year of sale. There is no practice in Turkey to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment because of their findings.

As part of the Investment Incentive Certificates dated 05.10.2017-B 130930 and 30.12.2019/507856, the Group has made a Complete New Investment and Expansion Investment in Kocaeli Gebze Organize Sanayi Bölgesi, in accordance with the 15th article of the Council of Ministers Decision and the Corporate Tax Law. Pursuant to the provisions of Article 32/A, in accordance with the Reduced Corporate Tax Application, during the approval period, it has benefited from the tax advantage regarding the income obtained from other activities due to the investment expenditures actually made for the investments that are the subject of the incentive certificate

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to 15% withholding tax, excluding those made to non-resident companies that generate income through a workplace or their permanent representative in Turkey, and to companies residing in Turkey. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also considered. The addition of retained earnings to the capital is not considered as profit distribution, so 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.

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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10. INCOME TAX (continued)

Recognized deferred tax assets and liabilities

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

	31 March 2022		31 December 2021	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
<u>Deferred tax assets</u>				
Trade receivables	10.034.022	2.107.145	4.058.540	933.464
Hedge Instruments	40.016.782	8.843.115	-	-
Lease liabilities	8.864.131	1.842.512	7.163.886	1.520.483
Inventories	48.954.532	10.280.451	44.095.913	10.142.060
Tangible and intangible assets	28.002.600	5.600.520	21.548.808	4.309.762
Financial liabilities	4.565.256	924.907	3.776.400	785.113
Employee benefits	2.063.513	477.452	-	-
Lawsuit provisions	1.781.289	374.071	1.781.289	409.696
Cash and cash equivalents	498.171	104.616	498.171	114.579
Deferred tax assets	144.780.296	30.554.789	82.923.007	18.215.157
<u>Deferred tax liabilities</u>				
Trade payables	(1.887.600)	(471.900)	(6.256.568)	(1.564.142)
Right of use assets	(8.527.234)	(1.705.447)	(4.379.081)	(875.816)
Financial liabilities	-	-	(709.781)	(163.250)
Deferred tax liabilities	(10.414.834)	(2.177.347)	(11.345.430)	(2.603.208)
Net deferred tax		28.377.442		15.611.949

The reconciliation of the period tax expense with the profit for the period is as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Deferred tax assets /(liabilities), net current period	28.377.442	9.786.229
Deferred tax assets /(liabilities), net beginning of the period (-)	(15.611.949)	(12.359.202)
	12.765.493	(2.572.973)
Deferred tax income/ (expense)	12.550.594	(2.572.973)
Current tax income/ (expense) -Other comprehensive income	(1.099.039)	(1.345.164)
	11.451.555	(3.918.137)

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11. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

Share Capital

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

Shareholders	31 March 2022	Share	31 December 2021	Share
	TL	%	TL	%
Smart Holding A.Ş.	114.792.000	75,03	127.500.000	100
Publicly-traded	38.208.000	24,97		
Total paid-in capital	153.000.000	100	127.500.000	100

The Group has entered the registered capital system with the permission of the CMB, dated 21.10.2021 and numbered E-29833736-1 10.03.03-12167, and the registered capital ceiling is 400.000.000 TL.

As of 31 March 2022, the capital of the Group consists of 153.000.000 shares. (31 December 2021: 127.000.000). The nominal value of the shares is TL 1 per share (31 December 2021: per share TL 1).

25.500.000 shares of the Group with a nominal value of TL 1 were offered to the public on March 24, 2022 and sold for TL 14 per share. The amount of 25.500.000 TL obtained was used in the capital increase.

Capital shares were divided into groups with the General Assembly Decision of the Group dated 07.12.2021. As of 31 March 2022, the details of the shares by group are given below. TL 38,208,000 of the bearer B group shares are traded on the BIST.

Group	Capital ratio (%)	Total balance
Group A Stocks (Registered)	22,88	35.000.000
Group B Shares (Bearer)	77,12	118.000.000
Issued capital	100,00	153.000.000

12. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Domestic Sales	193.858.887	102.237.712
Export Sales	28.759.693	499.384
Gross Sales (*)	222.618.580	102.737.096
Sales Returns (-)	(1.582.924)	-
Sales Discounts (-)	(16.085.309)	-
Net Sales	204.950.347	102.737.096
Cost of goods sold (-)	(146.858.337)	(54.807.159)
Cost of trade goods sold (-)	(6.487.577)	(24.433.929)
Cost of services sold (-)	(442.320)	(75.100)
Depreciation and amortization expenses (Note 6)	(5.431.937)	(2.731.657)
Gross Profit	45.730.176	20.689.251

(*) The details of the Group's gross sales based on product types by periods are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Sales of solar panels and equipment	162.783.342	90.845.860
Sales of solar energy power plant projects	40.517.926	11.598.577
Transit trade sales	19.193.924	-
Waste and scrap sales	123.388	292.659
	222.618.580	102.737.096

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13. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 31 March 2022	1 January- 31 March 2021
Personnel expenses	2.390.885	773.467
Advertising and promotion expenses	816.760	11.152
Logistics expenses	508.063	482.772
Export and warehouse expenses	174.782	507.558
Food and travel expenses	99.045	36.806
Consultancy expenses(*)	12.654	55.217
Other	97.889	46.369
	4.100.078	1.913.341

(*) Consultancy expenses include the consultancy services received for customer procurement related to new projects.

14. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 March 2022	1 January- 31 March 2021
Personnel expenses	5.749.063	2.981.901
Consultancy and lawyer expenses	541.209	491.900
Depreciation and amortization expenses (Note 6)	534.835	593.656
Vehicle expenses	275.313	21.160
Representation expenses	200.314	233.050
Office expenses	184.751	191.375
Food and travel expenses	144.650	86.824
Security expenses	120.053	68.788
Taxes, fees and late fees expenses	69.256	19.845
Maintenance and repair expenses	23.200	19.770
Electricity, water, heating and fuel expenses	6.331	31.096
Logistics expenses	3.652	13.640
Other	161.623	107.326
	8.014.250	4.860.331

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15. EXPENSES BY NATURE

The details of expenses based on type for the periods are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Cost of goods sold	146.858.337	54.807.159
Cost of merchandise sold	8.139.948	24.433.929
Personnel expenses	6.487.577	3.755.368
Depreciation and amortization expenses (Note 6)	5.966.772	3.325.313
Advertising and promotion expenses	816.760	11.152
Consultancy and lawyer expenses	553.863	547.117
Logistics expenses	511.715	496.412
Cost of services sold	442.320	75.100
Vehicle expenses	275.313	21.160
Food and travel expenses	243.695	123.630
Representation expenses	200.314	233.050
Office expenses	184.751	191.375
Export and warehouse expenses	174.782	507.558
Other	478.352	293.194
	171.334.499	88.821.517

16. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 31 March 2022	1 January- 31 March 2021
<u>Other operating income</u>		
Foreign exchange gain (*)	10.199.816	19.356.887
SSI Incentive Premiums	2.144.268	-
Provisions no longer required	1.629.081	17.835.389
Late interest income from sales	-	10.949.071
Interest income on trade receivables	-	375.384
Other	180.293	1.004.438
	14.153.458	49.521.169
<u>Other operating expenses</u>		
Interest expense on trade payables	2.658.177	301.476
Foreign exchange loss (*)	-	13.777.092
Late interest expense due to cost of sales	-	17.635.268
Provisions for doubtful receivables (Note 5)	-	1.534.035
Other	1.232.551	190.710
	3.890.728	33.438.581

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

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17. FINANCIAL INCOME AND EXPENSES

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

	<u>1 January- 31 March 2022</u>	<u>1 January- 31 March 2021</u>
<u>Finance income</u>		
Interest income	668.206	-
	<u>668.206</u>	<u>-</u>
	<u>1 January- 31 March 2022</u>	<u>1 January- 31 March 2021</u>
<u>Finance expenses</u>		
Foreign exchange loss(*)	11.940.870	8.040.932
Interest expense on borrowings	9.125.025	2.445.692
Bank transaction and commission expenses	2.306.273	764.730
	<u>23.372.168</u>	<u>11.251.354</u>

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

18. 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.

	<u>31 March 2022</u>	<u>31 December 2021</u>
Total financial borrowings	264.371.337	177.760.818
Less: Cash and cash equivalents	(345.427.431)	(23.734.489)
Net debt	<u>(81.056.094)</u>	<u>154.026.329</u>
Total equity	572.087.424	200.611.562
Net debt to equity ratio	<u>(0,14)</u>	<u>0,77</u>

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.

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

Risk management disclosures

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

Credit risk

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

	Receivables				Cash at Banks
	Trade receivables		Trade receivables		
	Related Party	Third Party	Related Party	Third Party	
31 March 2022					
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	67.589.939	432.210.975	-	19.377.848	344.919.710
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	67.589.939	432.210.975	-	19.377.848	344.919.710
B. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	17.900.994	-	-	-
- Impairment (-)	-	(17.900.994)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-

	Receivables				Cash at Banks
	Trade receivables		Trade receivables		
	Related Party	Third Party	Related Party	Third Party	
31 December 2021					
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	106.290.325	259.160.029	62.708.571	21.205.953	23.078.902
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	106.290.325	259.160.029	62.708.571	21.205.953	23.078.902
B. Net book value of the impaired assets	--	--	--	--	--
- Past due (gross carrying amount)	--	19.530.075	--	--	--
- Impairment (-)	--	(19.530.075)	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--

19. 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:

Contractual maturity	31 March 2022				
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years
Non derivative financial liabilities	542.929.989	546.932.683	22.558.000	481.344.202	43.030.482
Loans and borrowings	255.507.207	258.387.771	8.524.139	209.173.800	40.689.832
Trade payables	266.951.578	266.951.578	-	266.951.578	-
Lease liabilities	8.864.130	9.986.261	2.426.787	5.218.824	2.340.650
Other payables	11.607.074	11.607.074	11.607.074	-	-
Contractual maturity	31 December 2021				
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years
Non derivative financial liabilities	420.323.779	422.923.762	21.385.167	365.682.641	35.855.954
Loans and borrowings	170.296.520	172.896.503	7.440.267	131.541.061	33.915.175
Trade payables	231.218.044	231.218.044	-	231.218.044	-
Lease liabilities	4.864.315	4.864.315	-	2.923.536	1.940.779
Other payables	13.944.900	13.944.900	13.944.900	-	-

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19. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

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

	31 March 2022			31 December 2021		
	Total TL Equivalent	USD TL Equivalent	EURO TL Equivalent	Total TL Equivalent	USD TL Equivalent	EURO TL Equivalent
Cash and cash equivalents	49.650.104	49.580.783	69.321	24.961.524	24.822.219	139.305
Trade receivables	467.868.030	432.300.048	35.567.982	286.716.773	250.170.178	36.546.595
Other assets	135.963.197	88.083.910	47.879.287	79.210.169	32.506.301	46.703.868
Total assets	653.481.331	569.964.741	83.516.590	390.888.466	307.498.698	83.389.768
Borrowings	(174.498.878)	(120.442.081)	(54.056.797)	(129.654.048)	(68.640.436)	(61.013.612)
Trade payables	(255.407.283)	(241.158.867)	(14.248.416)	(115.826.640)	(112.726.017)	(3.100.623)
Other liabilities	(181.227.227)	(179.232.150)	(1.995.077)	(146.721.981)	(145.669.569)	(1.052.412)
Total liabilities	(611.133.388)	(540.833.098)	(70.300.290)	(392.202.669)	(327.036.022)	(65.166.647)
Net foreign currency asset /(liability)position	42.347.943	29.131.643	13.216.300	(1.314.203)	(19.537.324)	18.223.121
Amounts subject to hedge accounting	174.498.878	120.442.081	54.056.797	129.654.048	68.640.436	61.013.612
After amounts subject to cash flow hedge accounting Net foreign currency asset /(liability)position	216.846.821	149.573.724	67.273.097	128.339.845	49.103.112	79.236.733

19. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign currency risk(continued)

Sensitivity analysis

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

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

	31 March 2022		31 December 2021	
	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	2.913.164	(2.913.164)	(1.953.732)	1.953.732
2- Amount hedged for USD risk (-)	12.044.208	(12.044.208)	6.864.044	(6.864.044)
3- USD net effect (1+2)	14.957.372	(14.957.372)	4.910.312	(4.910.312)
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	1.321.630	(1.321.630)	1.822.312	(1.822.312)
5- Amount hedged for EUR risk (-)	5.405.680	(5.405.680)	6.101.361	(6.101.361)
6- EUR net effect (4+5)	6.727.310	(6.727.310)	7.923.673	(7.923.673)
Total net effect (3+6)	21.684.682	(21.684.682)	12.833.985	(12.833.985)

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.

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20. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

	Note	31 March 2022		31 December 2021	
		Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	3	345.427.431	345.427.431	23.734.489	23.734.489
Trade receivables	4	499.800.914	499.800.914	378.560.267	372.274.869
Other receivables		19.377.848	19.377.848	70.804.611	70.804.611
Total financial assets		864.606.193	864.606.193	473.099.367	466.813.969
Financial liabilities					
Financial borrowings	8	264.371.337	264.371.337	177.760.818	175.160.835
Trade payables	4	266.951.578	266.951.578	231.218.044	231.218.044
Other payables		11.607.074	11.607.074	13.944.900	13.944.900
Payables related to employment benefits		5.902.725	5.902.725	6.129.347	6.129.347
Total financial liabilities		548.832.714	548.832.714	429.053.109	426.453.126
Net		315.773.479	315.773.479	44.046.258	40.360.843

21. OTHER MATTERS SHOULD BE EXPLAINED

As of the report date, the "Pandemic" announced by the World Health Organization due to the COVID-19 outbreak continues. The situation is expected to cause unfavourable results in the economy all over the globe as well as Turkey. Efforts are carried out through control-protection measures and significant support is being given primarily by government authorities to minimize losses.

Necessary actions such as reviewing decisions and management strategies in line with the changes observed in the general economic activity due to the epidemic are taken by the Group. Investments continue in the renewable energy sector, and the financial support of financial institutions and international creditors has gained an increasing momentum during and after the pandemic.

22. SUBSEQUENT EVENTS

At the tender of BOR -1 (100 MWe) for the allocation of solar energy-based renewable energy resource areas and connection capacities published in the Official Gazette dated 14.07.2021 and numbered 31541 by the Ministry of Energy and Natural Resources-General Directorate of Energy Affairs, 100% subsidiary of our Company Smart GES Üretim A.Ş. won the competition on April 8, 2022, by making the best bid for 37.5 Kuruş/kWh hour.

With this result, the Group has included solar energy-based electricity generation activities into its activities, and it is planned to establish a power plant with a power of 140 MWp against a 100 MWe SPP capacity.