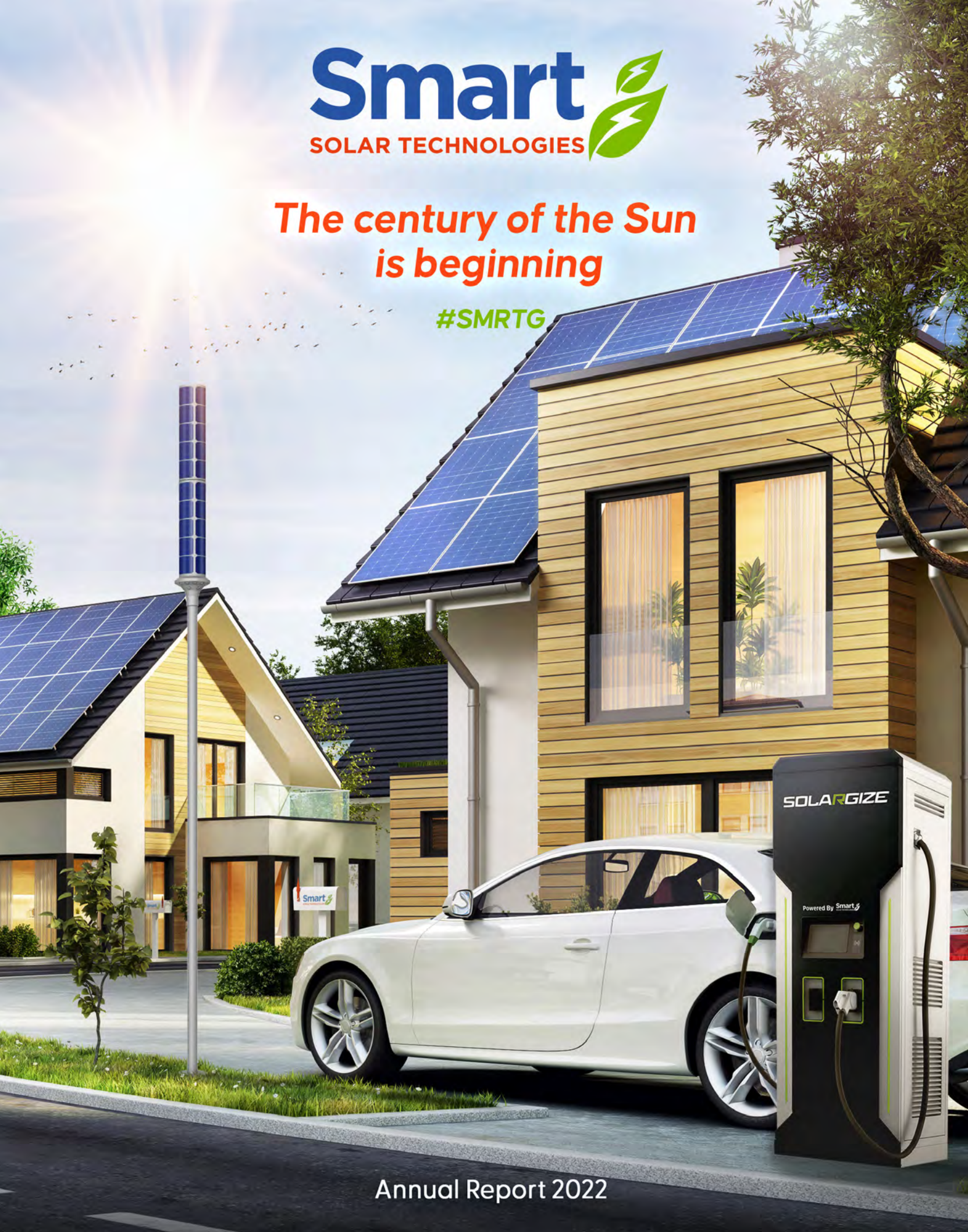




**The century of the Sun  
is beginning**

**#SMRTG**



Annual Report 2022



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# WE ALWAYS MOVE FORWARD

As a company established in 2014, we foresaw the transformation in the energy industry and engaged in more innovative and higher value-added operations. Thanks to the competitive advantage brought about by our strategy, we performed extraordinarily and became one of the most important players not just in Türkiye, but also in Europe.

We accomplished this solely by focusing on solar, assessing the present time and the future accurately, and standing out in our line of business. We have the sun's infinite power behind us, and a promising future ahead of us. The global solar energy industry is projected to reach USD 4 trillion, which corresponds to USD 40 billion for our country based on 1% market share according to its population.

In the upcoming 10 years, we aim to capture a large share of this new economy and raise our market capitalization to the highest level possible. As we continue to make great contributions to a sustainable future, we believe that we will accomplish this goal thanks to our capital structure fortified by the public offering, our achievements from past to present, and our large-scale investments.



# WE CONTINUE TO WORK FOR OUR INVESTORS WHO PUT THEIR TRUST IN US

We completed the public offering process with the goal of strengthening our corporate organization and becoming a global brand. The public offering, which we undertook in an attempt to reach our goals faster, with less debt, and with a robust financial position, was met with great interest by investors. Our stock was made part of the BIST 100 index of top 100 stocks listed on Borsa Istanbul in terms of trading volume and market capitalization in short order, and then part of the BIST 50 Index by the end of the year.

**534.7**  
**TRY million**

**Size of public offering**



# SMART GÜNEŞ TEKNOLOJİLERİ HALKA ARZ GONG TÖRENİ

24.03.2022





# WE ARE A GLOBAL TECHNOLOGY COMPANY THAT SUPPORTS ENERGY INNOVATION FOR A SUSTAINABLE PLANET

We have grand goals, and we are taking strong steps to attain those goals. We are investing in an important facility in Aliağa, Izmir for cell manufacturing, which is the building block of solar panels. As a result of this venture, we will be manufacturing the cells that are the heart of the panels. As a result, we will attain a stronger market position in our industry while contributing to the reduction of the current account deficit of the national economy.

**1.5**  
**TRY billion**

**2023 capex target**







# WE ARE WORKING CONTINUOUSLY FOR MARKET AND TECHNOLOGICAL LEADERSHIP

Our cell production investment will be a window to the world for us. Thanks to the domestic and national cell production, we will begin manufacturing domestic and national panels and we will be able to export to the U.S. and to many other countries. Cell production will represent a giant step in our quest to become a global brand.

**2.2**  
**TRY billion**

**2022 total revenues**







# VALUE ENGINEERING IS A MUST FOR US

We prioritize value engineering in business processes. We have ongoing R&D initiatives in energy storage and green hydrogen. We are breaking new ground. We continue to provide the most efficient power plants for the economy thanks to the solar tracking system that we have developed and the bifacial panels, which generate electricity from both the front and the rear face, that we manufacture.

**1,700**  
**MW**

**Total manufacturing capacity in 2022**





$H_2$

# WE WILL CONTINUE TO GROW BY LEVERAGING OUR STRENGTHS

In addition to our involvement in solar technologies, we will establish a venture in the green hydrogen technologies industry and contribute to a clean future. Türkiye is projected to have the potential to produce 3.4 million tons of green hydrogen by 2050. As a company, we aim to capture a major share of this potential.







# WE ARE SETTING SAIL FOR A CARBON-FREE FUTURE

Electric vehicles contribute greatly to carbon reduction goals. As the Company, we are making significant investments for environment-friendly vehicles that emit less carbon dioxide and a clean future. We were authorized to receive government support for investing in 42 charging stations during the year. Our efforts to deploy clean energy in every corner of Türkiye will continue through our charging stations and initiatives in this segment.





**SOLARGIZE**

Powered By Smart



**Our stock was made part of the BIST 100 index in short order, and then part of the BIST 50 Index before the end of the year, owing to high demand for and trading volume of our shares on Borsa Istanbul.**

**HALİL DEMİRDAĞ**  
Chairman of the  
Board of Directors





# Leadership-based vertical integration

Esteemed Stakeholders,

As Smart Solar Technologies, we continue to move forward with a commitment to constantly enhancing the value engineering in the energy industry and becoming a leading technology firm that pushes the boundaries while creating value-added projects for the national economy and for our industry since the day we were established.

The public offering which we have conducted in the first quarter of 2022 is a major milestone in the history of Smart Solar Strategies. As the Company, we see having reached a broader shareholding structure and investor base as a new and important dimension for our sustainable growth. The principles of corporate governance, accountability, and transparency gained a much higher level of significance after the public offering.

After completing our leadership and growth strategy-based vertical integration, we received an important amount of cash infusion via the public offering to be leveraged in deploying this integration in the other components of the value engineering chain. The capital we raised via the public offering represents a major opportunity to reach our future goals much more quickly. Our responsibility now is not to a single shareholder, but to tens of thousands of shareholders...

### **The public offering of Smart Solar Technologies was in high demand**

The Company's public offering was oversubscribed by a factor of 9.5, with bids from 101,755 investors. As of March 24, 2022, the Company began trading on Borsa Istanbul Stock Exchange under the SMRTG stock ticker. I would like to express my deepest gratitude to our staff as well as all other persons and companies who contributed to this process.

I am also grateful to tens of thousands of investors who became our shareholders after assessing the Company's operations, business model, and financial results.

Our stock was made part of the BIST 100 index in short order, and then part of the BIST 50 Index before the end of the year, owing to high demand for and trading volume of our shares on Borsa Istanbul. We conducted regular investment presentations, published our plans and financials, responded to inquiries, and demonstrated our willingness to share our future.

Having been included in the MSCI Global Small Cap Index, we promoted the Company in global capital markets through the investor presentations conducted in overseas capital and financial centers. We are moving forward as a growing global player thanks to the impetus of being a listed company on our operations.

Since the public offering of Smart Solar Technologies in March 2022, its shares on Borsa Istanbul rallied 1,000% in nominal terms while the BIST 100 index rose 186% over the same time period.

Despite the challenging economic and business environment in 2022, our revenue rose by 160% on the previous year to TRY 2.2 billion, while our EBITDA increased 108% to TRY 333.1 million. At end-2022, we posted TRY 238.9 million consolidated net profit, up 183% on the previous year.

### **As remote as a possibility of war sounded in 2022, Russia's invasion of Ukraine shook the world**

As a result of Russia's war on Ukraine in early 2022 and the ensuing economic slowdown, the inflation crisis reached critical levels even in Europe and the U.S. The regions that have been accustomed to 0%-2% annual inflation rates found themselves in a double-digit inflation environment. The fight against inflation started through interest rate hikes. This inflation crisis was different from its predecessors in the sense that it was supply-driven (disruptions in the production and flow of energy, and consumer goods that rely heavily on energy for manufacturing and transportation) rather than excess demand-driven. Europe and the U.S. discovered that

**2.2**  
**TRY BILLION**  
Revenue

Having been included in the MSCI Global Small Cap Index, we promoted the Company in global capital markets through the investor presentations conducted in overseas capital and financial centers.



## Message from the Chairman

We joined the league of major players by joining the Ultra Low-Carbon Solar Alliance, a trade group of small number of global companies that aim for low carbon production in the solar energy industry and strive to create awareness on this issue.

**781**  
**TRY Million**  
Shareholders' Equity

Under the stewardship of our Sustainability Committee, we are establishing a system aimed at designing sustainability as a business model for the company from environmental, social and governance perspectives, and integrating sustainability with all corporate processes.

the best way to handle this inflation crisis is through cheap and sustainable energy, such as green energy. Going even beyond this, considering the possibility that what happened with Russia can also happen with China, they announced billions of dollars and euros in incentives for onshoring green technologies (Inflation Reduction Act, or IRA, in the U.S.; Repower EU in the European Union). Regardless of the course of the Russia-Ukraine war, a large portion of economic and social problems will make their presence felt more painfully in 2023. It looks unlikely for the severed ties between Europe and Russia to be normalized and for energy prosperity to rise in a short period of time. Under these circumstances, competition for access to new energy sources among EU countries will intensify, and it would be inconceivable for Türkiye not to be part of this equation.

### **We are working for a sustainable planet**

We are a technology-oriented company that is working for a sustainable planet. The world is in the midst of a major change and transformation; it is attempting to rapidly source the most affordable carbon-free energy for a reliable, accessible, and sustainable future. Smart is joining this fight with bold technological moves, with due consideration given to global dynamics at play. In order to prevail as a country in the international arena, we must work toward decarbonized energy. Green energy technologies are currently considered to be the energy systems of the future. The narrative of Smart Solar Technologies is steeped in this strategic thinking. 'Solar Technologies' is the driving force of the industry as the cheapest source of energy in the world with zero carbon emissions.

As a company that focuses its capability to create value on green energy, we shape all of our operations in recognition of our responsibilities in the sustainability area. As part of this approach, **we neutralized our carbon emissions** from panel manufacturing in 2021 and 2022 **with I-REC certificates**. As a result, we raised our ambitions in our target markets of U.S. and Europe, which demand low-carbon manufacturing. We joined the league of major players by joining the Ultra Low-Carbon Solar Alliance, a trade group of small number of global companies that aim for low carbon production in the solar energy industry and strive to create awareness on this issue.

### **We initiated the Smart Sustainability Management System Project**

Under the stewardship of our Sustainability Committee, we are establishing a system aimed at designing sustainability as a business model for the company from environmental, social and governance perspectives, and integrating sustainability with all corporate processes. In keeping with international regulations on environmental, social and corporate governance fields, we aim to manage risks properly, and to integrate environmental matters such as climate change and global warming, social responsibility projects, and corporate governance principles with our business conduct and policies. As the first priority within this scope, we devised a Sustainability Policy and shared it with all stakeholders. The management system that is being designed will ensure ownership of sustainability within the company and its adoption as a strategic business model.





#### **TRY 7.6 billion Super Incentive**

We focused our strategy on strengthening our primary line of business and expanding our market. Thanks to the Project Based Incentive we were awarded in 2022, we enhanced the competitive advantage of the Company as a result of our integrated solar panel, cell, wafer and ingot investments in Aliağa, İzmir, and paved the way for sustainable growth. In the upcoming period, our investments will be directed at cell technology, which is the building block of solar panels. Every step we take toward the localization of resources makes an important contribution to reducing the current account deficit of the national economy. This implies that localization develops the supporting industries alongside the main industry; contributes to job creation and advancement of technology; supports domestic production of strategic goods; and increases Türkiye's leverage in international markets. We continued to develop low carbon and renewable technologies despite supply chain disruptions and inflationary pressures. We always felt the responsibility to our investors and their confidence in us in each step we took.

Our investments in the solar energy industry have been growing by leaps and bounds since the day we were established. Whatever we get from solar, we invest it back in solar. Our entire effort is for making Türkiye a leading country in the solar technology area. As Smart Solar Technologies, we strive to continue producing and investing in the face of all challenges, and to inspire our industry as a young and innovative technology firm. To this end, we are heartened by our inclusion in the Union of Chambers and Commodity Exchanges of Türkiye (TOBB)'s "Türkiye 100" ranking of Türkiye's fastest growing companies, as well as being included in Deloitte Technology Fast 50 list of fastest growing technology firms in Türkiye and winning the BIG STARS award.

#### **We were awarded 100 MWe capacity in the Bor-1 YEKA GES-4 tender**

Smart Solar Technologies' subsidiary Smart GES Elektrik Üretim A.Ş. submitted the best offer among the industry's major players and was awarded 100 MWe capacity in the Bor-1 YEKA GES-4 tender conducted by the Ministry of Energy and Natural Resources of the Republic of Türkiye. We will continue to monitor and participate in YEKA tenders, which serve to accelerate green energy investments and support the industry's progress.

**Smart Solar Technologies' subsidiary Smart GES Elektrik Üretim A.Ş. submitted the best offer and was awarded 100 MWe capacity in the Bor-1 YEKA GES-4 tender.**



## Message from the Chairman

As Smart Solar Technologies, we aim to harness solar energy and leverage green hydrogen technologies to create high value added, and we are undertaking initiatives accordingly.

**238.9**

**TRY Million**

**Net profit**

We established “Smart Solargize Yeşil Mobilite Enerji A.Ş.” as our subsidiary to carry out the Company’s “Smart Urban Planning and Green Mobility” operations.

### **We are making investments to develop green hydrogen technologies**

Fossil fuels, which are currently the primary sources of energy globally, are beginning to lose their prominence due to their remaining reserve levels and their carbon emissions. Türkiye’s heavy dependence on fossil fuels leads to energy imports and higher trade deficit. The other emerging source of energy at this point in time is hydrogen. Türkiye has the opportunity to be a major player in the global hydrogen market thanks to its abundant solar energy potential, robust industry infrastructure, and talented workforce. As Smart Solar Technologies, we aim to harness solar energy and leverage green hydrogen technologies to create high value added, and we are undertaking initiatives accordingly. To this end, we established “Smart Yeşil Hidrojen Teknolojileri A.Ş.” in partnership with Smart Holding to conduct the Company’s “Green Hydrogen” operations.

### **We obtained a Charging Network Operator License under the Solargize brand**

Our application to the Ministry of Industry and Technology’s “Fast Charging Stations for Electric Vehicles Grant Program,” as part of our Electric Vehicle Charging Network Establishment project, was accepted. We obtained an “Energy Market Regulatory Authority Charging Network Operator License” for the electric vehicle charging network which we will operate under the Solargize brand. As Smart Solar Technologies, we plan to continue investing in this segment uninterruptedly in an attempt to supply clean energy to the national mobility. The electricity which will supply our charging network will be sourced from zero-carbon clean energy generated by our IREC-certified solar power plants. To this end, we established “Smart Solargize Yeşil Mobilite Enerji A.Ş.” as our subsidiary to carry out the Company’s “Smart Urban Planning and Green Mobility” operations.





### **We have a long way to go**

The 'Türkiye National Energy Plan' that was published by the Ministry of Energy and Natural Resources of the Republic of Türkiye laid out the production and consumption outlook for the period between 2020 and 2035. The Türkiye National Energy Plan Report entails Türkiye's energy plan through 2035 based on the goal of net zero emissions by 2053. According to the National Energy Plan outlook, total electricity installed capacity will increase **86 GW** to **189.7 GW** while solar installed capacity will increase from **9.3 GW** to **52.9 GW**. The share of renewable energy resources will reach **54.7%** in total electricity generation and **64.7%**

The Amendment to the Regulation on Electricity Storage Activities which was published in the Official Gazette No. 32018 dated November 19, 2022 became a new milestone in the renewable energy industry. Solar and wind energy plants, which are referred to as intermittent resources, will be able to be operated as baseload plants with the deployment of storage systems. Thanks to this new regulation and battery storage applications, Türkiye will be able to ensure the sustainability of its supply and become a much stronger player in the renewable energy industry. These capacities will also give

better visibility for the industry stakeholders while continuing to clear the way for companies like us that trust our country and make major investments in it. It is clear that a large investment wave will materialize in the renewable energy industry in the 100<sup>th</sup> year of our Republic. As Smart Solar Technologies, we are ready to build hybrid and storage systems, both for our own portfolio and for investors, thanks to the efforts of our technical staff.

Consequently, we can safely claim that the "Solar" is shining brighter by the day and expectations are evolving toward renewable energy. As our Republic enters a new century, I would like to state resolutely and with great motivation that Solar is the **Energy of the Century** and the **Sun of the Century**.

I would like to take this opportunity to thank our employees, business partners, and investors for their contributions to us becoming a global player.

Respectfully,

**Halil DEMİRDAĞ**  
Chairman of the Board of Directors

**As Smart Solar Technologies, we are ready to build hybrid and storage systems, both for our own portfolio and for investors, thanks to the efforts of our technical staff.**



**We focused our attention  
on innovation in  
technology and took steps  
to solidify our leadership  
in the industry since the  
day we were established.**

**HAKAN AKKOÇ**  
**General Manager Responsible for  
Production Facilities**





## Message from the General Manager Responsible for Production Facilities

Esteemed Stakeholders,

As Smart Solar technologies, we focused our attention on innovation in technology and took steps to solidify our leadership in the industry since the day we were established. Armed with the awareness that every investment in technology yields a higher return, we are striving to render the highest quality products and services to our customers who place their trust in us. We are working harder than ever today because our customers are facing challenges like never before.

Investors that take advantage of solar energy technologies create lower carbon emissions while preventing the current account deficit from rising further due to energy imports. The Company continues to leverage its engineering operations and its innovations in digital technology and always focus on technological innovation passionately.

After the public offering conducted in March, we increased our responsibility further because of the tens of thousands of investors we acquired. Due to the heavy interest in the Company, we managed to join the BIST 100 index in very short order and then became a BIST 50 company before the end of the year.

Smart Solar Technologies' subsidiary Smart GES Elektrik Üretim A.Ş. submitted the best offer and was awarded 100 MWe capacity in the Bor-1 YEKA GES-4 tender conducted by the Ministry of Energy and Natural Resources of the Republic of Türkiye. We broke records constantly in every field thanks to our technology infrastructure and electric power generation. Always striving to perform better, we were recognized by Joint Forces for Solar as a "Solar Champion." As part of the credit rating assessment process conducted by JCR Eurasia, we were deemed a highly investment grade company with a Long-Term National Rating of 'A+ Stable Outlook' and a Short-Term National Rating of 'J1 Stable Outlook.'

Following the commencement of operations at the Company's Dilovası Solar Panel Manufacturing Plant, we raised our capacity to 1,700 MW. We do not operate exclusively in Türkiye as a company; we are also undertaking strategic investments to become a global player in this respect. Aimed at vertical integration, we submitted an incentive application pursuant to our investment decision to manufacture our own cells. The incentive application concerning the Company's photovoltaic solar panel production plant with a capacity of 2,048 MW per year that is currently under construction in Aliağa, İzmir was approved by the Ministry of Industry and Technology of the Republic of Türkiye within the scope of Project Based Government Support for Investments pursuant to the Presidential Decree No. 6211 published in the Official gazette of the

Republic of Türkiye No. 31984 dated October 15, 2022. The new bold steps we will take in technology development in the upcoming period will make us the talk of the town, not just in Türkiye but also across the world.

Owing to the new assembly line for next generation panel production at our Gebze Solar Panel Manufacturing Plant, customers attain even higher performance from our solar panels. So why do we emphasize innovation in technology so much, and why do we steer our investments in that direction? The reason is that the "Smart" identity we created is focused entirely on 'quality' and we owe our entire financial success to this factor.

Smart Solar Technologies is among the industry's leading solar technologies providers as well as a preferred business partner. We also reap the benefits of our bold steps abroad. Thanks to our value engineering we proved in Europe, we earned the opportunity to work with a number of key players and managed to become a major powerhouse. Leveraging the network that we built by being part of the world's largest ecosystems, we followed all technological progress and accelerated our R&D investments in that direction. Our manufacturing modernization programs made us a more agile, efficient, and extremely specialized company that is capable of responding quickly to the changes in the market.

Once the machinery and equipment ordered for the Aliağa Solar Panel and Solar Cell Integrated Manufacturing Plant is delivered to the facility and integrated with the system, our additional capacity will be online in the first quarter of 2023 and we will have a larger presence in the international arena with our domestic production. Each and every one of our production groups worth millions of liras provides a competitive edge in its own respect. The machinery & equipment on our assembly lines and our quality control laboratory add value to our principal operations and set us apart from our competitors.

In the period ahead, we will continue to enhance our innovation capabilities while expanding our technology portfolio. As technology reshapes our way of life and access to energy, we are determined to lead the industry with our impeccable past performance. I would like to take this opportunity to thank our invaluable staff, customers, business partners, and all other stakeholders. I am not only excited about our future with their valuable support, but I know that we will shape that future together.

Respectfully,



**Hakan AKKOÇ**

*General Manager Responsible for Production Facilities*

Following the commencement of operations at the Company's Dilovası Solar Panel Manufacturing Plant, we raised our capacity to 1,700 MW.

**333**  
**TRY Million**  
**EBITDA**

In the period ahead, we will continue to enhance our innovation capabilities while expanding our technology portfolio.



## Solar Energy Industry in Türkiye and the World

Region / Country	Solar Energy Capacity (MW)			Total Renewable Energy Capacity (MW)			Solar Share (%)	
	2021	2022	%	2021	2022	%	2021	2022
World	861,537	1,053,115	18.19	3,077,238	3,371,793	8.74	28.0	31.2
Europe	190,143	227,799	16.53	651,292	708,582	8.09	29.2	32.1
Türkiye	7,817	9,426	17.07	53,230	55,998	4.94	14.7	16.8
France	14,819	17,419	14.93	60,394	65,381	7.63	24.5	26.6
Germany	59,373	66,554	10.79	131,686	138,567	4.97	45.1	48.0
Italy	22,600	25,083	9.90	56,856	59,891	5.07	39.7	41.9
Netherlands	14,911	22,590	33.99	23,598	32,839	28.14	63.2	68.8
Spain	16,019	20,518	21.93	62,011	67,909	8.69	25.8	30.2
United Kingdom	13,799	14,412	4.25	48,896	52,418	6.72	28.2	27.5
Asia	485,413	597,573	18.77	1,455,365	1,630,282	10.73	33.4	36.7
China	306,973	393,032	21.90	1,020,234	1,160,799	12.11	30.1	33.9
India	49,684	63,146	21.32	147,122	162,963	9.72	33.8	38.7
Japan	74,191	78,833	5.89	111,856	117,528	4.83	66.3	67.1
Korea	18,161	20,975	13.42	24,365	27,241	10.56	74.5	77.0
Africa	11,628	12,641	8.01	56,111	58,783	4.55	20.7	21.5
Egypt	1,663	1,724	3.54	6,258	6,322	1.01	26.6	27.3
South Africa	6,316	6,326	0.16	10,288	10,445	1.50	61.4	60.6
Middle East	9,681	12,882	24.85	25,296	28,539	11.36	38.3	45.1
Israel	3,591	4,411	18.59	3,650	4,470	18.34	98.4	98.7
UAE	2,733	3,040	10.10	2,734	3,058	10.60	100.0	99.4
N. America	107,192	126,443	15.23	460,098	489,226	5.95	23.3	25.8
USA	95,391	113,015	15.59	326,147	351,676	7.26	29.2	32.1
Mexico	8,171	9,026	9.47	30,669	31,683	3.20	26.6	28.5
Canada	3,630	4,401	17.52	103,190	105,775	2.44	3.5	4.2
Australia	22,870	26,792	14.64	40,410	45,516	11.22	56.6	58.9
S. America	20,795	32,773	36.55	246,485	264,719	6.89	8.4	12.4
Brazil	14,197	24,079	41.04	161,136	175,262	8.06	8.8	13.7

Source: Prepared with data from Renewable Capacity Statistics 2023, IRENA.





Policy interventions are accelerating the emergence of a clean energy economy. Newly introduced policies in major energy markets help to increase annual clean energy investments by more than 50% from today to over USD 2 trillion by 2030 in the STEP scenario. Clean energy becomes a major opportunity for growth and employment and an important arena for international economic competition. By 2030, thanks largely to the US Inflation Reduction Act, annual solar and wind capacity additions in the US are projected to be two and a half times higher than today's levels, and electric car sales are projected to increase seven-fold. The new targets continue to spur massive development of clean energy in China. This means that China's coal and oil consumption will peak before the end of the decade. In the European Union, faster deployment of renewable energy sources and efficiency improvements, driven by the need to find new sources of economic and industrial advantage beyond Russian gas, is projected to reduce EU demand for natural gas and oil by 20% and coal by 50% this decade. Japan's Green Transformation (GX) program provides a major funding boost for technologies such as nuclear, low-emission hydrogen and ammonia, while Korea is also seeking to increase the share of nuclear and renewables in its energy supply. India is making further progress towards its domestic renewable capacity target of 500 gigawatts (GW) by 2030, with renewables meeting around two-thirds of the country's rapidly growing electricity demand.

Shortfalls in clean energy investment are most pronounced in emerging and developing economies, a worrying indicator given the projected rapid growth in demand for energy services. Excluding China, the amount invested in clean energy each year in emerging and developing economies has remained stable since the Paris Agreement was signed in 2015. The capital cost of a PV solar plant in 2021 in major developing economies is two to three times higher than in developed economies and China. Today's rising borrowing costs exacerbate the financing challenges faced by such projects, despite their affordability. A renewed international effort is needed to accelerate climate finance and tackle the various economy-wide or project-specific risks that deter investors. Broad national transition strategies, such as the Just Energy Transition Partnerships with Indonesia, South Africa and others, that integrate international support and ambitious national policy actions while providing guarantees for energy security and the social consequences of change, are invaluable.

**Clean energy becomes a major opportunity for growth and employment and an important arena for international economic competition.**



Clean energy business volume has already surpassed fossil fuel business volume worldwide, and employment in the APS is expected to grow from around 33 million today to almost 55 million in 2030.

# 70%

**Share of PV solar energy and wind in electricity generation in 2050**

By 2030, if countries fulfill their climate commitments, one out of every two cars sold in the European Union, China and the United States will be electric.

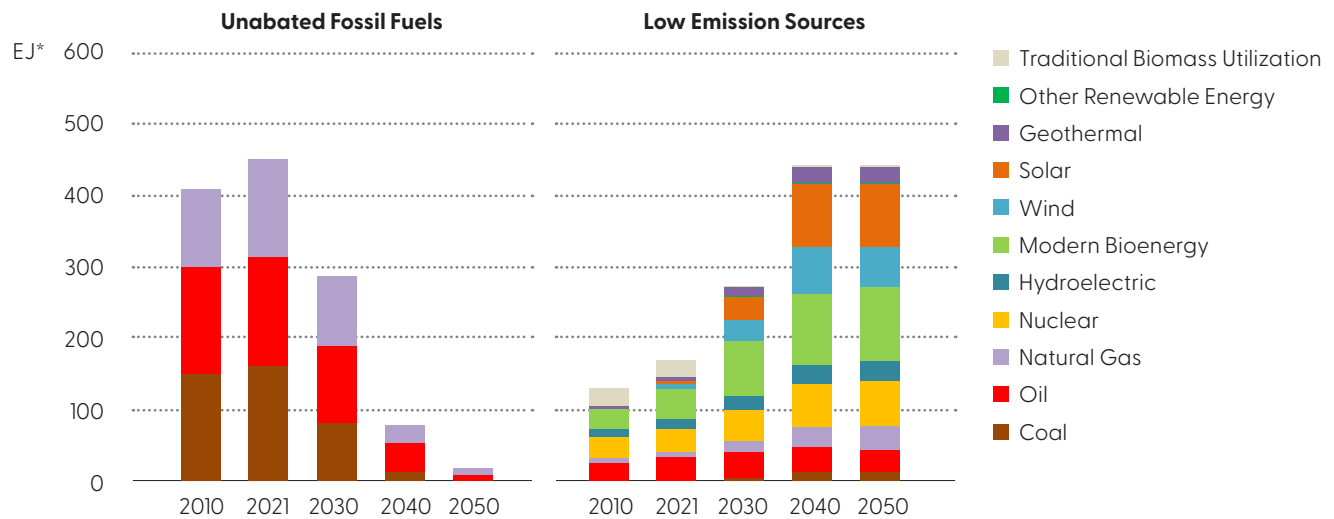
Some sectors are preparing for a faster transformation, led by clean electricity. The world has entered a critical decade to deliver a more secure, sustainable and affordable energy system, and the potential for faster progress is much more likely if solid measures are taken now. Expanded and modernized grids, as well as investments in clean electricity and electrification, offer clear and cost-effective opportunities to reduce emissions more quickly while driving down electricity costs from their current high levels. If today's growth rates in the deployment of solar PV, wind power, electric vehicles and batteries are maintained, it will lead to a much faster transformation than envisioned in STEPS (Stated Policies Scenario). But supportive policies are needed not only in the leading markets for these technologies, but all over the world. By 2030, if countries fulfill their climate commitments, one out of every two cars sold in the European Union, China and the United States will be electric. The supply chains of key technologies, including batteries, PV solar equipment and electrolyzers, are expanding in line with global targets. If all announced production expansion plans for solar PV come to light, production capacity will exceed

approximately 75% of implementation levels in the APS (Announced Pledges Scenario) by 2030 and approach the levels required in the NZE (Net Zero Emissions by 2050 Scenario). In the case of electrolyzers for hydrogen production, the potential overcapacity of all announced projects is about 50% of the 2030 deployments in the APS. In the electric vehicle sector, the expansion of battery production capacity reflects the change in the automotive industry, which has at times moved faster than governments in setting targets for electric transportation. These clean energy supply chains are a major source of employment growth. Clean energy business volume has already surpassed fossil fuel business volume worldwide, and employment in the APS is expected to grow from around 33 million today to almost 55 million in 2030.

PV solar energy and wind are the leading means of reducing power sector emissions, with their global share of electricity generation projected to increase from 10% in 2021 to 40% in 2030 and 70% in 2050. PV solar energy additions will increase more than four-fold to 650 GW by 2030.







\* Exajoule (EJ) is equal to one quintillion ( $10^{18}$ ) joules.

The NZE Scenario is based on a comprehensive change in global energy supply, with low-emission sources increasing by around 125 EJ\* by 2030.

Hydrogen and hydrogen-based fuels are not directly shown in this figure as they are not primary energy sources.

Source: IEA Energy Outlook 2022

### Türkiye is among the top 3 countries in Europe with the highest solar energy potential along with Spain and Portugal.

According to the Solar Energy Potential Atlas (SEPA) prepared by the Ministry of Energy and Natural Resources, the average annual total sunshine duration is 2,741.07 hours and the average annual total radiation value is calculated as 1,527.46 kWh/m<sup>2</sup>. The general potential outlook in SEPA is given below.

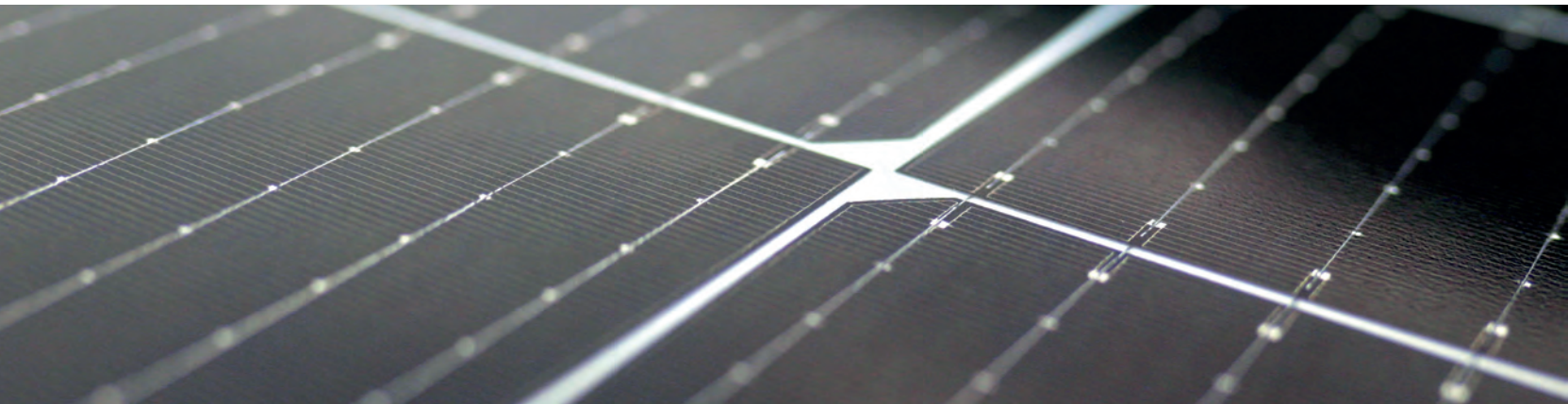
According to the Solar Energy Potential Atlas (SEPA) prepared by the Ministry of Energy and Natural Resources, the average annual total sunshine duration is 2,741.07 hours.



Source: Ministry of Energy and Natural Resources SEPA



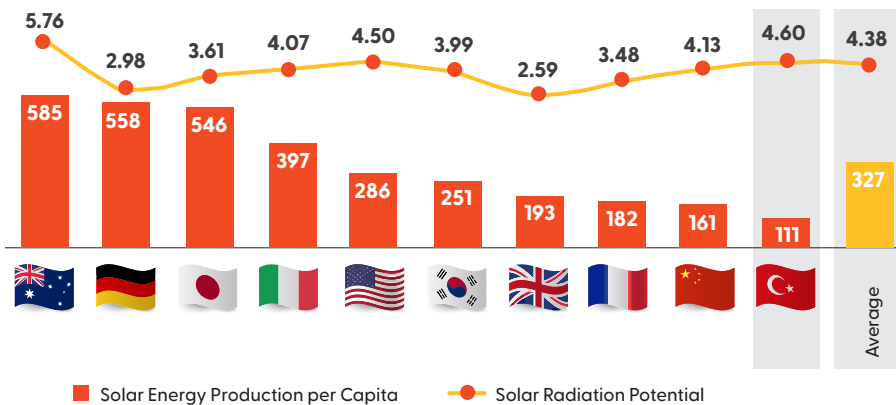
Türkiye is among the top 10 countries with the highest solar energy production levels per capita among G20 countries.



Türkiye has a higher radiation level, therefore higher solar energy production potential compared to many countries. According to the Global Solar Atlas published by the World Bank, regions with high solar energy potential are located between 30° North and 30° South latitudes. As Türkiye is located between the 36° and 42° North Parallels, it receives more radiation than the USA, China and many European countries, and therefore has a

higher solar energy production potential per square meter. It is seen that Türkiye is among the top 10 countries with the highest solar energy production levels per capita among G20 countries, and that all countries in the ranking except Australia have lower solar radiation potential than Türkiye. The country's renewable energy transition is expected to be powered by this potential.

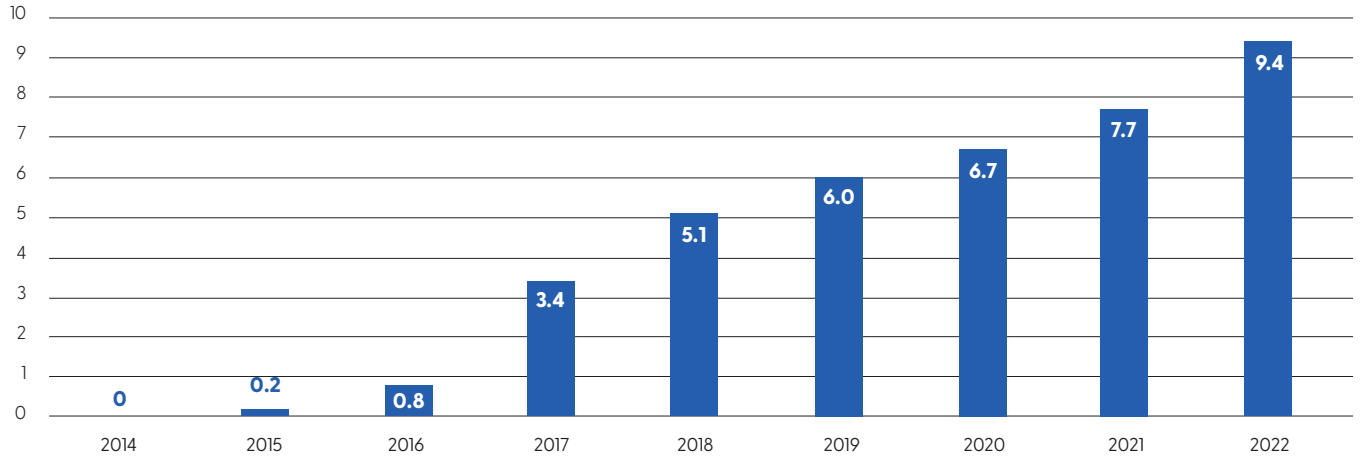
**G20 Countries with the Highest Solar Energy Production per Capita (Top 10) and Radiation Potential (kWh/person, kWh/m<sup>2</sup>/day, 2019)**



When the top 10 countries with the highest solar energy production levels per capita among G20 countries are analyzed, it is seen that all countries in the ranking except Australia have lower solar radiation potential than Türkiye.

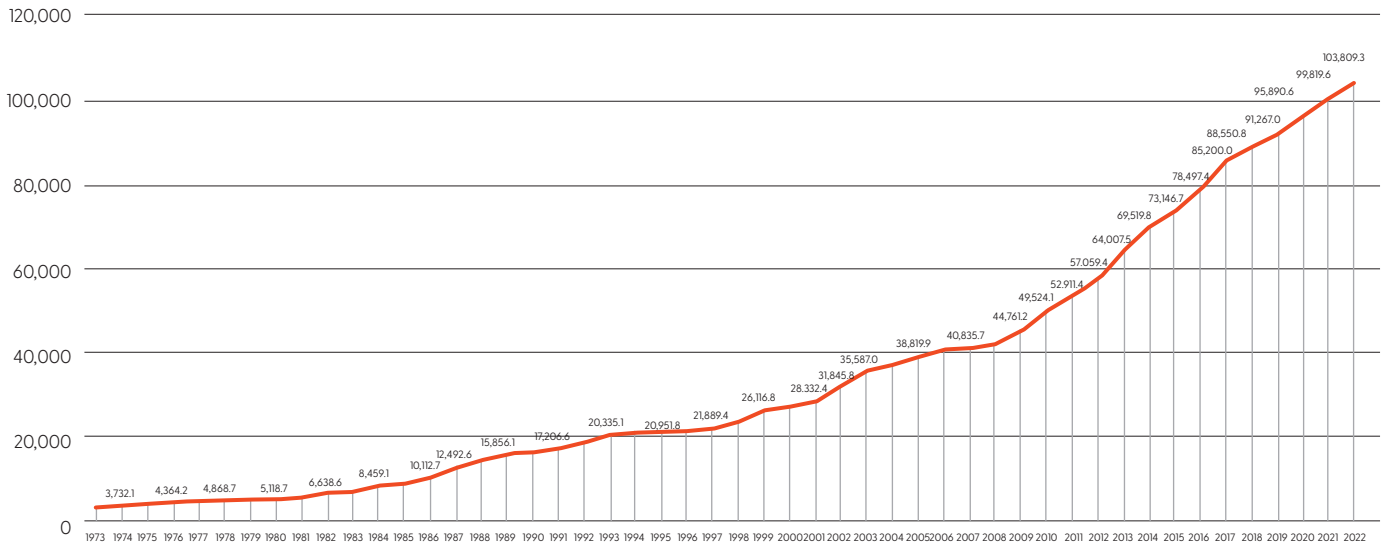
The above-average radiation potential and low investment level compared to G20 developed countries are a logical indicator that Türkiye should continue its solar energy investments without slowing down in the coming period.

## Development of Solar Energy in Türkiye GW



Source: TEİAŞ

## Installed Capacity Development in Türkiye by Years MW



Kaynak: TEİAŞ

The installed capacities of solar power plants have been increasing over the years.

While the 7,815.6 MW installed solar power capacity at the end of 2021 accounted for only 7.8% of the total installed capacity in Türkiye, the installed capacity of SPPs reached 9,425 MW by the end of December 2022, representing 9% of the total installed capacity.

In addition, increasing grid connection capacities, establishing new business models such as ESCO (Energy Performance Contracts) and PPA (Bilateral Power Purchase Agreements), and adjusting YEKA conditions according to today's conditions are also of great importance for SPP investments to gain further momentum.

The abolition of the distribution region restriction in unlicensed applications issued in the year, and the fact that no fees are charged for the design conformity review and acceptance procedures within the scope of the energy storage regulations and Type Specification of Solar Energy Based Electricity Generation Facilities up to 50 kWe under LÜY, encourage end users to install their own distributed energy systems.

With these developments, the annual solar installed capacity is expected to increase by 2,000-3,000 MW in 2023.

**By the end of December 2022, SPPs reached an installed capacity of 9,425 MW, accounting for 9% of Türkiye's total installed capacity.**



Smart Solar Technologies

# Maximum contribution to domestic energy production

**Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim San. ve Tic. A.Ş.**

Date of Establishment

**August 11, 2014**

Activity Region

**Istanbul Kavacık Head  
Office**

Main Field of Activity

**Turnkey SPP  
installation services,  
PV module and cell  
production**

**Kocaeli Gebze Panel  
Production Facility**

**Kocaeli Dilovası Panel  
Production Facility**

**İzmir Aliağa Solar Cell &  
Solar Panel Integrated  
Production Facility**

Number of Employees

**735**

**(It will be operational in  
2023)**

## **PV Panel Production**

Facility Area

**Workplace/factory building area of 23,410 m<sup>2</sup> in Gebze and 10,000 m<sup>2</sup> in Dilovası**

**Aliağa I - 38,000 m<sup>2</sup> closed area within a 50,000 m<sup>2</sup> land area**

**Aliağa II - 58,309 m<sup>2</sup> land area and over 75,000 m<sup>2</sup> closed area**

---

## **Production Quantity in 2022**

**545,250 units**

**Gebze Factory**

**40,000 units Dilovası Factory (commissioned in Q3)**

**585,250 units Total Production**

Production Capacity in 2022

**1,700 MW**

## **Turnkey Installation Activities**

**119 Projects**

Commissioned Capacity

**409.96 MWp**

---

**26 Projects**

Total Installed Capacity

**96.69 MWp**



# Solutions that enable sustainability

735

Employees

Smart Solar Technologies carries out the activities with its offices in Türkiye, Germany and Ukraine and its production facilities established on an area of 23,500 m<sup>2</sup> in Gebze and 10,000 m<sup>2</sup> in Dilovası.

Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim San. ve Tic. (Smart Solar Technologies), started its journey abroad in 2009 with headquarters in Istanbul. Smart Solar Technologies operates to provide solutions to the energy industry that enable performance and sustainability through technology development.

In addition to its two main business lines consisting of turnkey installation services and PV module production, the Company offers a wide range of solar energy solutions to commercial and retail business partners in the fields of green hydrogen, storage systems and electric vehicle charging stations, contributing to the decarbonization of the industry in general. Smart Solar Technologies, which has become one of the leading companies in Europe in the field of solar energy, which

is the energy of today and the future, with its integrated service competence, carries out its activities with its offices in Türkiye, Germany and Ukraine and its production facilities established on an area of 23,500 m<sup>2</sup> in Gebze and 10,000 m<sup>2</sup> in Dilovası. Within the scope of the investment in the Aliğa PV Cell and Panel Integrated Production Facility, which will be operational in 2023, the Company continues to work on a total area of 58,309 m<sup>2</sup> covering 4 parcels. Paving the way for reliable energy for every community, including the environment in which it lives and works, and offering technologies for carbon-free industries with its expertise in more than 20 countries, the Company has 735 employees and 11 Board Members as of the end of 2022.





## Our Fields of Activity

### Solar Panel Production and Sales

Smart Solar Technologies reinforced its competitive power by having a vertically integrated system structure with the solar energy panel factory commissioned in Kocaeli, Gebze in 2017. In the state-of-the-art automated production lines in Gebze, with an annual production capacity of 1,200 MW and a closed area of 23,500 m<sup>2</sup>, Multi Busbar, PERC, Half-Cut Cell and Bifacial technologies are used to produce high efficiency, high quality solar panels. The Company increased its production capacity with its Dilovası production facility launched in July 2022 with an area of 10,000 m<sup>2</sup> and a production capacity of 500 MW. Smart Solar Technologies, one of Europe's leading integrated solar energy companies in the fields of turnkey installation services and PV module production, offers a wide range of solar energy solutions to commercial and retail users.

Operating with an approach that always focuses on customer satisfaction with its value engineering concept, the Company also makes a significant contribution to the national economy with the foreign currency inflow it creates through exports.

Smart Solar Technologies continues its R&D activities following its production investments with innovation at its center. Focusing mainly on increasing the efficiency of solar cells, the Company aims to establish an R&D center to increase the diversity of its projects.

Aliağa I - The PV panel Production Facility was commissioned in İzmir Aliağa Organized Industrial Zone on a 50,000 m<sup>2</sup> land area with a closed area of 38,000 m<sup>2</sup>. Aliağa II - Within the scope of the PV cell and panel investment, a total of 58,309 m<sup>2</sup> of land allocation covering 4 parcels was provided and the construction projects of the investments are ongoing. With the cell investment, the Company aims to achieve vertical integration, increase its export potential, strengthen its position in the Turkish market through domestic cell production and reach many countries in international markets. With the investments to be made, a minimum 1,200 MW Mono Perc Cell Production and a minimum 1,200 MW Solar Panel Production capacity in the first stage is planned.

Smart Solar Technologies, one of Europe's leading integrated solar energy companies in the fields of turnkey installation services and PV module production, offers a wide range of solar energy solutions to commercial and retail users.



About Smart Solar Technologies

Smart Solar Technologies provides land selection, project development, engineering, power plant component supply and turnkey SPP installation services for solar power plants.

Within Smart Solar Technologies, there is an EPC team consisting of well-equipped and experienced engineers with sector experience.

Engineering & Project Design

Within the company, there is an EPC team consisting of well-equipped and experienced engineers with sector experience. Smart Solar Technologies provides land selection, project development, engineering, power plant component supply and turnkey SPP installation services for solar power plants. In this context, the engineering and project design team works in coordination with customers, equipment suppliers, private and public officials and manufacturers in order to meet customers’ expectations and system requirements.

The services offered by the Company to its customers in this context are as follows:

• Engineering Services

Covering the engineering design services for domestic and international projects. In order to meet the expectations of its customers, the company designs according to the needs of each project in full compliance with the relevant country standards in all disciplines (construction, mechanical, electrical works).

Within the scope of engineering services, the Company currently provides services to its existing customer portfolio in processes such as solar power plant design with a value engineering approach, selection of the appropriate technology, module placement, selection of the appropriate inverter, remote monitoring and SCADA infrastructure of the plant, calculation of the net energy amount that the solar power plant will provide to the grid after all losses with internationally accepted simulation programs based on NASA meteorology data of the last 20 years.





Elazığ-Center

Smart Solar Technologies' services include examining SPP projects in order to increase the production capacity of existing SPPs operating in the industry, determining their panel renewal and plant component reinforcement requirements, and providing engineering, project design and implementation services in this direction.

Within the scope of these engineering services, the Company also provides maintenance and repair services to ensure that solar power plants remain in active operation and achieve the expected production values with maximum performance, as well as to increase the longevity of the power plant and shorten the return-on-investment period.

The maintenance and repair services provided within this scope are as follows:

- SPP Failure Response
- Quick Spare Parts Supply
- SPP Technical Service
- Protective and Preventive Maintenance Activities
- Performance Tracking with Remote Monitoring
- Reporting
- Mechanical and Electrical Periodic Controls
- Solar Panel and Field Cleaning

#### • Site Selection Consultancy

The Company also provides support for its customers in site selection for solar power plant projects. Solar potential, soil structure (topography), shading situation, pollution and dusting of the site, the relationship of the site with the EPT (Electric Power Transmission), the suitability of weather conditions and the availability of transportation routes are examined for site selection. Subsequently, the site layout is designed at the optimum efficiency level and production simulation is created using software such as PVsyst (a software system that offers solutions for solar PV systems and where photovoltaic systems are designed).

#### • Power Plant Components Supply

Smart Solar Technologies, utilizing its experience and supplier relations gained during its activities, provides services to supply all the products and services required in the projects it works on under competitive conditions. It also provides consultancy services for the necessary logistics organizations. The Company follows the world's leading fairs, technology institutes and test laboratories for all system components and thus gains competence in solar panel technologies, inverters, transformers, low-loss electrical system designs with the most

Smart Solar Technologies also provides support for its customers in site selection for solar power plant projects.



In the light of the experience gained to date, Smart Solar Technologies operates in the fields of project development, engineering services, EPC (Engineering-Procurement-Construction), BOT (Build-Operate-Transfer) and BOO (Build-Own-Operate) all over the world.

Smart Solar Technologies offers turnkey SPP installation services to its customers.

efficient cabling. The Company's long-term relationships with suppliers enable it to offer reliable and high quality solutions that meet the needs of its customers during the procurement process at more competitive prices. The main equipment constituting the power plant components supplied to customers other than the produced solar panels are as follows:

- Inverter
- MV Cell and Concrete Kiosk
- Transformer
- Load-bearing Construction
- Cable
- Electrical Panel
- Grounding and Lightning Protection Materials
- Cable Carrier Systems
- Environmental Security and Protection Systems
- SCADA and Monitoring Systems
- Weather Monitoring Stations
- EPT Materials

### • Turnkey SPP Installation Service

The company also offers turnkey SPP installation services to its customers. The main application areas within this scope are as follows:

- Large-scale Commercial Field Projects (over 10 MW power)
- Medium-scale Commercial and Self-consumption-based Field Projects (under 10 MW power),
- Large- and Medium-scale Commercial and Self-consumption Rooftop Projects (over 1 MW power),
- Medium-scale Off-grid/Micro Grid Projects (less than 1 MW power),
- Hybrid Projects Integrated with Photovoltaic (Energy production projects where solar energy is used together with facilities producing energy from sources other than solar energy)





In the light of the experience gained to date, Smart Solar Technologies operates in the fields of project development, engineering services, EPC (Engineering-Procurement-Construction), BOT (Build-Operate-Transfer) and BOO (Build-Own-Operate) all over the world. The turnkey SPP installation service process starts with a technical and financial feasibility study and includes site selection, power plant construction, project approval and acceptance procedures, EPT project design and installation, testing and commissioning, substation and distribution center design and installation.

#### Local and Global Memberships

- Turkish Solar Energy Industry Association (GENSED)
- International Solar Energy Society – Türkiye Section (GÜNDER)
- Solar Energy Investors Association (GÜYAD)
- Foreign Economic Relations Board (DEİK)
- Istanbul Mineral and Metals Exporters' Association (İMMİB)
- European-Ukrainian Energy Agency (EUEA)
- PV CYCLE
- Turkish Ukrainian Business Association (TUID)
- EuPD Research
- German-Turkish Chamber of Commerce and Industry (AHK)
- Kocaeli Chamber of Industry (KSO)
- Istanbul Chamber of Commerce (ITO)
- Energy Industrialists & Business Association (ENSİA)
- Ultra Low-Carbon Solar Alliance
- Turkish Investor Relations Society (TÜYİD)
- Corporate Governance Association of Türkiye (TKYD)

**Smart Solar Technologies is a member of the Turkish Solar Energy Industry Association (GENSED).**



## Information on Smart Solar Technologies Subsidiaries

Commercial Title	Country	Business Areas	Paid-in/Issued Capital	Company's Share in Capital (%)
Smart Solar Ukr LLC	Ukraine	Sale of panels and power plant components	UAH 2,787,956.9	100
Smart Solar Technology GmbH	Germany	Sale of panels and power plant components	EUR 25,000	100
Icarus Solar GmbH	Germany	Sale of panels and power plant components	EUR 25,000	100
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Türkiye	Sale of panels and power plant components	TRY 100,000	50
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & IHK Holding A.Ş. Consortium	Türkiye	Sale of panels and power plant components	TRY 50,000	60
Smart GES Enerji Üretim A.Ş.	Türkiye	SPP installation, electricity generation and sales	TRY 21,000,000	100
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Türkiye	Sale of panels and power plant components	TRY 50,000	100
Smart Solargize Yeşil Mobilite Enerji A.Ş.	Türkiye	Production and sale of renewable and mobile energy components	TRY 5,000,000	100



Germany

Ukraine

Türkiye



## Smart Solar Technologies Operational Map

Smart Solar Technologies delivers its products to its customers all over the world.

### Countries We Operate

Germany  
Türkiye  
Austria  
Spain  
Switzerland  
Ukraine\*  
Bulgaria  
Greece  
Romania

*\* The Company's subsidiary in Ukraine has been inactive for 2 years.*

1,700

MW

PV Panel Production  
Capacity in 2022

500+

Projects

Total Project Experience

735

Number of Employees



Romania

Switzerland

Bulgaria

Ukraine

Germany

Austria

Spain

Greece

Türkiye



## Our Mission, Vision, Values and Keys to Success

### Our Mission

To invest in renewable energy by producing “value” based on advanced technology with the goal of a green future and high quality approach and to create impact and difference in sustainable development by considering the values of our stakeholders.

### Our Vision

To be the company of the future by creating value with our innovative renewable energy and technology solutions.

### Our Values

As Smart Solar Technologies, we take every step in line with our working values that guide us, and we walk confidently into the future. We aim to contribute to both our industry and our country with the vision of offering the best to our domestic and foreign customers.

The values we have adopted in this direction are as follows:

- Innovativeness
- Continuous Development
- Solution-Focused
- Passion
- Shared Wisdom
- Social Responsibility
- Perception of Quality
- Agility
- Sustainability

### Our Keys to Success

#### **Perception of Quality**

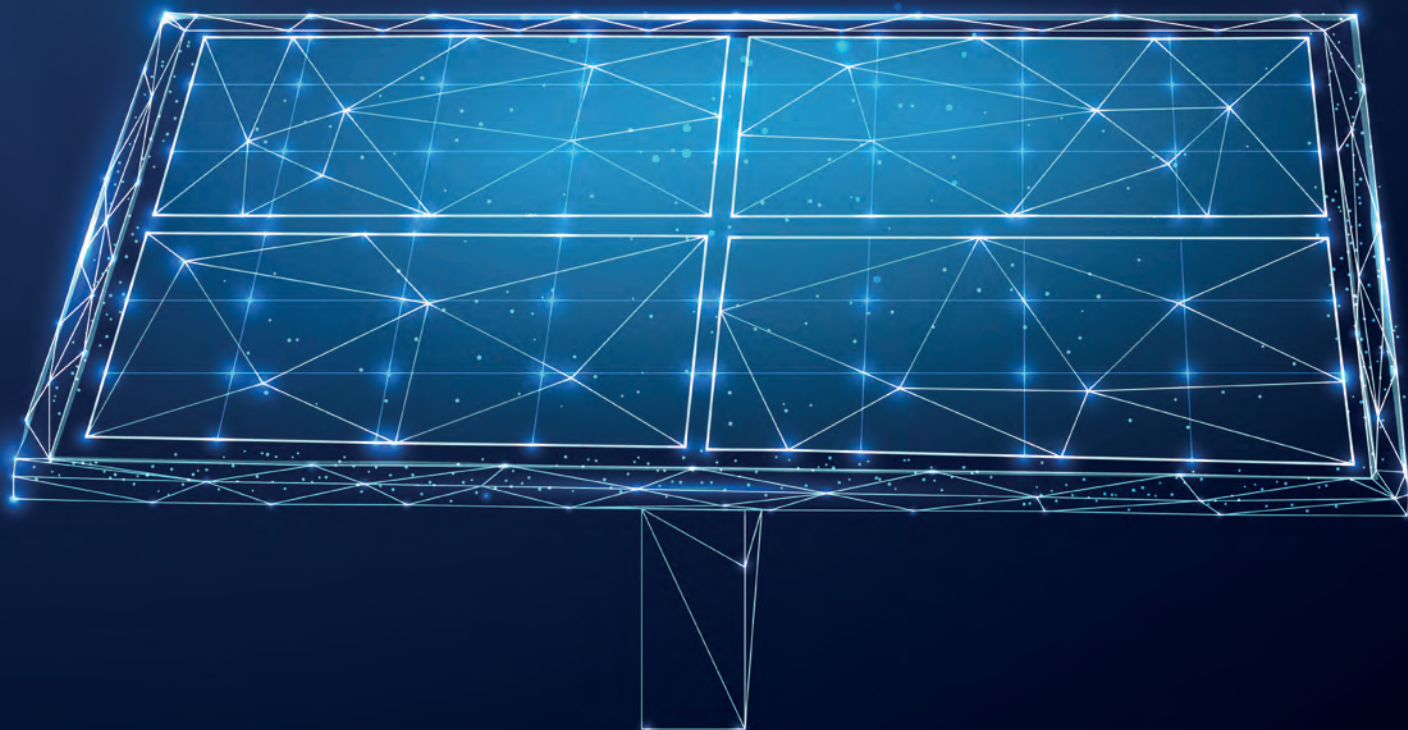
We consider quality as a whole, and we carry out all our activities from panel production to shipment with our understanding of high standards of quality. Thanks to our understanding of quality, which is an output of our customer satisfaction-oriented approach, we guarantee that our products and services will always meet expectations at the same standards.

#### **Value Engineering**

We work with a value engineering approach from production to installation to ensure that all our processes run at optimum efficiency. With this understanding, we reveal our perspective that adds value to the industry by developing an engineering strategy that will perfect the triangle of performance, quality and cost. We create “value” for the future.

#### **Investing for Good**

Investing in the sun is to do good to both nature and economy.





# Uninterrupted success in Türkiye for 8 years



Niğde-Gölcük

Smart Solar Technologies is entitled to be included in the MSCI Global Small Cap Index in 2022.

## 2014

- Smart Solar Technologies was established in Istanbul.
- Installation of the first PV power plant in Türkiye was completed.
- The first rooftop project in Romania was realized.

## 2015

- Project approval with a total capacity of 15MW in Türkiye was obtained.
- Installation of the first CIS glass-glass panel was completed.

## 2016

- Smart Solar Technologies started the factory construction on an area of 23,500 m<sup>2</sup> in Gebze.
- Smart Solar Technologies signed a strategical cooperation agreement with SUMEC Group, one of the leading global companies in solar energy industry for PV cell production.

## 2017

- The solar energy panel factory in Gebze started production with a capacity of 420 MW.
- Installation of the world's 2<sup>nd</sup> largest Glass-Glass Panel SPP project was completed.

## 2018

- PV panel production capacity was increased to 800 MW.
- Production of Bifacial ve Half-Cut panels started.

## 2019

- Offices in Germany and Ukraine were opened.
- Holding structure was adopted.

## 2020

- PV panel production capacity was increased to 1,200 MW.

## 2021

- Smart Solar Technologies decided to make a cell investment to produce low-carbon panels, and started project design works.
- I-REC certificate was received by setting the carbon emissions from panel production to zero.



## 2022

- Smart Solar Technologies was included in the “Türkiye 100” list of Türkiye’s fastest growing companies prepared by the Union of Chambers and Commodity Exchanges of Türkiye (TOBB).
- The Company started to be traded on Borsa İstanbul Stock Exchange as of March 24, 2022, following its public offering, which received 9.5 times the demand from a total of 101,755 investors: SMRTG
- Smart GES Elektrik Üretim A.Ş., a subsidiary of Smart Solar Technologies, won the right to 100 MWe capacity by submitting the best bid in the Bor-1 YEKA SPP-4 competition organized by the Ministry of Energy and Natural Resources (ETKB) on April 8, 2022.
- The Company was awarded the “Solar Champion” seal by Joint Forces for Solar.
- Within the scope of the credit rating process carried out by JCR Eurasia; it was assigned a Long Term National Rating “A+ Stable Outlook” and Short Term National Rating “J1 Stable Outlook” as high investment grade.
- 100% bonus issue was realized.
- Dilovası Solar Panel Production Facility became operational and production started.
- The 2021 and 2022 I-REC certificates certified that the carbon footprint of the Gebze Solar Panel Production Facility and the head office in Kavacık due to electricity consumption was zeroed with the clean energy produced at the Tuzluca-1 and Tuzluca-2 solar power plants.
- It first entered the BIST 100 and then the BIST 50 by the end of the year.
- The Company became a member of the Ultra Low Carbon Solar Alliance.
- The Company’s incentive application to the Republic of Türkiye Ministry of Industry and Technology for the investment in a 2,048 MW/year photovoltaic solar panel production facility under construction in Aliğa, İzmir, within the scope of granting Project-Based State Aid to Investments, was accepted by Presidential Decree No. 6211 published in the Official Gazette No. 31984 dated 15.10.2022.
- The total PV panel production capacity of Gebze and Dilovası Solar Panel Production Factories was increased to 1,700 MW.
- Smart Solar Technologies was entitled to be included in the MSCI Global Small Cap Index.
- The company was recognized as one of the fastest growing technology companies in Deloitte Technology Fast 50 Türkiye and received the BIG STARS award.

**Smart Solar Technologies was awarded the “Solar Champion” seal by Joint Forces for Solar in 2022.**



# Investments for clean energy production

**1,437.9  
MW**

**Additional solar capacity  
that came online**

**The European Solar Alliance aims to build new production facilities that will increase the solar panel manufacturing capacity in Europe from 4.5 GW to 30 GW by 2025.**

## **Increased investor interest due to shortened project development times**

Pursuant to the RePowerEU Plan that was announced after the Russia-Ukraine war, the European Union member countries agreed on a proposal which accelerates renewable energy permitting process. In July 2022, Germany amended the Renewable Energy Resources Law (EEG 2023) and raised its target for the share of renewable energy in electricity generation from 65% to 80% by 2030. In response to rising energy prices, volatility, and energy curtailments, the EU resolved to pursue permit-granting procedures to accelerate renewable energy investments. This led to increased investor interest by shortening the amount of time required to develop projects.

## **Solar panel production capacity will rise to 30 GW**

In addition, the European Solar Alliance aims to build new production facilities that will increase the solar panel manufacturing capacity in Europe from 4.5 GW to 30 GW by 2025. The European Union's Carbon Border Adjustment Mechanism (CBAM) transition period will commence on October 1, 2023. The products that will be subject to CBAM in the first phase are iron and steel, cement, fertilizer, aluminum, electricity, and hydrogen. The scope also includes certain intermediate goods and a limited number of sub-products. Consequently, it became important for the factories manufacturing these products to engage in low-carbon production and sustainability practices, and to source their energy supply from efficient and renewable resources.

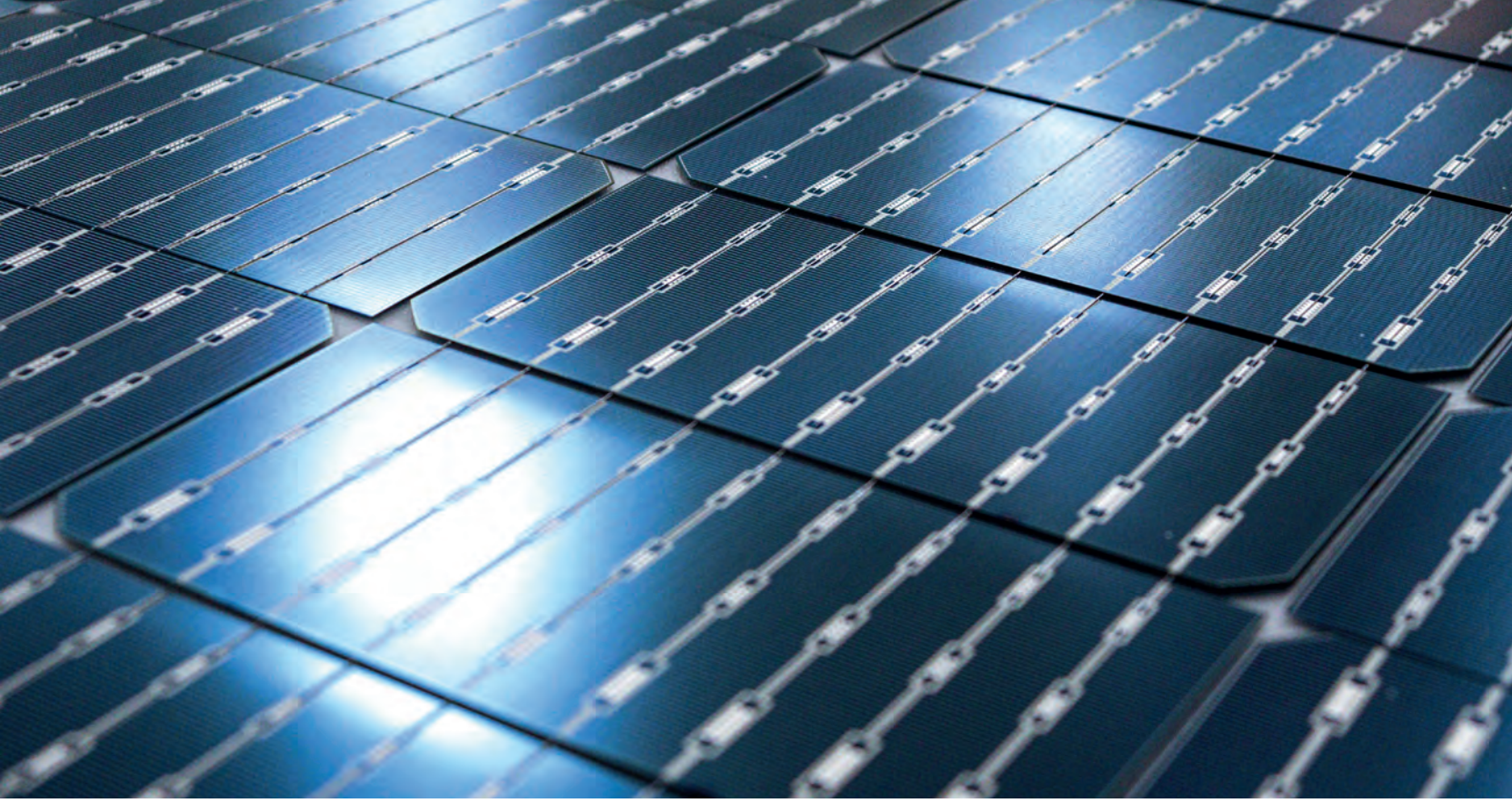
## **USD 60 billion from the U.S. for clean energy production**

In the U.S., within the scope of the Inflation Reduction Act (IRA) that took effect in August 2022 following the inauguration of the Biden administration, solar energy installations in the U.S. are projected to grow 69% in the next 10 years. Total solar capacity is expected to reach 682 GW, with an installation of 222 GW of additional solar capacity by 2032. Consequently, the amount of annual carbon emissions which are offset by the solar energy industry will increase from 139 MMT (million metric tons) to 492 MMT. As part of the IRA, USD 60 billion is set aside for increasing clean energy production in the U.S. The budget set aside for grants and tax reductions aimed at incentivizing the production of domestic clean energy technologies amounts to USD 40 billion. This support of production of clean energy technologies is projected to create 200,000 new jobs by 2032.

## **Additional solar capacity of 1,437.9 MW was brought online in Türkiye**

It is abundantly clear that, in an environment of strengthening carbon regimes, countries that are unable to expand their renewable energy capacity rapidly will find it increasingly challenging to maintain their competitive power in international trade. According to OECD data, energy prices rose 143% from July 2021 to July 2022 in Türkiye, while the increase reached 197% by the end of 2022. The rising costs of energy in Türkiye prompted industrialists to install power generation facilities for self-consumption at a large scale.

Following the Energy Market Regulatory Agency's amendment to the Unlicensed Electricity Generation Regulation that lifted the distribution service territory requirement for unlicensed energy plant installation, demand for unlicensed renewable energy facilities increased as an additional solar capacity of 1,437.9 MW was brought online in Türkiye in the last 11 months. Consequently, the share of solar energy in total installed capacity reached 11%. In today's market conditions, the payback period for installing a solar energy facility on the roof of an industrial plant declined all the way down to 2.5-3 years.



### **TRY 300 million grant for the development of charging infrastructure in Türkiye**

The Ministry of Industry and technology launched the “Electric Vehicle Fast Charging Stations Grant Program” in order to encourage entrepreneurs to invest in fast charging stations. A total grant of TRY 300 million was announced for the installation of 1,560 charging stations in 81 provinces as part of the project, which is also contemplated to support TOGG’s charging infrastructure. As a result of the project undertaken by Smart Solar Technologies within the scope of the “Electric Vehicle Fast Charging Stations Grant Program” of the Ministry of Industry and Technology, the application for investment area no. 5 was approved for a grant.

A “Ministry of Industry and Technology of the Republic of Türkiye National technology general Directorate Technological Product Investment Support program Support Contract” was executed on August 15, 2022. Pursuant to this contract, 42 units (15 in Şanlıurfa, 5 in Adıyaman, 7 in Mardin, and 5 each in İstanbul, Ankara and locations to be determined by the Company) with a power rating of 120 kW each are planned for installation by April 15, 2023. The “charging network operation license” application of Smart Solargize Yeşil Mobilite Enerji A.Ş., a wholly-owned subsidiary of Solar Smart Technologies, was approved and the license was granted.

### **Smart Solar Technologies: The only Turkish firm admitted to the Ultra Low Carbon Solar Alliance**

Since the day it was founded, Smart Solar Technologies has always operated with the goal of furthering innovation in the energy industry and becoming a leading technology firm that pushes the boundaries. The Company’s most important competitive advantage is ‘Quality,’ which is clearly reflected on the EPIAŞ Transparency Platform.

For a panel manufacturer, it is an important competitive edge in the industry to be capable of delivering EPC-turnkey service, to have an extensive staff of engineering, and to have a design staff with a diverse skill set (including an in-house tracker system). In addition to technical capabilities, the other factor that is heeded in the industry is “decarbonization policy.” Thanks to the purchase of I-REC certificates, Smart Solar Technologies’ electricity-driven carbon footprint in manufacturing was neutralized and the Company produced low-carbon panels. As a result of these initiatives, the Company became the only Turkish firm to be admitted to the Ultra Low Carbon Solar Alliance and joined the ranks of a small number of companies that operate worldwide.

The Ministry of Industry and technology launched the “Electric Vehicle Fast Charging Stations Grant Program” in order to encourage entrepreneurs to invest in fast charging stations.



## 2022 Highlights

### Completed and Ongoing Projects in 2022

Project Region	Location	Project Size (kWp)	Start Date	End Date
Van	Tuşba	55,000	Oct.20	Dec.21
Diyarbakır	Kayapınar	22,170	Oct.20	May.22
Istanbul	Sancaktepe	143	Mar.21	Mar.21
Batman		902	Jun.21	Nov.21
Ovidiopol		995	Jun.21	Jan.22
Antalya	Korkuteli	8,880	Aug.21	Ongoing
Diyarbakır	Çınar	9,660	Aug.21	Oct.22
Van		288	Sep.21	Jan.22
Konya		288	Oct.21	Mar.22
Bursa	İnegöl	1,517	Apr.22	Oct.22
Adana	Sarıçam	1,217	Jul.22	Sep.22
Tekirdağ	Ergene	4,491	Apr.22	Ongoing
İzmir	Menemen	1,334	Jul.22	Ongoing
Eskişehir		1,326	Sep.22	Ongoing
Antalya	Gündoğmuş	1,725	Oct.22	Ongoing
Kütahya		1,200	Oct.22	Ongoing
Amasya	Merzifon	1,210	Oct.22	Ongoing
Tekirdağ	Ergene	752	Oct.22	Ongoing
Erzurum	Aziziye	16,459	Oct.22	Ongoing
Çanakkale		50	Nov.22	Ongoing
Edirne	Center	5,012	Dec.22	Ongoing
Kocaeli	Gebze	1,349	Dec.22	Ongoing
Edirne	Center	847	Dec.22	Ongoing
Istanbul	Tuzla	483	Dec.22	Ongoing
Kocaeli	Gebze	847	Dec.22	Ongoing
İzmir	Kemalpaşa	1,196	Dec.22	Ongoing
Tekirdağ	Çorlu	1,769	Dec.22	Ongoing
Manisa		2,833	Dec.22	Ongoing
Kocaeli	Suadiye	1,906	Dec.22	Ongoing
Manisa		1,755	Dec.22	Ongoing
Muğla		173	Dec.22	Ongoing
Burdur		5,380	Dec.22	Ongoing
Van		13,558	Dec.22	Ongoing
Van		22,500	Dec.22	Ongoing
Siirt		12,039	Dec.22	Ongoing
Kütahya		5,799	Dec.22	Ongoing
K.Maraş		4,663	Dec.22	Ongoing
Van		11,761	Dec.22	Ongoing
Van		23,522	Dec.22	Ongoing
Van		11,731	Dec.22	Ongoing

### 2022 Highlights at Smart Solar Technologies

- The incentive application concerning the Smart Solar technologies' photovoltaic solar panel production plant with a capacity of 2,048 MW per year that will be built in Izmir was approved by the Ministry of Industry and Technology of the Republic of Türkiye within the scope of Project Based Government Support for Investments pursuant to the Presidential Decree No. 6211 published in the Official gazette of the Republic of Türkiye No. 31984 dated October 15, 2022.
- The procurement process for the panel production line of the plant, which is currently under construction at the Izmir Aliağa organized Industrial Zone, is progressing successfully.
- Considering that large surface area and bifacial cells are increasingly preferred today, the Company has made its investments accordingly. Completing the upgrade of the second production line at its Gebze Manufacturing Facility in 2022, Smart Solar Technologies added HC M6 MBB production capability to this line and became capable of producing HC M6 MBB in a total of three lines. In the factory where three lines have G1, three lines have M6, and one line has M10 and M12 processing capability, the production mainly consists of G1 and M6 HC standard and bifacial panels.
- Dilovası Solar Panel Manufacturing Plant commenced operation in July and production began at the facility.

### What Did Smart Solar Technologies Do for Sustainability?

- On April 7, 2022, a Sustainability Committee was formed under the Company's Board of Directors. Pursuant to the related committee's recommendation, the "Sustainability Management System Advisory Service" project was launched

with the goal of designing sustainability as a business model for the Company and integrating it in a way that encompasses all processes of the Company. The project, which is authorized for an eight-month period, is planned for completion by the end of April 2023. The purpose of carrying out this project is to create a sustainability infrastructure in the Company.

As part of this project:

A current situation assessment was conducted for the Company from a "Sustainability-ESG" (Environment, Social and Governance) perspective, and a Sustainability-ESG gap analysis was carried out. Based on the outputs of the gap analysis study, the Company's sustainability focus areas and areas for improvement were identified, and the Smart Solar Technologies Sustainability Policy was drafted according to the Company's goals and priorities.

A Sustainability Management System will be created with the goal of putting together the procedures and system documentation for integrating the Sustainability-ESG approach with the business processes, ensuring that the related initiatives and documents are internalized by the employees, and creating awareness on the subject. Informational training sessions are being planned on the organization and functioning of the Sustainability Management System.

- In addition to and concurrently with the Sustainability-ESG project, an initiative is being carried out for measuring the Company's carbon footprint and obtaining the ISO 14064 Greenhouse Gas Emissions Inventory and Verification Certification as part of the BEST for Energy project that is also supported by the EU. This project is expected to be completed by the end of the first half of 2023.
- The Company is planning to issue its first Sustainability Report in 2023.
- The Company expects to submit its first application for an ESG rating as of 2024.

The procurement process for the panel production line of the plant, which is currently under construction at the Izmir Aliağa organized Industrial Zone, is progressing successfully.

Dilovası Solar Panel Manufacturing Plant commenced operation in July and production began at the facility.



Kayseri-Sarıoğlu



## Board of Directors



### Halil Demirdağ

#### Chairman

Halil Demirdağ graduated from Boğaziçi University, Department of Industrial Engineering in 1996, and started his professional career as an entrepreneur by carrying out international trade activities on consumer goods during his university education. After his undergraduate education, he continued his professional career (1996-2006) as the founder and CEO of Everest Group Company, a family-owned company.

In April 2009, Halil Demirdağ founded Smart Solar Technologies Energy Investment Company in Sofia to invest in solar energy projects and solar energy technologies. He has led the realization of numerous international solar energy investment projects and the establishment of international partnerships. He has added domestic photovoltaic solar panel production to his activities in the solar energy industry with the investor identity of Smart Solar Technologies and the turnkey installation services he has provided to SPP projects, and has pioneered the establishment of group offices, primarily in Türkiye, as well as in Bulgaria, Romania, Greece, Germany, Switzerland and Ukraine through the strategic partnerships he has established and his innovative investments in the international arena that attracted attention. Halil Demirdağ, who continues to serve as Chairman of the Board of Directors, has advanced level of knowledge of English and Bulgarian.



### Hakan Akkoç

#### Vice Chairman

He graduated from Istanbul High School in 1990. He received his bachelor's degree in Industrial Engineering from Boğaziçi University, Istanbul in 1996. With the encouragement of his entrepreneurial personality and his interest in global trade, Hakan Akkoç visited Taiwan several times between 1992 and 1994 and established long-term commercial relations with Taiwan for his family company importing automotive spare parts. He started his career in 1996 as the founder and CEO of Autodinamik Ltd (Sofia-Bulgaria), importing and distributing automotive spare parts from a 30 sqm retail store in Sofia, and quickly expanded the company to a new 6,900 sqm warehouse and a regular customer list of 3,000 buyers with 120,000 different products. With the online trade infrastructure, he has increased his cumulative turnover to over 50 million US dollars with his commercial activities extending to mainly Germany, Italy, Spain as well as Brazil and China. In addition to the investment projects in Bulgaria, which he started in May 2007, he has been an investor in different SPP projects with Smart Solar Technologies Group (Sofia-Bulgaria) since April 2009. In 2016, Mr. Akkoç joined Smart Solar Technologies Group and currently serves as Vice Chairman of the Board of Directors. He has advanced level of knowledge of English, German and Bulgarian.



### Havva Köroğlu

#### Vice Chairman

She graduated from Istanbul Technical University Geological Engineering Department in 2001. She received awards both in her company and at ITU for her work carried out within the 'Underground Mining Facility Geological Floor Plan Creation Project' she took part in during her university education.

Köroğlu started her professional career right after her graduation and managed sales and foreign trade operations in different industries. Havva Köroğlu, who successfully served as the Türkiye Country Manager of the Spanish textile company Scor Equip S.L. at the age of 26 with the knowledge and experience she gained especially in the textile sector, worked as a manager in many companies operating in the Construction, Lighting, Paper and Energy sectors and decided to continue her professional life in the energy sector in 2015.

With the company she founded, Seg Elektrik, she has been a solution partner in many areas such as project design, mobilization, cctv, weak current and construction works for EPC companies in the Solar Energy Sector. In 2018, Havva Köroğlu joined Smart Holding and currently serves as Vice Chairman of the Board of Directors at Smart Solar Technologies. Köroğlu, who makes great efforts to increase the rate of female employment in all companies within the Holding, has memberships in various professional and social foundations and associations as well. Köroğlu is fluent in English, is married and has two children.



**Borga Karagülle**

*Vice Chairman*

He received his Bachelor's degree in International Business Administration from L'université Américaine de Paris in 2000. He started his career at Multimed Group Corporation, a petroleum company, as Assistant Production Manager. Between 2000 and 2004, he worked as International Trade Manager in the same group company. He then joined Renovatio Group as "Business Development Manager" and in 2010 he was transferred to ET Solutions AG/Mel Solar Energy, a company operating in the field of renewable energy. In 2015, he started working as Business Development Manager at Rene Sola, one of the world's largest solar energy companies and listed on the New York Stock Exchange. In 2018, Mr. Karagülle joined the Smart Solar Technologies group and serves as the Vice Chairman and Member of the Board of Directors and as the General Manager of Smart Solar Technology GmbH in Germany. He has advanced level of knowledge of English and French.



**İhsan Şafak Balta**

*Board Member*

He graduated from Istanbul University, Faculty of Law in 1989. He completed his legal internship at the Istanbul Bar Association and is a self-employed lawyer registered at the Istanbul Bar Association. Between 2002 and 2017, he worked as the manager of legal departments in the banking and finance industry. He served as a member of the Board of Directors of financial and real industry companies operating in Türkiye and abroad. He is a member of various professional and social networks, foundations and associations.



**Filiz Avşar Aktaş**

*Board Member*

She graduated from Marmara University, Department of Business Administration in 2003. She continues her postgraduate education in Energy Technologies and Management at Sabancı University. Starting her career in the international logistics industry, she worked as a specialist, manager and director respectively in the leading companies of the industry between 2004 - 2011. She worked as Operations Manager in the project for the establishment of the first Ro-Ro line between Egypt and Türkiye in order to develop trade between the two countries, and made significant contributions to the realization of the project which was financed by an international fund. Between 2011 and 2015, she worked as a project coordinator in clustering projects carried out by Ministry of Economy. She was involved in conducting market research and organizing activities to enhance exports to target markets in order to increase the sustainable exports of member companies from various industries within the Istanbul Mineral and Metals Exporters' Associations. She was selected as the Best Project Manager by the Turkish Ministry of Economy for the projects that she has carried out within this scope, and the project that she conducted for the US market was among the Best Practice Examples of the Ministry. She has been working as the General Secretary of the Company as of 2019 and has advanced English language skills.



## Board of Directors



**Cem Nuri Tezel**  
*Board Member*

Nuri Tezel graduated from the Department of Finance, Marmara University and continued his post-graduate education with MBA at Leeds University. Tezel started his professional career in Arthur Andersen Istanbul Audit Department in 1996, and continued his career as Senior Manager at Ernst & Young and Internal Audit Manager at Sabancı Holding.

Nuri Tezel continued his career as Finance Director at Enka Pazarlama between 2005-2007, and worked as CFO at Sabiha Gökçen Airport, Soyak Holding, Assan Aluminum and Akso Energy companies traded on Borsa Istanbul between 2008-2021.

Nuri Tezel is a member of ISMMMO, a founding member of the Corporate Risk Management Association (KRYD), and was a Member of the Business Council of DEİK Bahrain between 2017-2018. In 2016, 2018 and 2020, when he served as CFO, he was recognized as one of the "50 Most Effective CFOs" by Fortune Türkiye and has participated in many international seminars in the field of finance as a speaker.

Cem Nuri Tezel has been serving as Vice Chairman of the Board of Directors and Board Member Responsible for Financial Affairs at the Company as of 2022. He has knowledge of English and German.



**Prof. Dr. Mustafa Kemal Yılmaz**  
*Independent Board Member*

He graduated from Galatasaray High School in 1985. He received his Bachelor's degree from Marmara University, Faculty of Economics and Administrative Sciences, Department of Business Administration in English in 1990. In 1993, he completed Marmara University, Finance-Accounting Master's Program in English. Between 1991-1994, he worked as a specialist at the Republic of Türkiye Prime Ministry Undersecretariat of Treasury, General Directorate of Banking and Foreign Exchange. In 1994, he started working at the Istanbul Stock Exchange. He received his PhD degree from Marmara University, Institute of Banking and Insurance, Department of Banking in 1998 and his Associate Professor degree from the Department of Finance-Accounting in 2004. He worked as a specialist at the Istanbul Stock Exchange Futures Market between 1994 and 2005, at the Risk Management Department between 2006 and 2007, and as a Principal Private Secretary between 2007 and 2011. He served as a representative of the Islamic Development Bank at the Tehran Metal Exchange and the Iran Agricultural Commodity Exchange between November-December 2006, and as a consultant to the Capital Markets industry Council of the Union of Chambers and Commodity Exchanges of Türkiye between 2007 and 2013. Yılmaz served as Deputy General Manager of Borsa Istanbul between 2012 and 2016, Board Member of Takasbank between 2012 and 2013, Vice Chairman of the Board of Directors of Enerji Piyasaları İşletme A.Ş. between 2015 and 2016, and Board Member of MKK (Central Registry Agency) between 2013 and 2016. Working as a faculty member and Dean of the Faculty of Management Sciences at İbn-i Haldun University, with the title of Professor since 2017. He is married and has 2 children.



**Hülya Kurt**  
*Independent Board Member*

She graduated from Hacettepe University, Department of Chemical Engineering in 1988. In 1997, she completed the Business Administration Certificate program at Marmara University and she received her Executive MBA from Koç University in 2000. She started her career as an R&D and Project Engineer at Eczacıbaşı Vitra Ceramic Company in 1989. In 1995, she started to work as a Project Engineer Specialist in the Engineering Department of Industrial Development Bank of Türkiye (TSKB) and after working in different positions, she continued as a Manager in charge of the department as of 2008. She also served as the Bank's Environment and Sustainability Coordinator between 2006 and 2016. In 2011, she led the establishment of a sustainability consultancy firm, Escarus - TSKB Sürdürülebilirlik Danışmanlığı A.Ş., within TSKB. Between 2011 and 2015, Kurt served as TSKB Engineering Manager and TSKB Sustainability Coordinator, as well as Executive Vice Chairwoman of Escarus Board of Directors, and was appointed as General Manager for Escarus in 2016. Between 2009 and 2016, she chaired the Working Group on the Role of the Finance industry in Sustainable Development of the Banks Association of Türkiye and led the preparation of the Sustainability Guidelines project for the banking industry. In addition to being a member of TÜSİAD Finance Working Group and BIST Sustainability Platform, she also served as the Sustainability Advisor of TSKB Green Bond project. Kurt also coordinated the Türkiye's Sustainable Development Goals Project which was realized on behalf of the Ministry of Development. She has experience in the fields of climate change, sustainable development governance, climate change finance, green economy, energy and energy transition.



### **Meliha Seyhan**

#### **Independent Board Member**

She holds bachelor's degrees in Accounting from Yıldız Technical University and in Business Administration from Anadolu University and completed her master's degree at Sabancı University Executive MBA program. She attended the "Leadership and Innovation" certificate program at MIT University in the USA. Meliha Seyhan started her professional career at Gillette A.Ş. in 1991 in the cost accounting department and worked as Plant Controller, Financial Analyst, Reporting and Cost Accounting Manager in Türkiye, Balkans and Medex Hub Region until 2005. She was the Project Leader at the Renaissance project, the largest financial reporting system project in Gillette history, in Boston, USA for Türkiye, the Balkans and Medex Hub countries. In 2005, after The Gillette A.Ş. was acquired by Procter & Gamble, she joined P&G and worked as System Simplification Manager, Customer Business Development Financial Team Manager, Corporate Accounting Group Manager, Internal Control and Purchasing to Payment Group Manager.

In 2010, she started to work in the CFO position, which was opened for the first time in Lila Group, which accelerated its institutionalization efforts. During this period, she led the systemic, structural and organizational change and transformation of the Company's financial affairs department, and in 2017, she added the Information Technologies department to her responsibilities and led the organization renewal efforts for digital transformation.

With 18 years of global company experience, she left Lila Group, which has grown rapidly in Türkiye for 11 years and institutionalization of which she took part in, at the end of June 2021 and started to provide management and finance consultancy services to companies by establishing ANKA Bütünsel Yönetim Danışmanlığı Limited Şirketi. Meliha Seyhan, who is an active member of NGOs such as TKYD and LEAD Network Türkiye, Türkönfed, Futurists Association, mentors women executives in the retail sector and also teaches Financial Ethics courses at several universities within the "Ethical Leaders Academy".



### **Bilgün Gürkan**

#### **Independent Board Member**

Bilgün Gürkan graduated from Izmir American Girls' High School, then from Boğaziçi University, Department of Business Administration, and received her Executive MBA from INSEAD in 1998.

Gürkan started her professional career at the American Bank of Saudi Arabia (Samba Bank) in 1991, then moved to ABN AMRO Bank in 1994, where she served as Country Head of Corporate Banking and Investment Banking until 2011, and continued her career as Head of Corporate Marketing Department at Standard Bank and Country Manager at Renoir Management Consulting Company between 2011-2015.

Gürkan has established and been managing the Bank of Bahrain and Kuwait (BBK) Representative Office in Türkiye since 2016, playing an active role in providing financing to Türkiye's leading companies and banks from the Gulf countries. In 2017, Bilgün Gürkan pioneered the establishment of TÜSİAD Gulf Countries Network and is currently the President of TÜSİAD Gulf Network.

Since 2020, Gürkan has been serving as the President of DEİK Türkiye Bahrain Business Council and continues to serve as a Board Member at 30 Percent Club Türkiye and International Women's Forum and in TEMA Board of Trustees. Gürkan is married, has 2 children and is fluent in English.



## Senior Management



### **Murat Mert**

#### *EPC Vice President*

He completed his high school education at Vehbi Koç High School in 1999 and graduated from 9 Eylül University, Department of Mechanical-Painting-Construction in 2002 and Eastern Mediterranean University, Department of Mechanical Engineering in 2006. He worked as a Field Engineer at a 2,000 MW Combined Cycle Power Plant in the United Arab Emirates between 2008 and 2010, and he joined Alstom Power Company between 2010 and 2016 as a Supervisor and Site Manager for various hydroelectric power plants, respectively, before assuming the position of Service Project Manager responsible for the MENAT region. In 2016, he worked as Project Manager responsible for the installation of wind power plants at EUM, a Danish company. Between 2016-2020, he worked as Country Manager and Projects Director at Semi Energy FZCO, developing, managing and operating a collection of projects in Africa and the Middle East totaling around €700 million. He also set up the entire organization of the Company's energy division. As of 2021, he has been serving as the EPC Vice President of the Company, reporting directly to the Chairman of the Board of Directors.



### **Dr. Papatya Ceylan Sözbir**

#### *Vice Chairwoman of Technology Development*

She graduated from Pertevniyal Anatolian High School in 2002 and from Yeditepe University, Faculty of Arts and Sciences, Department of Physics in 2007. During her time at the university, she studied in the field of spectroscopy and published three papers by the time she graduated. In 2013, she completed her PhD at Bowling Green State University, Center for Photochemical Science. During her PhD, she studied electron transfer dynamics affecting the efficiency of solar cells and published 6 papers. She was as a Project Manager at 3B Telecom Services Ltd. Şti. between 2013-2014. She worked as a consultant at Enerlab Enerji ve İletişim Hizmetleri A.Ş. between 2014-2015. She started his career as an R&D Specialist at Smart Solar Research and Development Industry and Trade Ltd. Şti in 2015, and worked as R&D Manager under the roof of the Company, which is a group company, in 2018.



#### **Osman Şahin**

##### **Director Responsible for Sales and Channel Management**

He graduated from Yıldız Technical University, Faculty of Engineering, Department of Electrical Engineering in 1990. In 1992, he completed the International Management Program in English at Istanbul University. Between 1992 and 1994, he worked as a sales engineer at Telemecanique. Between 1994-1995, he completed his military service as a reserve officer. Between 1995 and 2010, he worked in various positions including Mid-Level Management at Schneider Electric in the Sales, Marketing, Services and International Projects departments. Between 2010-2021, he worked as Country Deputy General Manager and Central Asia Sales Director in the Central Asia organization of Schneider Electric based in Baku, Azerbaijan. He participated in many training programs in Türkiye and abroad. Most recently, he completed the Inspiring Leaders for Development Program at Singapore Management University in 2015. He is currently working as Director of Sales and Channel Management at the Company and is married with 1 child.



#### **Yaşar Esen**

##### **Business Development Director Responsible for Project Development and Solar Energy Project Investments**

Yaşar Esen graduated from Yıldız Technical University, Faculty of Engineering, Department of Electrical Engineering in 2008 and then from Anadolu University, Department of Business Administration.

In 2008, he started working in the solar energy sector. Afterwards, he developed solar, wind, hydro and geothermal projects and managed the installation of cogeneration facilities. During this period, he managed a construction site in Italy for a while. After military service, he worked in different companies in the energy sector and developed 385 MW Solar Energy and 250 MW Wind Energy projects between 2012-2014. As of 2014, he worked as Business Development Manager at Hanwha QCELLS, one of the largest companies in the Solar Energy sector in the world, and developed a total of approximately 185 MW Solar Energy project portfolio from start to finish and ensured the realization of investments. In 2017, after working as an entrepreneur in the field of energy and finance, in 2018, he worked as Business Development Manager at ReneSola, another one of the major Solar Energy companies globally.

He has been continuing his career in the same sector for almost 15 years. During his career, he has been active in many areas of the Solar Energy sector and involved in the transformation of numerous projects into investments.

Esen joined Smart Solar Technologies group 2 years ago and continues to work as Business Development Director Responsible for Project Development and Solar Energy Project Investments.



## Statements of Independence

I hereby declare that I am a candidate for assuming the role of an “independent member” in the Board of Directors of Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi (Company) in line with the criteria stipulated in the legislation, the Articles of Association and the Capital Markets Board’s Corporate Governance Communiqué, and within this scope;

a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company’s audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,

e) I am considered a resident in Türkiye according to the Income Tax Law no.193 dated 31/12/1960,

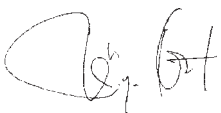
f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company’s operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.



**Hülya KURT**

I hereby declare that I am a candidate for assuming the role of an "independent member" in the Board of Directors of Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi (Company) in line with the criteria stipulated in the legislation, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,

e) I am considered a resident in Türkiye according to the Income Tax Law no. 193 dated 31/12/1960,

f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I will make sufficient time for keeping track of the company's activities and for fully performing my duties on behalf of the company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.



**Prof. Dr. Mustafa Kemal Yılmaz**



## Statements of Independence

I hereby declare that I am a candidate for assuming the role of an “independent member” in the Board of Directors of Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi (Company) in line with the criteria stipulated in the legislation, the Articles of Association and the Capital Markets Board’s Corporate Governance Communiqué, and within this scope;

a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company’s audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,

e) I am considered a resident in Türkiye according to the Income Tax Law no. 193 dated 31/12/1960,

f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company’s operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.



**Meliha Seyhan**

I hereby declare that I am a candidate for assuming the role of an "independent member" in the Board of Directors of Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi (Company) in line with the criteria stipulated in the legislation, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,

e) I am considered a resident in Türkiye according to the Income Tax Law no.193 dated 31/12/1960,

f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I will make sufficient time for keeping track of the company's activities and for fully performing my duties on behalf of the company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.



**Bilgün Gürkan**

<sup>(\*)</sup> At the Board of Directors Meeting of our Company numbered 2022/28, the resignation letter submitted to the attention of the Board of Directors by Tuncay Kamil Güçlü, Independent Board Member of our Company, was reviewed, and it was unanimously approved to accept his resignation from his duties as Independent Board Member, Audit Committee and Corporate Governance Committee member, and to elect Bilgün Gürkan as Independent Board Member in place of Tuncay Kamil Güçlü, who resigned from his duties, to complete the remaining term of office and to be submitted to the approval of the first General Assembly to convene.



# Quality service to customers and the industry

### Production Quantity in 2022

545,250

#### Gebze Factory

Considering that large surface area and bifacial cells are increasingly preferred today, the Company has made its investments accordingly. Smart Solar Technologies completed the revision of the 2<sup>nd</sup> production line at the Gebze Production Facility in 2022, carrying it to a level that can produce HC M6 MBB, and has become able to produce HC M6 MBB on its 3 lines in total.

40,000

#### Dilovası Factory

Thus, in the factory where 3 lines have G1, 3 lines have M6 and 1 line has M10 and M12 processing capacity, G1 and M6 HC standard and bifacial panels are mainly produced.

585,250

#### Total Production

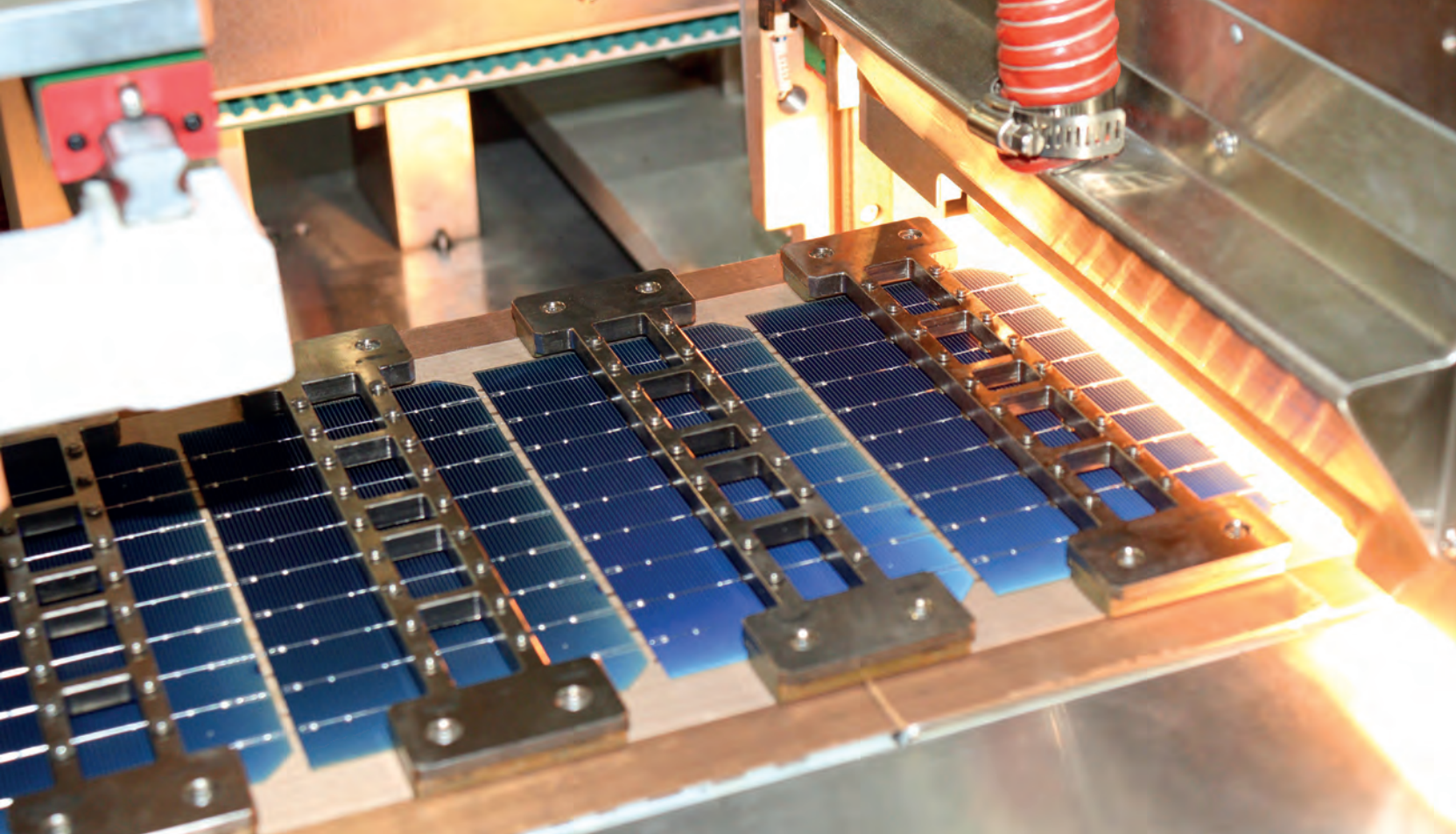
Established in the Dilovası IMES Organized Industrial Zone and put into operation in July 2022, the facility was built on a parcel area of 8,001 m<sup>2</sup> and continues its activities of production and office use on an area of nearly 10,000 m<sup>2</sup>. Its total annual capacity is 500 MW.

Smart Solar Technologies, which has EPC and investments other than panel production in its field of activity, understands both investors and EPC companies, knows that field performance depends on quality and optimization, and keeps panel production at optimum quality level as if the end user was itself. Its expertise in the field of EPC also contributes significantly to the Company's ability to develop PV panel solutions.

In addition, the Company adopts the principle of creating added value in order to provide the best service to its customers and the industry. For this reason, in order to transfer added value to its end customers, it cooperates with intermediaries such as main distributors, dealers, implementers, EPC companies that meet its operating criteria. Through these intermediaries, it offers PV panels, inverters, solar cables, solar batteries, solar lighting, home charging units and construction system products to its end customers to be utilized in SPP, rooftop SPP or residential applications.



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#### Gebze Facility Product Portfolio

Type of Cell Used in the Panel	Cell Size (mm)	Cell Technology	Number of Cells Used in the Panel	Panel Power (W)
Full Cell	158.75	(G1) Monoperc-5BB	60	320-340
Full Cell	158.75	(G1) Monoperc-5BB	72	390-410
Half-Cut Cell	158.75	(G1) Monoperc -5BB	120	325- 345
Half-Cut Cell	158.75	(G1) Monoperc -5BB	144	395-415
Half-Cut Cell	158.75	(G1) Monoperc Bifacial-5BB	120	325-345
Half-Cut Cell	158.75	(G1) Monoperc Bifacial-5BB	144	395-410
Half-Cut Cell	166	(M6) Monoperc-9BB	120	360-380
Half-Cut Cell	166	(M6) Monoperc-9BB	144	435-455
Half-Cut Cell	166	(M6) Monoperc Bifacial-9BB	120	360-380
Half-Cut Cell	166	(M6) Monoperc Bifacial-9BB	144	435-455



Smart Solar Technologies switched to the dealership system in 2022 and has 87 dealers as of the end of the year.

Smart Solar Technologies gives great attention and importance to quality in raw materials control, production process control and product shipment control; and promises its customers a 25 and 30-year warranty for the products it produces.

### Dilovası Facility Product Portfolio

Type of Cell Used in the Panel	Cell Size (mm)	Cell Technology	Number of Cells Used in the Panel	Panel Power (W)
Full Cell	156.75	(M) Monoperc-5BB	60	275-300
Full Cell	156.75	(M) Monoperc-5BB	72	325-385
Full Cell	158.75	(G1) Monoperc-5BB	60	315-330
Full Cell	158.75	(G1) Monoperc-5BB	72	375-395
Full Cell	157(P)	Poly 5-BB	60	260-280
Full Cell	157(P)	Poly 5-BB	72	315-335

The Company manufactures and exports a variety and different types of solar photovoltaic panels in alignment with different standards used.

The Company switched to the dealership system in 2022 and has 87 dealers as of the end of the year. Planning to exceed 100 dealers in the first stage, the Company aims to provide high quality service to the end user at all points of the country and to create solar markets where all solar energy technology needs from A to Z will be met from a single center.

### Quality & Control

Smart Solar Technologies gives great attention and importance to quality in raw materials control, production process control and product shipment control, and provides its customers with a 25 and 30-year warranty for the products it produces. Throughout production, all processes from A to Z are meticulously controlled and the highest quality and most efficient panels are offered to customers. As an indication of its quality approach, the Company regularly performs daily in-house tests such as gel content, which many factories outsource.

In 2022, with the intensification of both HC and MBB production and the increase in the number of quality team employees, new quality control processes were put in place and flux tests were initiated. In addition, the quality team of the Dilovası facility was formed, the laboratory test capability was brought to the desired level and the training of the quality teams of the Izmir branch continued. Currently, the Gebze and Dilovası branches have quality control teams of 55 and 12 people respectively, and there are detailed control processes including IQC, IPQC and OQC at every stage from raw material entry to packaged product control.

### Packaging

Panels produced by Smart Solar Technologies are specially packaged to withstand adverse weather conditions in terms of panel type, and support is provided for the most optimum installation in field installations by making current class distinction in packaging.



Thanks to the standardized double box system, which creates an advantage during field installation, the risk of products tipping over is eliminated even in difficult field conditions. In terms of packaging, attention is paid to factors such as protecting the edges of the frame with the necessary protectors, using separators during the packaging of the products, reinforcing the boxes by drawing a circle around the boxes and covering the boxes with stretch film.

The Company started power and current classification which provides to reach the optimum installation for the customers on-site in 2022 as well.

## Logistics

### Supply Logistics

It includes the procurement process which ensures the uninterrupted entry of materials from the supplier to the factory storage or warehousing as well as customs clearance activities, domestic and international transportation.

### Distribution Logistics

The panels produced in the factory are delivered to the customers. The most basic ones are storage, packaging, insurance and transport organization.

The transportation of all products to be exhibited to customers within the scope of domestic and international fairs, seminars, etc. organizations is also organized by Smart Solar Technologies.

Thanks to the standardized double box system, which creates an advantage during field installation, the risk of products tipping over is eliminated even in difficult field conditions.



During the 2022 period, the infrastructure and trainings required for the transition to Micro ERP were completed, while the Sales Support Team was strengthened with new hires.

Smart Solar Technologies takes care to meet the specific demands of its customers quickly.

Smart Solar Technologies responds to customers' complaints regarding order and quality with a focus on unconditional customer satisfaction through the collaborative efforts of its quality and production teams.

### After-Sales Support

#### Shipment Process

Smart Solar Technologies acts according to the shipment schedule agreed upon with its customers. Based on the project information, project details are shared with necessary units on the production and logistics side during the shipment process, which starts with the preparation of the relevant dispatch order, and proceed in a coordinated manner. From the beginning of the project, shipment from the factory is carried out by taking into account the climatic conditions and geographical conditions of the fields or roofs to be installed domestically or abroad.

During the 2022 period, the infrastructure and trainings required for the transition to Micro ERP were completed, while the Sales Support Team was strengthened with new hires.

#### Order Tracking and Control

Smart Solar Technologies takes care to meet the specific demands of its customers quickly. Before the products are delivered to the customer based on the work order issued for production or product withdrawal from stock; attention is paid to factors such as order control, label control, quality control, quantity/ power control and address control. By using the special barcode system with QR code, the Company can easily track all products sent from the factory and share all the information requested by its customers according to date and other specific features.

### Customer Satisfaction

Smart Solar Technologies responds to customers' complaints regarding order and quality with a focus on unconditional customer satisfaction through the collaborative efforts of its quality and production teams.

Even after the delivery of the orders, Smart Solar Technologies continues its communication and relations with its customers about the factors that meet the warranty coverage. Smart Solar Technologies follows all the necessary processes for customer satisfaction after product delivery and performs the necessary checks and assessments by sending its employees to project visits.





# Optimum process efficiency

With its experience in the industry and well-established supplier relationships, Smart Solar Technologies provides the necessary products, technology components and services under the most competitive conditions in all the projects it works on.

One of Smart Solar Technologies' main fields of activity with the mission of adding value to its customers and our country is the turnkey installation of solar power plants (SPP). The Company is the solution partner of commercial and retail users with turnkey installation services provided with a value engineering approach that focuses on optimum process efficiency. The main scope of its activities in this field includes project development, engineering, site selection consultancy, supply of power plant equipment's and turnkey SPP installation services.

It covers the engineering design services of Smart Solar Technologies for domestic and international projects. In order to meet the expectations of its customers, the company designs according to the needs of each project in full compliance with the relevant country standards in all disciplines (construction, mechanical, electrical works). Within the scope of engineering services, the Company provides services to its existing customer portfolio in processes such as solar power plant design with a value engineering approach, selection of the appropriate technology, module placement, selection of the appropriate inverter, remote monitoring and SCADA infrastructure of the plant, calculation of the net energy amount that the solar power plant will provide to the grid after all losses with internationally accepted simulation programs based on NASA meteorology data of the last 20 years.

Smart Solar Technologies' engineering services include examining SPP projects on demand in order to increase the production capacity of existing SPPs operating in the industry, determining their panel renewal and plant component reinforcement requirements, and providing engineering, project design and implementation services in this direction.

Within the scope of these engineering services, the Company also provides maintenance and repair services to ensure that solar power plants remain

in active operation and achieve the expected production values with maximum performance, as well as to increase the longevity of the power plant and shorten the return-on-investment period. In this context, the Company provides the following maintenance and repair services:

- SPP Failure Response
- Quick Spare Parts Supply
- SPP Technical Service
- Protective and Preventive Maintenance Activities
- Performance Tracking with Remote Monitoring
- Reporting
- Mechanical and Electrical Periodic Controls
- Solar Panel and Field Cleaning

The Company also provides support for its customers in site selection for solar power plant projects. Solar potential, soil structure (topography), shading situation, pollution and dusting of the site, the relationship of the site with the EPT (Electric Power Transmission), the suitability of weather conditions and the availability of transportation routes are examined for site selection. Subsequently, the site layout is designed by the Company at the optimum efficiency level and production simulation is created using software such as PVsyst (a software system that offers solutions for solar PV systems and where photovoltaic systems are designed).

With its experience in the industry and well-established supplier relationships, Smart Solar Technologies provides the necessary products, technology components and services under the most competitive conditions in all the projects it works on. It also provides consultancy services for the necessary logistics organizations. The company follows the world's leading fairs, technology institutes and test laboratories for all system components and thus gains competence in solar panel technologies, inverters, transformers, low-loss electrical systems with the most efficient cabling. In addition to the solar panels produced by the Company, the



Mardin-Center

main equipment constituting the power plant components that the Company supplies to its customers are as follows:

- Inverter
- MV Cell and Concrete Kiosk
- Transformer
- Load-bearing Construction
- Cable
- Electrical Panel
- Grounding and Lightning Protection Materials
- Cable Carrier Systems
- Environmental Security and Protection Systems
- SCADA and Monitoring Systems
- Weather Monitoring Stations
- EPT Materials

The main application areas of Smart Solar Technologies, which offers turnkey SPP installation services to its customers, are as follows;

- Large-scale commercial field projects (over 10 MW power)
- Medium-scale commercial and self-consumption-based field projects (under 10 MW power),
- Large- and medium-scale commercial and self-consumption rooftop projects (over 1 MW power),
- Medium-scale off-grid/Micro grid projects (less than 1 MW power),

- Hybrid projects integrated with photovoltaic (Energy production projects where solar energy is used together with facilities producing energy from sources other than solar energy)
- Floating SPP projects.

In the light of the experience gained to date, the Company operates in the fields of project development, engineering services, EPC (Engineering-Procurement-Construction), BOT (Build-Operate-Transfer) and BOO (Build-Own-Operate) all over the world.

The turnkey SPP installation service process starts with a technical and financial feasibility study and includes site selection, power plant construction, project approval and acceptance procedures, EPT project design and installation, testing and commissioning, substation and distribution center design and installation.

In 2022, Smart Solar Technologies completed 26 EPC projects with a total installed capacity of 96.39 MWp, bringing the number of projects it has realized since its establishment to 100+ and the capacity it has put into operation to 300+ MWp. During the reporting period, the Company was involved in Türkiye's largest licensed turnkey installation projects. As of the end of 2022, the installation works of 20 projects with a capacity of 80.4 MWp are ongoing.

**In 2022, Smart Solar Technologies completed 26 EPC projects with a total installed capacity of 96.39 MWp, bringing the number of projects it has realized since its establishment to 100+ and the capacity it has put into operation to 300+ MWp.**



## Turnkey Installation Activities and Projects

In case of breakdowns and maintenance operations, the regional team intervenes within at most 48 hours and provides technical repairs as well as material supply and demand, if necessary, to solve the problem.

Smart Solar Technologies is sensitive about the longevity and reliability of the materials to be used in the sites.

The selection and purchase of all types and units of materials used in solar power plants are carried out by Smart Solar Technologies' Turnkey Project Installation Department.

### Operation and Maintenance

Knowing that operation and maintenance activities are of high importance for the efficiency of power plants, Smart Solar Technologies also provides insurance, operation and maintenance services in line with the customers' request in the power plants where it carries out construction and installation processes. Smart Solar Technologies gives performance guarantees to its customers in the most effective ways with long-lasting and effective equipment, periodical maintenance, panel cleaning, 7/24 online energy production monitoring, on-time default analysis, all kind of operation and maintenance services with professional experts.

The following services are offered: 24/7 online production monitoring of power plants whose construction has been completed and transitioned to the operation period and reporting to the relevant units on a daily basis, intervention by teams located in the regions within 24 to 48 hours for breakdowns and maintenance operations, technical repairs for the solution of the problem, procurement and demand for materials if necessary, showing effort to prevent production losses, making insurance compensation claims in case of breakdowns and production loss, and ensuring file follow-up.

Smart Solar Technologies also provides operation and maintenance services for the power plants it installs. As of the end of 2022, total operation and maintenance capacity exceeding 225 MW was reached. The company carries out all kinds of operation, maintenance and operation services such as periodic maintenance, panel cleaning, online production tracking, instant problem analysis and solution for long-lasting, effective products selected from the beginning with professional field teams available in regional offices. Within the scope of operation and maintenance services;

- The production of the power plants, the construction of which is completed and transitioned to operation period, is monitored online and reported to the relevant units on a daily basis.
- In case of breakdowns and maintenance operations, the regional team intervenes within at most 48 hours and provides technical repairs as well as material supply and demand, if necessary, to solve the problem.
- Monthly production comparison reports are prepared within the scope of operation and maintenance services and efforts are made to minimize production losses.
- In case of breakdown and production loss, insurance claims are made and files are followed up.

### Procurement

The selection and purchase of all types and units of materials used in solar power plants are carried out by Smart Solar Technologies' Turnkey Project Installation Department. The Company's experience gained through its installations to date and close relationships it has established with manufacturers allow it to purchase all the products and services required for projects under the best conditions and to easily carry out the necessary logistics organizations.

Smart Solar Technologies is sensitive about the longevity and reliability of the materials to be used in the sites. The Company follows the world's leading fairs, technology institutes, test reports of laboratories for all system components from A to Z and thus has a very serious know-how infrastructure in solar panel technologies, inverters, transformers, solar tracking systems, low-loss electrical system designs with the most efficient cabling and the establishment of the most efficient power plants. By first trying the products it follows in its own power plants, it pioneers the industry on how quality service understanding should be and use of the right product.



Smart Solar Technologies' research nature allows its suppliers to provide the most suitable, reliable and high-quality products for the needs of its customers during the purchasing process. The Company provides product supply in accordance with the conditions required for investors to benefit from incentives such as investment incentive certificates, and Agricultural Development and Supervision Agency.

#### Financing

In 2022, the most important financing activity was the successful public offering process of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. The proceeds from the public offering are being used for more production and cell investments, R&D and P&D studies, and innovative and synergy-creating areas in order to respond to the intense demand from the market. In addition, to respond to the intense demand from the market, a new factory building was rented in Gebze Kocaeli Dilovası İMES Industrial Zone and production activities were started. Within the solar energy cell and panel production investment, an investment financing was provided for the production facility located in İzmir Aliğa OIZ and panel production at the related facility was commissioned in the first quarter of 2023.

During the period, meetings were held with banks and financial institutions regarding the domestic and foreign bank limit-risk process in order to manage liquidity risk. Analyst meetings were organized during the year for the effective and efficient functioning of the stock. Verbal and written questions from investors were answered and regular information was provided through Investor Presentations. Working capital optimization was ensured and transactions with banks were continued in this direction. With the ERP automation works carried out by the finance team, financial transactions were disciplined and efficiency was ensured.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş.'s wholly-owned subsidiary Smart GES A.Ş. successfully secured project financing for the BOR -I (100 MWe) tender. A subsidiary was established for the charging stations and the financial planning was made for the application processes.

The proceeds from the public offering are being used for more production and cell investments, R&D and P&D studies, and innovative and synergy-creating areas in order to respond to the intense demand from the market.



# Strong player in global markets

Smart Solar Technologies is increasing its contribution to reducing Türkiye's dependence on foreign energy, which is one of Türkiye's most important problems, and to transforming Türkiye into an exporter in the field of solar energy.

Smart Solar Technologies has become one of Europe's leading integrated solar energy companies with its high-tech investments in line with its business strategy and models based on sustainable profitability. In 2022, the Company continued to realize value-oriented investments with the vision of consolidating its position as a strong player in global markets in the field of solar energy.

The total amount of investments realized by Smart Solar Technologies in the operating period of 2022, mainly in production technologies (machinery-equipment), R&D and innovation, amounted to TRY 167 million. In addition, the Company also makes site purchases when necessary for turnkey EPC projects, for which it provides engineering and project design services, and finances all these investments with its own capital.

### Cell Production Investment

Smart Solar Technologies is increasing its contribution to reducing Türkiye's dependence on foreign energy, which is one of Türkiye's most important problems, and to transforming Türkiye into an exporter in the field of solar energy. As one of the important supporters of domestic production in its field of activity and aiming to increase its global effectiveness through organic growth actions, the Company included the decision to invest in a new cell and additional panel production capacity in its current production activities in 2022 in line with global trends. In addition to the vertical integration of the Company, work has been initiated rapidly in this area, which will improve the Company's ability to produce low-carbon panels and reduce its carbon footprint.

The production of solar cells with semiconductor technology, which is essential for solar panels, is also important for Smart Solar Technologies in terms of opening up to countries such as the USA, which have anti-dumping practices against Chinese production, and to foreign markets that will demand low-carbon production within the scope of the Paris Climate Agreement commitments and the European Green Deal (Carbon Border Tariff). In addition, the solar

energy installation targets set by EU countries within the scope of the Green Deal increase the export potential.

The incentive application made by the Company to the Ministry of Industry and Technology of the Republic of Türkiye for the integrated production facility project, which is planned to have a capacity of at least 2,048 MW/year and covers the wafer, cell photovoltaic solar panel production investment starting from silicon ingot production, whose first stage was initiated in İzmir, was approved by the Presidential Decree No. 6211 published in the Official Gazette dated 15.10.2022 and numbered 31984, within the scope of granting Project-Based State Aid to Investments. The projected fixed investment amount subject to the incentive is TRY 7,627,000,000 and the incentive elements that the investment will benefit from are as follows:

- Customs Duty Exemption,
- VAT Exemption,
- VAT Refund,
- Tax Deduction (tax deduction rate: 100%, investment contribution rate: 80%, the rate of the investment contribution amount that can be used during the investment period: 100%),
- Insurance Premium Employer Share Support (10 years with no maximum amount limit),
- Qualified Personnel Support (maximum TRY 120,000,000),
- Energy Support (50% of energy consumption expenditures not exceeding TRY 100,000,000 for up to 10 years from the date of commissioning),
- Investment location allocation.

### Dilovası Production Facility Investment

To meet the increasing demand in the field of solar energy panels, our Company signed a lease agreement for a total of 10,000 m<sup>2</sup> workplace/factory building and area located in Çerkeşli OSB Mah. İMES 10. Cad N 3 Dilovası-Kocaeli for 2 years. Our Dilovası Facility will reach a production capacity of about 2,000 solar panels per day and more with its production to start in July. The facility will provide additional employment for about 200 people when it reaches full capacity.



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#### Other Investments

YEKA-4 BOR-1 SPP Investment: On 8 April 2022, the Company's 100%-owned subsidiary Smart GES Üretim A.Ş. submitted the best offer in the bid and won BOR -1 (100 MWe) tender for the allocation of solar-based renewable energy resource fields and connection capacities, which was published by T.R. Ministry of Energy and Natural Resources-General Directorate for Energy Affairs on the Official Gazette no. 31541 dated 14.07.2021. Based on this result, the Group included solar-based electricity generation into its activities and plans to establish a power plant with an installed capacity range of 130-140 MWp against the SPP capacity of 100 MWe. The EIA Certificate of Conformity for the project was obtained and the necessary steps were taken for financing. In 2023, it is planned to enter the field.

An Investment Incentive Certificate with a total fixed investment amount of TRY 1,994,972,280 was obtained from the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Industry and Technology of the Republic of Türkiye for the investment of 100MWe Bor-1 Solar Power Plant (SPP) project by Smart GES Üretim A.Ş., a 100% subsidiary of the Company, to be used in a fully new investment.

#### Modernization Investments

The Company realizes modernization investments and purchases by following the latest technology in panel production lines and turnkey EPC projects for which it provides engineering and project services.

Smart Solar Technologies realizes modernization investments and purchases by following the latest technology in panel production lines and turnkey EPC projects for which it provides engineering and project services.



# Effective and long-lasting solutions

Smart Solar Technologies R&D Department mainly carries out activities aimed at increasing the efficiency of solar cells.

The R&D Department aims to offer much more effective and long-lasting solutions to the needs of both Türkiye and the world in the solar energy industry with the products it designs and develops.

Smart Solar Technologies established its R&D Department in 2018 to carry out R&D activities following the start of solar panel production activities in 2017.

The Company aims to intensify its efforts in this area, grow its team of experts, diversify the projects carried out and establish an R&D center. The R&D department of the Company has a total of 3 employees.

The R&D Department has a high level of know-how by closely following all technological developments, especially those related to technology, design and materials in the solar energy industry, and aims to offer much more effective and long-lasting solutions to the needs of both Türkiye and the world in the solar energy industry with the products it designs and develops.

Smart Solar Technologies R&D Department mainly carries out activities aimed at increasing the efficiency of solar cells. As a result of the importance it attaches to innovation, it completed the first patent application for a distance-controlled composite material that increases photovoltaic cell efficiency in 2018. Having received the necessary acceptance for the TÜBİTAK 1501 project, the Company develops projects within its own organization as well as making project applications within the scope of international calls.

As of the end of 2022, the R&D Department works on the following projects:

### **TÜBİTAK 1501-Development of Distance Controlled Plasmonic Structures that Increase Cell Efficiency:**

The aim of the project is to design the optimum system to create a strong plasmon resonance and to maximize its efficiency on the cell, to reach the module dimensions of the structure designed in cell dimensions and to create an easily applicable structure.

### **Marine Solar Panel Design and Smart Maritime System:**

The aim of the project is to develop high-strength solar panels against heavy sea conditions, to design the new construction system to tolerate mechanical loads, to design the electrical and mechanical equipment to be used in the system, to design the measurement and control system of the system and to integrate it into the existing system used on the ship.

### **Improving Panel Quality with Image Processing in Production Line:**

The aim of the project is to minimize the factors that will adversely affect the life of the solar panel due to human or equipment error by improving the busbar-ribbon soldering quality, to optimize the efficiency of the panels on the production line and to minimize the problems caused by connection losses caused by human or equipment errors in the field.



**PV Based, Portable, Green Hydrogen and Fuel Cell System:** The aim of the project is to produce hydrogen, the energy carrier of the future, using solar energy and make it accessible by making it portable, to create a practical green hydrogen solution powered by solar energy for areas where electrical energy is required but difficult to access, to optimize the system size by making the system portable when necessary, and to develop adjustable system size unlike existing systems.

**Synthesis of New Generation Organic Solar Cell Donor Material:** The aim of the project is to design and synthesize donor material suitable for new generation acceptor groups, to realize the design of highly efficient, stable organic solar cells with the new donor material and to create a non-toxic, easy-to-produce process with the new synthesis method.

**Synthesis of Polymer Film with Albedo Effect:** The aim of the project is to increase the module efficiency by designing a polymeric film with albedo effect and to prevent efficiency losses by preventing heat generation and radiation scattering of the designed film.

In the 2022 operating period, the Company plans to work on P-type TOPCon cells and the gettering process after the cell investment, for which the project design process is ongoing. In 2023, a cell line is expected to be commissioned and a new TOPCon cell design is also planned to be realized in collaboration with Fraunhofer. Necessary negotiations and agreements were made in this regard.

Smart Solar Technologies is not only a company that has its own R&D department, but also aims to be one of the important companies that develop the Turkish economy as well as determining trends by adding value to the industry with the R&D center it will establish.

**In the 2022 operating period, Smart Solar Technologies plans to work on P-type TOPCon cells and the gettering process after the cell investment, for which the project design process is ongoing.**



# Digital transformation activities

Activity focuses of Smart Solar Technologies include the correct determination of technology needs and the implementation of appropriate solutions.

Internet connections at the head office and factories were made redundant and an uninterrupted WAN structure was established for business continuity.

## IT Activities, Organization, Service and Education Status of Personnel

Smart Solar Technologies IT teams shape their activities with the mission of providing value-added solutions by following innovative technology and ensuring digital transformation. Activity focuses of Smart Solar Technologies include the correct determination of technology needs and the implementation of appropriate solutions. Within this scope, operation of all systems in an integrated way with a business continuity approach, and information security principles are taken as the basis.

Smart Solar Technologies, which believes in success, is solution-oriented, quick to react and creative, closely follows the developing innovative technology. The IT team, which shapes its activities with the mission of providing value-added solutions that will create awareness for all its customers with effective support and services, made an agreement on Cloud, Security, Infrastructure and Business Continuity Services within the scope of services manageable with a hybrid cloud provider providing Tier-4 level service at world standards in May 2022 in line with the increasing workforce, growing company organizations and fields of activity, and an end-to-end transformation project was initiated in IT systems. With this project:

- End-of-Life network products and cabling infrastructure that pose a risk of interruption were renewed. The necessary work is ongoing to minimize the risk of interruptions in the internal network and to establish a network segmentation structure for security by moving the entire network hardware infrastructure to 802.1x application.
- The server infrastructure in physical environments continues to be moved to data centers that provide Tier-4 level service at world standards regardless of location.

With its growing organization, the IT/OT systems in the Dilovası Production Facility, which was commissioned in the third quarter of 2022, were launched with the

latest technology and included in the existing IT and Infrastructure Systems, enabling panel production to start at the facility with the help of technology. Accordingly, the number of panels produced, shipped and damaged in shifts are instantly monitored on the Production Information Portal screens, which are planned to be developed in-house by collecting instant data through PLC and IoT devices used in production operations, and development work on reporting systems continues.

The WMS (Warehouse Management System) project was initiated at the end of 2022 to manage operations from the goods acceptance operation to the shipment process in line with the increasing workload through the developing and changing order and sales channels. With this project, it is aimed to optimize the placement and picking workflow in the warehouse by analyzing the best use of the warehouse space according to work orders and material characteristics. By providing visibility of accurate, real-time stock levels, it is aimed to optimize all operations within the supply chain by enabling more reliable forecasting of incoming order supply.

Internet connections at the head office and factories were made redundant and an uninterrupted WAN structure was established for business continuity.

With the E-Signature solution, which was included in the processes in cooperation with Türkiye's leading IT service provider and E-Güven, by signing and verifying documents on digital platforms, signature processes were moved to the digital environment, contributing to sustainability with a legal, secure, easily accessible and environmentally friendly solution.

## ERP Processes

The ERP implementation rollout project launched in 2021 is progressing by clarification of workflows as well as common master data studies. The steps to include the newly opened Dilovası and Aliağa Panel factories, to train the teams and create documentation are ongoing.

On the Micro ERP software, new setups are commissioned and the existing structure is updated in line with the needs of the departments. After the process space created within the scope of the "Organizational Alignment and Target Process Design Project," which was carried out with Ernst & Young in 2021 and called the "Invictus project" in the Company, was expanded in accordance with the growth of the Company, each title subject to ERP was handled individually and all of them were included in the implementation.

In order to increase the efficiency of the lot-based tracking process in inventory management and the warehouse management system, a project was initiated to transition to barcoded operation using handheld terminals. Cost accounting infrastructure was established and work was initiated to maintain ERP-compliant operations in all companies.

With the rapid growth and the introduction of new production centers, the key user staff was expanded and a new communication model was put in place to increase the effectiveness of the support structure. In the coming period, while continuing with the improvement of processes and activity-based costing on the existing system, project preparations will be initiated for the transition to the SAP S4/HANA Rise solution in early 2023 in line with the Company's growth targets.

#### Digital Transformation "Road Map" Project

Another important step for the Company was the Digital Maturity Assessment and Strategy Roadmap study conducted with KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in December. With this study, a digital maturity assessment strategy, current situation analysis, digital strategy roadmap and current project cards were prepared.

As a result of the surveys and workshops conducted, the most feasible steps to further align the company with the digital age emerged.

Our Company's S4HANNA SAP transition project also started concomitantly.

#### Digital Transformation Projects

- The Digital Portal (intranet) system solution was established on both web and mobile platforms for internal communication, effective management, spread of decisions and announcements, increasing efficiency in business processes, providing an organizational improvement environment and raising employee loyalty. It is planned to be commissioned and included in business processes in January 2023.



- In order to eliminate paperwork, reduce manual interventions to zero, enhance internal communication, ensure real-time visibility of data, reflect the Company's values and ensure legal compliance, the Company aims to digitalize processes by launching Leave Management on both web and mobile platforms in February 2023.
- By transferring employees' expense and advance payment processes to the digital environment, expense and advance payment requests are aimed to be digitalized through approved workflow management,
- The Workflow Management System solution, which will improve the performance of business processes by standardizing and automating business processes and contribute to more efficient use of corporate resources by reducing process costs, is targeted to be included in business processes in the first quarter of 2023.
- The processes aimed to be used in all kinds of follow-up and management of standards applied in the management and administration of the Company and required to be monitored in management systems are presented to the Company with a modular structure. Thus the aim is to digitalize the corporate memory by including the Quality and Integrated Management System in these processes.

#### Production Operations Transformation Projects

- For industrial machines within production: the aim is to increase early intervention, working performance and efficiency.
- For personnel: the aim is to prevent potential errors and increase the efficiency of working time,
- For production: the aim is to optimize times and reduce error rates,
- In general: the aim is to increase productivity through Product-Machine-Personnel planning.

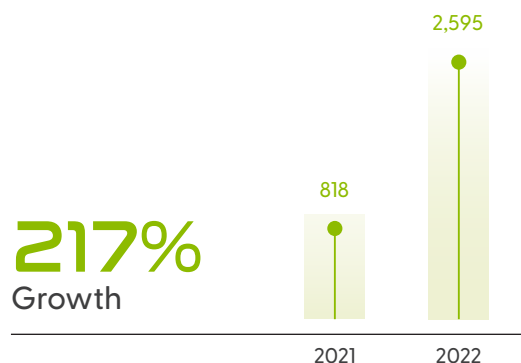
In order to increase the efficiency of the lot-based tracking process in inventory management and the warehouse management system, a project was initiated to transition to barcoded operation using handheld terminals.



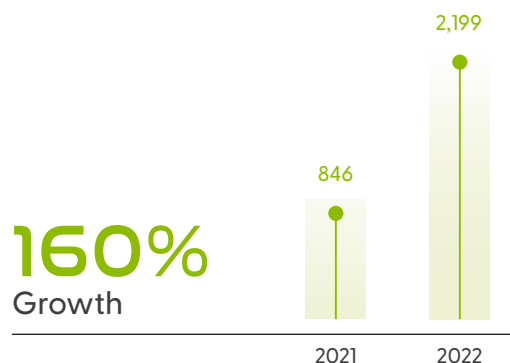
# Strong financial results achieved

Financial Indicators (TRY Million)	2021	2022
Total Assets	818	2,595
Net Sales	846	2,199
Total Equity	201	781
EBITDA	160	333
EBITDA Margin (%)	19	15

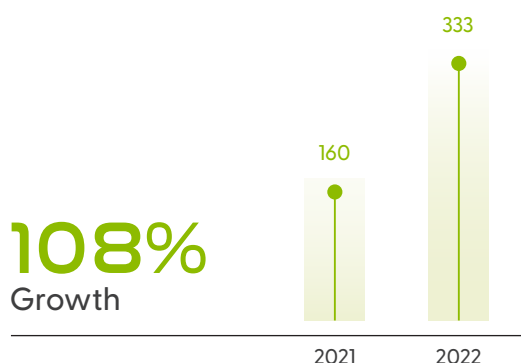
**Total Assets** (TRY Million)



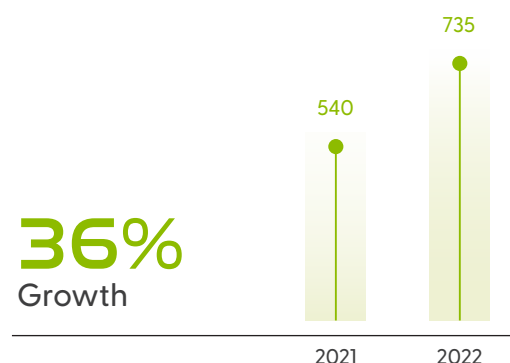
**Net Sales** (TRY Million)



**EBITDA** (TRY Million)



**Number of Employees** (Person)







## Capital Structure

Name/Title of Shareholder	Capital Share	%
Smart Holding A.Ş.	229,584,000	75.03
Publicly Traded	76,416,000	24.97
<b>TOTAL</b>	<b>306,000,000</b>	<b>100.00</b>

Following the increase of our Company's issued capital of TRY 127,500,000 to TRY 153,000,000, a total of 38,208,000 shares, including 25,500,000 Group B Bearer shares representing the increased capital and 12,708,000 Group B Bearer shares belonging to the Company's shareholder Smart Holding A.Ş., were offered to the public on 18.03.2022 and started to be traded on Borsa Istanbul on March 24 under the ticker SMRTG.

On 17.06.2022, it was decided to increase the issued capital of our Company amounting to TRY 153,000,000 to TRY 306,000,000, all of which will be covered from internal resources, and to issue 100% bonus shares to the shareholders.

The group information of the Company's shares is given below.

Share Group	Capital Share	%
Group A Registered	70,000,000	22.88
Group B Bearer	236,000,000	77.12
<b>TOTAL</b>	<b>306,000,000</b>	<b>100.00</b>

### TRADE REGISTRY INFORMATION

**Date of Establishment:** 11.08.2014

**Trade Registry Office:** Istanbul

**Trade Registry No.:** 934086-0

## Stock Performance

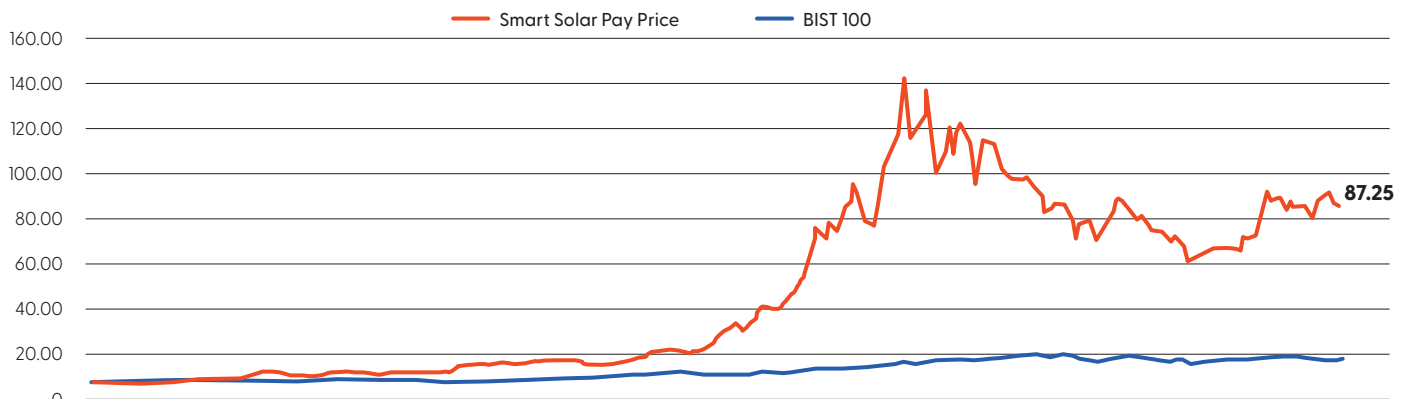
Smart Solar Technologies stocks started trading on March 24, 2022 with a price of TRY 14.00 under the ticker SMRTG. On October 24, 2022, 100% bonus share distribution was realized.

The stocks were traded at a minimum price of TRY 14 and a maximum price of TRY 141.6 (after separation).

SMRTG started to be traded in the BIST 100 Index as of October 1, 2022 and in the BIST 50 Index as of January 1, 2023.

The closing price on 31.12.2022 was realized as TRY 87.25 and is approximately 1,200% higher than the public offering price.

### Smart Solar Share Price and BIST 100 (Relative) Index Performance



Source: Rasyonet

# Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş.

## 2022 Corporate Governance Principles Compliance Report

### Statement of Compliance with Corporate Governance Principles

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş., which creates value and builds the future from today with its young and dynamic structure, strong corporate structure and culture, has built its relations with its management, shareholders, employees and third parties on the principles of equality, transparency, accountability and responsibility. The Company adopts and adheres to the corporate governance approach in order to maintain its success in its fields of activity and its position as one of the most important players in the market. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. adopts the "Corporate Governance Principles" determined under the Corporate Governance Communiqué (Communiqué) numbered II-17.1 of the Capital Markets Board and shows the necessary attention and care for the correct implementation of these principles. In this context, full compliance has been achieved with all the principles that are mandatory as per the Communiqué, and the non-mandatory principles are also largely fulfilled in accordance with the corporate structure of the Company. Believing in the importance and contribution of corporate governance, the Company management aims for full compliance with the non-mandatory Corporate Governance Principles and strives to comply with all of them. There have been no conflicts of interest arising from principles that have not yet been implemented or partially complied with. Our explanations regarding the non-mandatory principles that are not yet complied with or partially complied with are as follows:

**1.3.11.** While there is no article in the Articles of Association regulating the participation of stakeholders in the General Assembly, our employees also attended the 2021 Ordinary General Assembly Meeting together with the shareholders, and the General Assembly was broadcast live.

**1.4.2.** Within the Company's Articles of Association, shareholders holding registered Group A shares have the privilege to nominate candidates for the Board of Directors (election of ½ of the Board members among the candidates

nominated by Group A shareholders) and to vote (5 voting rights per share in the General Assembly of the Company) at the Ordinary and Extraordinary General Assembly meetings. All other shares have 1 voting right. There is no consideration for the removal of these privileges at this stage.

**1.5.2.** The Company's articles of association do not provide for the extension of minority rights to those who hold less than one-twentieth of the capital. The current practice of the minority rights for one-twentieth is considered to be sufficient for the protection of investor rights, and there are no plans to expand the scope.

**4.2.5.** While there is no provision in the articles of association regarding the clear separation of the powers of the chairman of the board of directors and the chief executive officer/general manager, the Chairman of the Board of Directors and the General Manager Responsible for Production of the Company are separate individuals.

**4.4.7.** There are no limitations on the external duties held by the Members of the Board of Directors. However, it is ensured that all members spare sufficient time for company management and decision-making processes.

**4.5.5.** Since the number of Board members is 11 and the number of independent members is 4, it is possible for our Board members to take part in more than one committee. As per the Corporate Governance Communiqué, Board members serve on more than one committee, regarding the requirement to elect the chairmen of the committees from among the independent board members, the number of committees to be formed and the knowledge and experience of the members. Members serving in more than one committee also facilitate communication and cooperation among committees. Competent individuals with expertise in related fields are appointed to the committees by taking into account the professions, knowledge and experience of the Board Members. The current structure does not prevent the committees from carrying out their duties effectively. In addition, it is ensured that the committees act in accordance with their legal authorities and responsibilities.

**4.6.5.** Salaries paid and all other benefits provided to the members of the Board of Directors and senior executives are collectively disclosed to the public via the annual report.

## SECTION I SHAREHOLDERS

### Shareholder Relations Unit

An "Investor Relations Department" has been established to carry out the Company's relations with shareholders. This duty is carried out on a full-time basis by our employees who hold Capital Market Activities Advanced Level License and Corporate Governance Rating Specialist License and are members of the Corporate Governance Committee. Contact information of the Investor Relations Department is given below:

**Investor Relations Manager: Alper Yücel**  
alper.yucel@smartsolar.com.tr +90 216 225 72 06

**Investor Relations Executive: Esra Taşçı**  
esra.tasci@smartsolar.com.tr +90 216 225 72 57

Address: Energy Plaza, Rüzgarlıbahçe, Feragat Sok. No: 2 K: 7 34805 Kavacık Beykoz - İSTANBUL/TÜRKİYE  
investorrelations@smartsolar.com.tr

The Investor Relations Department reports to our Company's Board Member responsible for Finance. The Investor Relations Department submits a report on its activities to the Board of Directors at least once a year.

### Shareholders' Right to Information

The Company's free float rate is 24.97%. In this context, care is taken to fulfill all kinds of meeting and interview requests received directly from institutional and individual investors as well as analysts and to respond to all kinds of questions received via e-mail, etc. within the existing legal limits. In 2022, 1 analyst meeting was held, interviews with a total of 13 analysts were conducted, and a total of 303 questions and clarification requests received from individual investors via e-mail were fulfilled in a timely manner.



# Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş.

## 2022 Corporate Governance Principles Compliance Report

The financial reports and statements regarding the interim financial results of our Company for the year 2022 were published on our website and announced on KAP. In 2022, material event disclosures required by the legislation were also disclosed to the public through KAP. During the period, there were no lawsuits or court decisions requiring material event disclosures.

The request for the appointment of a special auditor is not regulated as a right in the Company's Articles of Association, and there was no request for the appointment of a special auditor in 2022.

### General Assembly Meeting

The Ordinary General Assembly Meeting was held on 10.06.2022 at 10:30 a.m. and was also broadcast live via the electronic general assembly system "e-gks". Attendance rate to the meeting was realized as 75%. As stipulated by the relevant legislation and provisions of the articles of association, the invitation to the General Assembly meeting was made 3 weeks prior to the meeting date via the Trade Registry Gazette, KAP and our corporate website, together with the information form that will enable shareholders to access all information in a transparent manner and the samples of power of attorney for those who will represent themselves by proxy at the General Assembly meeting. No additional agenda proposals were submitted for the meeting. Board members, authorized persons who are responsible for preparing the financial statements and auditors were present at the meeting to provide necessary information and to answer questions.

At the General Assembly meeting, the chairman of the meeting paid attention to the issue of conveying the topics on the agenda in an impartial and detailed manner, with a clear and understandable method. Shareholders were given the opportunity to express their opinions and ask questions under equal conditions,

and all questions asked by shareholders at the general assembly meeting and not covered by trade secrets were answered directly. At the meeting, it was decided not to distribute the profit for 2021 due to existing investments, and the Company's Dividend Distribution, Disclosure and Donation and Aid Policies were approved. With a separate agenda item, information on donations and aids made in 2021 was provided to the General Assembly. Unanimity was achieved in all agenda items where voting was held at the General Assembly.

### Voting Rights and Minority Rights

In Ordinary and Extraordinary General Assembly meetings, shareholders holding registered Group A shares have 5 votes and all other shares have 1 vote right. Cumulative voting method is not included in the Company's Articles of Association. In addition, our Company does not have any shares listed abroad. Minority rights are recognized for shareholders representing at least 1/20<sup>th</sup> of our capital within the framework of the legislation.

### Dividends

The Company's dividend distribution policy was approved at the General Assembly Meeting held on 10.06.2022. Accordingly, as its Dividend Distribution Policy, the Company adopted distribution of minimum 25% of its distributable period profit calculated within the framework of Capital Markets Board regulations in cash and/or bonus shares. As long as the relevant regulations and financial possibilities allow, this policy is reviewed by the Board of Directors considering market expectations, national and global economic conditions, the Company's growth, investment and financing policies, profitability and cash position. Any changes to the Policy are also submitted for the approval of the shareholders at the first General Assembly meeting after the change and published on the Company's website. At the General Assembly Meeting, it was decided not to distribute the profit for 2021 due to existing investments.

### Share Transfer

All shares may be transferred freely in line with the provisions of the Turkish Commercial Code, Capital Markets Law and other relevant legislation.

## SECTION II PUBLIC DISCLOSURE AND TRANSPARENCY

### Information Policy

The Company's disclosure policy is available on our corporate website. The Board of Directors is responsible for the implementation of the disclosure policy. The purpose of the disclosure policy is to share Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret A.Ş.'s past performance, future expectations, strategies, necessary information and explanations that do not constitute trade secrets, goals and vision with the public, relevant authorities, current and potential investors and shareholders in an equal manner, and to provide a continuous, effective and open communication platform by both the investor relations and the corporate communication departments by disclosing the financial information of the Company in a simultaneous, full, fair, complete, clear, accurate, timely, understandable and easily accessible manner within the generally accepted financial reporting principles and Capital Markets Board regulations.

### Company Website

The address of the Company's corporate website is <https://www.smartsolar.com.tr>. The website has been organized in Turkish and English. Our corporate website complies with international standards and its content is constantly kept up-to-date. The "Investor Relations" section of the website contains various information and documents of interest to investors and stakeholders.

### Annual Report

Our Company's annual report is prepared in Turkish and English in a manner to ensure that our shareholders, the public and all other stakeholders have access to complete and accurate information about our Company's activities, in the content required by the Turkish Commercial Code and Capital Markets Legislation. Annual financial statements and footnotes, Corporate Governance Compliance Report and our disclosures on Sustainability Principles are included in our annual report. Our annual report is available on the Company's official website and on KAP.

## SECTION III STAKEHOLDERS

### Information to Stakeholders

The Company pays due care and attention to ensure that its employees and other stakeholders are informed in a timely and complete manner. Employees receive developments and information about the Company from the managers to whom they report and from announcements and notifications made by Human Resources throughout the Company. Company employees are provided with periodic trainings, particularly on health and safety. Due to the nature of the work carried out, Company employees, customers and other stakeholders are in constant face-to-face communication and are quickly informed on matters that concern them. The Company's website, which is constantly updated, also enables all stakeholders to obtain information.

### Participation of Stakeholders in Management

Our Company has adopted the principle of carefully and meticulously evaluating the feedback and suggestions received from its customers and suppliers always at the senior management level. Since our Company is in a very important position in the renewable energy sector, it is very careful and attentive to take into account the opinions, criticisms and feedback of its customer companies and institutions in the media in its decisions, practices and policies. It is a priority for the Company to ensure and sustain the targeted success and satisfaction of its customers and to produce fast and permanent solutions to their problems.

In order to ensure the participation of personnel at various levels in the management of the Company, management meetings are held with departmental representation, with the participation of department managers and senior executives, and opinions are exchanged on relevant issues at these meetings. The opinions, demands and expectations of employees, customer and suppliers are communicated to the Senior Management at these meetings. The decisions taken are implemented by the departments.

### Goal Alignment Workshop

The Company organized a Goal Alignment Workshop on August 13-14, 2022 with the participation of its Board Members and senior management teams. At the Workshop, priorities and short-, medium- and long-term goals of all departments were set in line with the Company's strategy.

### Human Resources Policy and Ethical Rules

The Company's business approach is shaped by the culture of being a company that respects human rights and offers its employees a comfortable, healthy, safe and productive work environment. The Company respects fundamental human rights in all business processes, does not employ child labor or forced labor, offers equal opportunities to all employees, stands against all forms of discrimination such as religion, language, age, color, ethnic origin, sexual orientation, disability and marital status, and provides equal opportunities in recruitment processes. Company employees have a high sense of belonging and responsibility. There are quite a lot of personnel working in the company for many years.

Talents who will be in management positions in the future of the Company, who can be promoted to positions critical for the continuity of the business or who can take part in different critical functions are identified, talent management practices are carried out to ensure their development and permanence. Young talents are given opportunities in recruitment and their development is monitored through on-the-job training. The main purpose of talent management is to identify candidates for succession plans, create a talent pool for promotion and rotation, and prepare new generations for management.

If employees have problems and suggestions, they convey these to their immediate managers, who in turn convey the matter to senior management when deemed necessary. Suggestions, recommendations, criticisms and feedback from employees are given great importance in the Company's operations. There have been no complaints from employees regarding discrimination.

Our Company has adopted a management approach that complies with the law and social ethical rules, is aware of the importance of social responsibility, values people, the environment and nature, and it supports the adoption of this approach by its employees. The ethical rules were formed in writing and disclosed to the public.

## SECTION IV BOARD OF DIRECTORS

### Structure and Composition of the Board of Directors

The business and administration of our Company are carried out by a Board of Directors consisting of 11 members. Five of the members are elected by the General Assembly from among the candidates to be nominated by the majority of Group (A) shareholders. All of the members to be nominated by Group (A) shareholders consist of members other than independent members. Members of the Board of Directors may be elected for a maximum term of three years, and members whose term of office expires may be re-elected. (Currently, all members of the Board of Directors were elected until 30.11.2024).

There are 4 independent members on the Board of Directors and each independent member has a written statement of independence. The members of the Board of Directors consist of individuals with a high level of knowledge and skills, competent in financial matters, qualified, with a certain level of experience and background, in accordance with the criteria set forth in the CMB's Corporate Governance Principles.

As of the current situation, the members of the Board of Directors do not engage in any transaction that may cause a conflict of interest with our Company and do not engage in any activity that may cause competition in the same fields of activity. There are 5 female members (45%) on our Company's Board of Directors. The Chairman of the Board of Directors and the Company's General Manager Responsible for Production are separate individuals.



# Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş.

## 2022 Corporate Governance Principles Compliance Report

### BOARD OF DIRECTORS

Name - Surname	Position	Duties Outside the Incorporation
Halil Demirdağ	Chairman	Chairman of the Board of Directors at Smart Holding and other Group companies
Hakan Akkoç	Vice Chairman	Smart Holding Board Member
Borga Karagülle	Vice Chairman	Smart Holding Board Member
Havva Köroğlu	Vice Chairman	Smart Holding Board Member
İhsan Şafak Balta	Member	Smart Holding Board Member
Filiz Avşar Aktaş	Member	Smart Solargize Yeşil Mobilite Energy A.Ş. Board Member
Cem Nuri Tezel	Member	Smart Holding Board Member
Mustafa Kemal Yılmaz	Independent Member	Tuzluca SPV Board Member / Faculty member and Dean of Faculty
Hülya Kurt	Independent Member	Consultant
Meliha Seyhan	Independent Member	Consultant
Bilgün Gürkan	Independent Member	Bank of Bahrain and Kuwait Türkiye Representative Country Manager

#### Board of Directors Operating Principles

The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting. This rule also applies if the Board of Directors convenes electronically.

A General Secretariat department is in place to inform the members of the Board of Directors about the meeting time and agenda and to ensure communication.

In 2022, a total of 11 Board of Directors meetings were held and all decisions were taken unanimously by the participating members. Average rate of attendance at board meetings is 90%.

The Board members of our Company do not have privileges such as weighted voting rights and/or negative veto rights. Our Company has an "Executive Liability Insurance" for our members of the Board of Directors and senior executives. Board members are paid monthly or annual attendance fees to be determined at the general assembly meetings. The Capital Markets Board and related regulations are taken into consideration in determining the remuneration for independent members. In the relevant period, there were no related party transactions submitted for the approval of the independent Board members.

#### Financial Rights Granted to the Members of the Board of Directors and the Managers with Administrative Responsibilities

In 2022, the total gross amount of salaries and similar benefits paid to the Group's Board Chairman and Vice Chairman and other key executives in the current period is TRY 6,014,625.46. A performance-based rewarding system is not applied in determining the financial rights provided to the Board members. The Company does not lend any funds or extend any loans to the Board members or executives, grant any personal loans through a third party, or extend any guarantees such as sureties in their favor.

#### Number, Structure, and Independence of the Committees Established under the Board of Directors

In order to fulfill the duties and responsibilities of the Board of Directors in a healthy manner, the Corporate Governance Committee, Audit Committee and Early Detection of Risk Committee were established in accordance with the Corporate Governance Principles of the Capital Markets Board. The duties of the Nomination Committee and the Remuneration Committee, which must be established in accordance with the legislation on corporate governance principles, are carried out within the Corporate Governance Committee. In addition, within the framework of our Company's sustainability policy, a Sustainability Committee was established. All committees are chaired by independent board members. Considering the total number of Board members, independent board members also serve on different committees.

#### AUDIT COMMITTEE

The Audit Committee was established to oversee the operation of the Company's accounting and reporting systems in line with applicable laws, rules and regulations, the public disclosure of financial information, and the effective functioning of the independent audit and internal control systems. The Committee notifies the Board of Directors in writing of its evaluations on the factuality and accuracy of the annual and interim financial statements and their compliance with the Company's accounting principles, taking into account the opinions of the Company's management and independent auditors. The Committee's duties and responsibilities include:

- Conducting assessments for the selection of the independent audit company, making a recommendation and presentation to the Board of Directors;
- Evaluating compliance of financial statements and their footnotes to be disclosed to the public with legal and regulatory requirements and international reporting standards;
- Monitoring the operation and effectiveness of the Company's accounting system, public announcement of financial information, independent audit, and the internal control system;
- Examining and finalizing complaints related to the Company's accounting, internal control system, and independent audit.

The Audit Committee consists of at least two members who are elected from among Independent Board Members.

#### Audit Committee

Meliha Seyhan	Chairwoman
Hülya Kurt	Member
Bilgün Gürkan	Member
Mustafa Kemal Yılmaz	Member

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly, if deemed necessary. In meetings held during 2022, the Audit Committee received information about periodically conducted audit activities, decided whether to expand or narrow the scope of audit activities and made resolutions on amendments to the annual plan. The Committee also provided support to the Board of Directors during the selection of the independent audit firm.

#### CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee;

- Determines whether the corporate governance principles are implemented in the company; if not, determines the rationale and conflicts of interest emerging due to failure in completely complying with these principles,
- Makes recommendations to Board of Directors to improve corporate management practices, and
- Supervises the works of the Investor Relations Department.

The Corporate Governance Committee convenes as often as required by the duties assigned to it. In 2022, the Committee oversaw the Company's compliance with the Corporate Governance Principles set forth in the Communiqué on the Determination and Implementation of the Corporate Governance Principles; investigated the reasons for non-compliance with certain principles; identified the incompatibilities resulting from incomplete compliance; took remedial measures.

The duties of the Nomination Committee and the Remuneration Committee are performed by the Corporate Governance Committee as well. The Committee supports the Board of Directors with respect to the determination and evaluation of the appropriate candidates for Board membership and managerial positions with executive function.

#### Corporate Governance Committee

Mustafa Kemal Yılmaz	Chairman
Meliha Seyhan	Member
Bilgün Gürkan	Member
Hülya Kurt	Member
Esra Taşçı	Member

#### EARLY DETECTION OF RISK COMMITTEE

The Early Risk Assessment Committee, which reports to the Board of Directors, is responsible for determining at an early stage all the operational, strategic, financial and compliance risks that may jeopardize the Company's existence, development and continuity; taking the necessary measures concerning the risks thus identified; developing the necessary policies to execute the risk management processes; managing and reporting risks in accordance with the Company's risk taking profile.

The Committee is established and authorized by the Board of Directors in accordance with the Company's Articles of Association and applicable legislation. It convenes as often as required by the duties assigned to it, evaluates the situation in its reports to the Board of Directors, points out any threats and recommends solutions.

#### Early Detection of Risk Committee

Bilgün Gürkan	Chairwoman
Mustafa Kemal Yılmaz	Member
Cem Nuri Tezel	Member
Hülya Kurt	Member

#### SUSTAINABILITY COMMITTEE

The Sustainability Committee was established to oversee the sustainability principles introduced by the Capital Markets Board's "Communiqué (II-17.1.a) on the Amendment of the Corporate

Governance Communiqué (II-17.1)" and the implementation of which is based on a voluntary basis, to carry out Environmental, Social and Corporate Governance (ESG) studies within the Sustainability Principles Compliance Framework announced by the Board, to establish the necessary policies, to implement and monitor the policies, and to carry out the necessary studies within the Sustainability Principles Compliance Framework in accordance with the Company's activities.

#### Sustainability Committee

Hülya Kurt	Chairwoman
Mustafa Kemal Yılmaz	Member
Filiz Avşar Aktaş	Member

Within the Committee's work, consultancy was obtained from Escarus for the establishment of the Sustainability Management System in 2022 and the necessary documents were prepared to strengthen the Company's structure on sustainability policy.

#### POLICIES AND CODE OF ETHICS

For detailed information on the policies and principles below, please visit the Corporate Governance page under [www.smartsolar.com.tr](http://www.smartsolar.com.tr).

Disclosure Policy-SMART-BILGILENDİRME-POLİTİKASI.pdf ([smartsolar.com.tr](http://smartsolar.com.tr))  
Donation and Aid Policy-SMART-BAGIŞ-VE-YARDIM-POLİTİKASI.pdf ([smartsolar.com.tr](http://smartsolar.com.tr))  
Remuneration Policy-ucetlendirme-politikasi.pdf ([smartsolar.com.tr](http://smartsolar.com.tr))  
Dividend Distribution Policy-Kar-Dagitim-Politikasi.pdf ([smartsolar.com.tr](http://smartsolar.com.tr))  
Code of Ethics-is-etigi-kurallari.pdf ([smartsolar.com.tr](http://smartsolar.com.tr))

The Company's "Corporate Governance Compliance Report" and "Corporate Governance Information Form" for the year 2022 were published on the Corporate Website ([www.kap.org.tr](http://www.kap.org.tr)) of the Public Disclosure Platform on 09.03.2023, in accordance with the CMB's decision dated 10.01.2019 and numbered 2/49. The relevant report and information form can be accessed by selecting the company name, notification type and subject (Corporate Governance Compliance Report) from the detailed query field from the notification inquiries tab.



## Internal Audit Activities

### INTERNAL AUDIT

Internal Audit is an independent and objective internal assurance and consultancy activity that aims to improve the Company's operations and add value. Within the Internal Audit activities, the design and effectiveness of the Company's internal control, governance and risk management processes are evaluated, and activities are carried out to improve them.

### Scope of Internal Audit Activity

The scope of Internal Audit activity includes;

- Appropriately addressing and assessing significant risks to the organization, including monitoring and evaluating the effectiveness of the Company's risk management system;
- Reviewing the reliability and integrity of financial and business information and examining the tools used to measure, classify and report this information;
- Reviewing systems set up to ensure compliance with policies, plans, procedures and regulations;
- Reviewing asset protection tools and verifying their existence as appropriate;
- Reviewing and valuating the financial system where the resources are allocated, and the efficiency of this system;
- Reviewing the processes in place to determine whether the activities are consistent with established goals and objectives and whether operations or programs are carried out as planned;
- Reviewing how key risks arising from legal or regulatory rules are addressed for the Company;
- Reviewing the procedures determined at the request of the Executive Committee;
- Assuming a support role in identifying opportunities to improve management control, profitability and Company alignment and reputation;
- Carrying out the assurance activities specified in the Audit Plan, assignments approved by the Audit Committee and/or requested by the Executive Committee, additional audit and assurance activities or special projects as appropriate;
- Performing and reporting audits in accordance with the scope of internal audit activities and carrying out the necessary follow-up procedures.

## Changes between the Period-End and the Issuance of the Report



An Investment Incentive Certificate with a total fixed investment amount of TRY 1,994,972,280 was obtained from the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Industry and Technology of the Republic of Türkiye for the investment of 100MWe Bor-1 Solar Power Plant (SPP) project by Smart GES Üretim A.Ş., a 100% subsidiary of our Company, to be used in a fully new investment. The support elements stipulated in the said Investment Incentive Certificate are “VAT Exemption” and “Customs duty exemption”.

Within the scope of the sponsorship agreement between our Company and Fenerbahçe SK, ‘Smart Güneş Enerjisi Teknolojileri AR-GE Üretim San. ve Tic. A.Ş.’ became the ‘Official Sponsor’ of Fenerbahçe Alagöz Holding Women’s Basketball A Team for the remainder of the 2022-2023 Women’s Basketball Season.

In February 2023, Mr. Halil Demirdağ became a member of TÜSIAD.

In line with our Company’s overseas business and project development targets, it was decided to establish a new company with the title SMART GUNES TECNOLOGIAS RENOVABLES, SOCIEDAD LIMITADA, which will operate in the field of solar energy technologies in Spain, with

a capital of EUR 50,000.00 (fifty thousand EUROS) and to become a legal person partner by participating in the capital of the new company to be established with 100% capital share.

In line with our Company’s long-term strategies to become a global player, it was decided to establish a new company under the title of Smart Global Enterprises & Trading BV, located in the Netherlands, with a capital of EUR 50,000.00 (fifty thousand EUROS), within the framework of establishing its operational capability and financial strength under a more efficient and financially stronger centralized roof structure abroad, and to become a legal person partner by participating in the capital of the new company to be established with 100% capital share.

A donation of TRY 3 million was made to AFAD for the earthquake disaster in February 2023.

An application was made to the Capital Markets Board today for the approval of the attached amendment text amending Article 6 “Capital” of the Company’s Articles of Association to increase the registered capital ceiling from TRY 400,000,000 (four hundred million Turkish Liras) to TRY 2,000,000,000 (two billion Turkish Liras).

Based on the authorization granted with the Articles of Association of our Company and in accordance with the provisions of the Capital Markets Board’s Communiqué on Debt Instruments (VII-128.8), the necessary permission application was made to the Capital Markets Board on 06.02.2023 by our Board of Directors as per the decision taken for the issuance of debt instruments in Turkish Lira with various maturities up to 5 (five) years in an amount not exceeding TRY 300,000,000 (three hundred million Turkish Liras), in one or more times, to be sold to qualified investors in the country, without public offering.

The Board of Directors of our Company decided to authorize the relevant units of the Company to buy back the Company’s shares in order to eliminate the negative effects that the price movements regarding the shares of our Company traded on Borsa İstanbul A.Ş. with the ticker SMRTG may have on our investors in the short term, to ensure price stability in the share value, to support healthy price formation and to protect the shareholders.

An Investment Incentive Certificate with a total fixed investment amount of TRY 1,994,972,280 was obtained on 04.01.2023 by Smart GES Üretim A.Ş., a 100% subsidiary of our Company, to be used in a fully new investment, from the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Industry and Technology of the Republic of Türkiye, for the investment of 100 MWe (Bor-1) solar power-based electricity generation plant that the Energy Market Regulatory Authority (EMRA) aims to establish in the Niğde Bor region. The support elements stipulated in the said Investment Incentive Certificate are “VAT Exemption” and “Customs duty exemption”.

In February, Smart Solargize Yeşil Mobilite Enerji A.Ş. received the charging network operator license for 49 years with the decision taken by EMRA on 23.02.2023.

In March 2023, the first panel production was realized at the Aliğa production facility.



## Amendments to Legislation in 2022

### Legislative Amendments Regarding Energy Market Notifications

With the legislative amendments within this scope, those producing electricity from renewable energy sources were able to benefit from the domestic price for the capacity increases after 30/6/2021 as of the date of commissioning, the registration procedures of the goods and real rights owned by electricity distribution and transmission companies were changed, the principles on the preliminary license of legal entities that undertake to establish electricity storage facilities were determined, and the conditions of capacity increase were rearranged.

### Related Legislative Amendments are as follows:

- With the Law on the Amendment of Certain Laws valid from 06.01.2022 and numbered 7350 published in the Official Gazette dated 11.01.2022 and numbered 31716, it was determined that the assets owned by the institutions and organizations working in the field of electricity distribution and electricity transmission activities could be registered in the name of TEİAŞ and TEDAŞ General Directorates upon request, by adding an additional article to the Electricity Market Law No. 6446.
  - With the Law on the Amendment of Certain Laws valid from 06.01.2022 and numbered 7350 published in the Official Gazette dated 11.01.2022 and numbered 31716, it was stipulated that capacity increases that entered into operation as of 30/06/2021 could benefit from the domestic contribution share as of the date of entry into operation by amending Article 6/C of the Law No. 5346 on the Use of Renewable Energy Resources for the Purpose of Electricity Generation.
  - Additions were made to Article 7 of the Electricity Market Law No. 6446, with the Law No. 7417 valid from 01.07.2022 on the Amendment of the Civil Servants Law as well as Certain Laws, and of the Decree No. 375, published in the Official Gazette dated 05.07.2022 and numbered 31887. According to this amendment, it was stipulated that legal entities that undertook to establish an electricity storage facility would be granted a preliminary license by the Authority for the establishment of an electricity generation facility based on wind and/or solar energy up to the installed capacity of the electricity storage facility they undertook to establish, and the conditions for capacity increase were rearranged.
- ### Other Amendments
- With the Regulation Amending the Electricity Market Connection and System Utilization Regulation published in the Official Gazette dated 08.09.2022 and numbered 31947, the qualifications of the connection lines in connection requests for agricultural activities and production facilities were regulated.
  - For the purpose of determining the principles and procedures for immovable accommodation in electricity, natural gas and petroleum markets by the Authority as well as the rights and obligations of preliminary license and license holders arising from the purchase of immovable properties, the Regulation on Immovable Accommodation to be Carried out by the Energy Market Regulatory Authority was published on the Official Gazette no. 31679 on 02.11.2021.
  - With the Regulation Amending the Electricity Market License Regulation published in the Official Gazette dated 19.11.2022 and numbered 32018, amendments were made to the Electricity Market License Regulation published in the Official Gazette dated 02.11.2013 and numbered 28809. With these amendments, the license conditions for the activities of legal entities, the application conditions for YEKA and electricity generation facilities with storage, and the provisions regarding the guarantees of electricity generation facilities with storage were amended.
  - With the Regulation Amending the Electricity Market Balancing and Settlement Regulation published in the Official Gazette dated 19.11.2022 and numbered 32018, it was stipulated that the electric energy supplied by the generation and electricity storage unit or facility to the electricity distribution system would not be taken into account in the settlement calculations.

## **Information Regarding the Lawsuits against the Company, which Could Affect its Financial Situation and Activities, and Their Possible Consequences**

In the 01.01.2022–31.12.2022 period, there are no lawsuits that were brought against the Company and may affect the Company's financial status and activities.

## **Disclosures on Administrative or Judicial Sanctions Imposed on the Company and Board Members for Acts Contrary to Legislative Provisions**

None.

## **Repurchased Own Shares by the Company**

None.



## Assessment of the Board of Directors

### RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS

Smart Solar Technologies Board of Directors is responsible for determining and monitoring the overall risk management framework of the Company. The Board of Directors formed the Early Risk Detection Committee to oversee the development and monitoring of the Company's risk management policies.

The Company pursues an effective risk management policy to prevent and mitigate all risks. The risk management philosophy is based on the core principles of protecting asset value, ensuring operational safety and pursuing sustainability.

Risk management policies are designed to identify and analyze potential risks, determine suitable risk limits and establish relevant controls, and monitor risks as well as the correlation between risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in the Company's activities and evolving market conditions. By administering training and adhering to management standards and procedures, the Company aims to develop a disciplined and productive control environment where all employees understand their respective roles and responsibilities.

Financial risks faced by the Company are managed in a centralized fashion. The Company's financial risks and opportunities are effectively managed via policy revisions, when deemed necessary. Hedging instruments are purchased when appropriate, in line with policies determined by upper management to minimize risk exposure.

The Early Risk Detection Committee, which convenes under the Chairmanship of the Independent Board Member, also carries out studies to identify risks and take action. The Committee executes activities to identify and implement the necessary measures regarding potential risks, manage these within the framework of the risk management system, and report the results to the Board of Directors.

Operating in an investment-intensive industry, the Company has financed some of its investments through bank loans. Therefore, liquidity, currency and interest rate risk positions and market developments are monitored regularly.

The Company continues analyzing and prioritizing market risks, using methodologies in compliance with its strategic objectives, in order to reach its operational and financial profitability targets. Operationally, the Company carries no foreign exchange risk. However, the project financing loans used for investments are in foreign currency, which can lead to foreign exchange losses. It determines targets to find financing sources for projects to bring FX-based EBITDA with higher profit margins.

In parallel with the growth and development realized over the years based on the Company's activities and successful operations, financial results were positive, with an increase in sales and profitability. In line with this growth, the Company's assets increased and there was an increase in operating capital items. Our Company's product sales and raw material purchases are denominated in foreign currency, and in addition to operational growth, foreign currency-based activities also had an impact on growth.

Our Company's 2022 year-end revenue increased by 160% compared to the previous year and amounted to TRY 2.2 Billion.

Our Company's sales volumes have been steadily increasing over the years. Capacity increases in production and services, productivity growth, increased interest in renewable energy and solar energy in our country and across the world, and increased reputation and competency of our Company in Türkiye and abroad are among the main reasons for this increase. In parallel, gross profitability also increased. As of the end of 2022, it reached TRY 366.1 Million with an increase of 172% compared to the previous period.

As a result of successful and effective management of activities and operations, the Company's Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by 108% to TRY 333.1 million at the end of 2022. (2021: TRY 159.9 Million)

2022 year-end operating profit before Financing expenses increased by 116% to TRY 299.4 million compared to 2021 year-end. Despite higher financing expenses due to investments, consolidated net income increased by 183% to TRY 238.9 Million at the end of 2022, following a successful and efficient operational and financial performance. Similarly, consolidated net profit attributable to the parent company increased by 210% to TRY 248.06 Million at the end of 2022.

Our Company generally needs cash to meet its operating capital needs and to finance its investments on capacity increase in line with its strategy and aims to finance this capital need mainly with cash generated from its operations. As of December 31, 2022, the ratio of our Company's total financial borrowings to its total assets was 14.2% (December 31, 2021: 21.7%).

Our Company strengthened its balance sheet and equity after the Public Offering in 2022 and will maintain its successful financial and operational performance by increasing its investments and carrying out more effective management of operational capital.

#### **ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMMITTEES**

Within the scope of Corporate Governance Principle no. 4.5 in the Capital Markets Board's Corporate Governance Communiqué no. II-17.1; the Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee carry out their activities under the Board of Directors. In addition, the Sustainability Committee was established to oversee the sustainability principles introduced by the Capital Markets Board's "Communiqué (II-17.1.a) on the Amendment of the Corporate Governance Communiqué (II-17.1)" and the implementation of which is based on a voluntary basis, to carry out Environmental, Social and Corporate Governance (ESG) studies in the Company within the Sustainability Principles Compliance Framework announced by the Board, to establish the necessary policies, to implement and monitor the policies, and to carry out the necessary studies within the Sustainability Principles Compliance Framework in accordance with the Company's activities. The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. Other Committees convene as often as required by the duties assigned to them. The Committees closely examined and discussed key issues such as audit, corporate governance, risks and strategies, and presented recommendations on these to the Board of Directors. For detailed information on the committees and their working principles, please visit the Company's website at the address [www.smartsolar.com/tr](http://www.smartsolar.com/tr).

#### **ASSESSMENT OF THE BOARD OF DIRECTORS ON THE INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT PRACTICES**

It is aimed to inform the Board of Directors that the internal audit activities by Smart Holding Internal Audit Department and the activities of the Company and its subsidiaries are carried out in line with laws, relevant legislation and internal strategies, policies and procedures, and to express opinions on the efficiency and sufficiency of internal control and risk management systems. The audit studies, it is aimed to develop business processes and create added value for the Company by presenting opinions and recommendations for taking regulatory and preventive measures, protecting corporate assets, increasing operational efficiency and establishing systematic developments. The results of the audit activities carried out during the year are presented to the Board of Directors.



## Rating Notes

As a result of the assessment made by JCR Avrasya Derecelendirme A.Ş., the Company's ratings are as follows:

Long-term National Issuer Credit Rating:	A+ (tr) / (Stable Outlook)
Short-term National Issuer Credit Rating:	J1 (tr) / (Stable Outlook)
Long-term International Foreign Currency Issuer Credit Rating:	BB / (Stable Outlook)
Short-term International Foreign Currency Issuer Credit Rating:	J3 / (Stable Outlook)
Long-term International Local Currency Issuer Credit Rating:	BB / (Stable Outlook)
Short-term International Local Currency Issuer Credit Rating:	J3 / (Stable Outlook)

## Donations and Aids, Our Sponsorships, Awards Received

Smart Solar Technologies sponsors value-creating projects that unite stakeholders in Türkiye and across the world.

Sponsorships in 2022 were as follows:

- Turkish Footgolf League Grand Final Participating Sponsor
- GENSED 18<sup>th</sup> SPP Application Seminar on Industrial Rooftops sponsor
- Turkish Physical Society 38<sup>th</sup> International Physics Congress sponsorship
- Private Adem Ceylan Final Technical College 'Solar Workshop' sponsorship

### Awards:

- The Company was recognized as one of the fastest growing technology companies in Deloitte Technology Fast 50 Türkiye and received the BIG STARS award.
- The Company was granted the "Solar Champion" seal by Joint Forces for Solar.
- The Company received the Industrialist and Businessman Special Honor Award at the Turkish Physical Society's 38<sup>th</sup> International Physics Congress.
- The Company was granted the 'Top Brand PV Europe' award in the EPC category by EUPD Research.

### Panel Donations:

- TÜBİTAK Photovoltaic Solar Panel 450 W Monoperc Bigcell Halfcut-223 Pieces
- LÖSEV Solar Panels (Complete with all accessories) (450 Wp)-37 Pieces
- Rize Municipality Photovoltaic Solar Panel 450 W Monoperc-170 Pieces



## Amendments to the Articles of Association

The Company's issued capital was increased from TRY 127,500,000.00 to TRY 153,000,000.00 according to the amendment text of the Articles of Association approved by the CMB on June 3, 2022. Accordingly, Group A registered shares remained unchanged at 35,000,000 and Group B bearer shares were increased from 92,500,000 to 118,000,000.

According to the amendment text of the Articles of Association approved by the CMB on October 17, 2022, the Company's issued capital was increased from TRY 153,000,000.00 to TRY 306,000,000.00. Accordingly, Group A registered shares were increased from 35,000,000 to 70,000,000 and Group B bearer shares were increased from 118,000,000 to 236,000,000.

## Invictus Project

The Invictus Project, which was implemented with the aim of reworking the organizational structure of Smart Solar Technologies and the functioning of its business processes in a way to respond to long-term needs and to move towards sustainability, aimed both the corporate transformation of the Company and the contribution of employees to their own development by taking part in different projects within this corporate structure.

The first phase of the Invictus Project, entitled "Organizational Alignment and Target Process Design," was carried out by Ernst & Young and continued with the follow-up project initiated immediately afterwards. This project, which is just one of the works carried out within the framework of the needs of the Company, which is undergoing a rapid and continuous growth, is being carried out and followed by regular weekly meetings with the intensive contributions of project solution partners, all departments and the project team, with the aim of implementing a total of 195 target processes within and/or outside the ERP, together with the processes drawn from scratch.

The Invictus Project, which includes activities to standardize and document corporate processes and is an extremely important step in the institutionalization journey, is carried out under the leadership of Havva Köroğlu, Vice Chairman of the Board of Directors, the project sponsor, under the close supervision of senior management.



# Sustainability Governance

While placing sustainability at the center of the company, we aim to structure our strategy, business conduct and governance processes by taking into account the entire production and supply chain as well.



**Hülya Kurt**  
Sustainability Committee Chairwoman

Sustainability cannot be achieved by simply adding the words “green” or “sustainability” to the discourse, becoming a member of certain initiatives or carrying out social responsibility projects; it is necessary to build sustainable structures in this way and to take systematic steps to ensure sustainability in real terms.

It is possible to be successful in sustainability by integrating this phenomenon into your business model, strategy and governance system, measuring it with metric systems, reporting it, setting targets and ensuring continuous improvement, rather than knowing the subject on a basis of theoretical approaches and clichés. From this point of view, sustainability requires a long-term perspective in technical, social, financial and managerial dimensions and needs to be structured in the light of the dynamics of the sector in which each company operates.

As Smart Solar Technologies, while placing sustainability at the center of the company, we aim to structure our strategy, business conduct and governance processes by taking into account the entire production

and supply chain as well. We thus aim to achieve a sustainable management system by internalizing the concept of sustainability in all aspects and integrating it into our business model. What is important for us is to build a sustainable future together with all our stakeholders in our sector by adopting sustainability values and to make it sustainable to create value with our high-tech products and services in the investment, engineering and production stages with solar technologies that we turn to.

We took the first step towards this goal by establishing the Sustainability Committee at the beginning of 2022. We then started to structure the ‘Smart Sustainability Management System’ to cover all processes within the Company. As Smart, we created our roadmap in line with our priorities and goals on sustainability. We will prepare our first Sustainability report in 2023 and share it with our customers, suppliers and valuable stakeholders of the renewable energy and solar technology sectors.

As Smart Solar Technologies, we are aware that climate change management can be realized through green transformation in energy and that solar power generation and solar technology in green-oriented development is significant. With this awareness, we strengthen our work with a sustainability management system with the belief that producing value based on green technologies will contribute positively to the green energy transformation of our country and the world. We are excited to share our sustainability policies and our sustainability governance experiences with all our stakeholders in the coming periods.

Our aim is to create solutions for a more sustainable world in the future and to create shared values with our stakeholders in this process.







# Sustainability Policy

We follow national and international standards and practices to reduce our ecological footprint by protecting the environment and biodiversity in our value chain.

## GREEN TECHNOLOGY-ORIENTED ENERGY TRANSFORMATION

As Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret A.Ş. ("Company"), we have been carrying out our activities since the first day of our establishment by creating value with the aim of a green future by considering nature and the ecosystem, supporting the sustainable development of our country by contributing to domestic production, sustaining our leadership in the market by following technological developments, and leading the sector in the national and international arena by developing business models in the light of stakeholder values. We see sustainability as the most important part of our corporate approach in this journey which we have embarked on with the slogan "We Are Facing the Sun" for the green technology-oriented energy transformation of our country and the world. Accordingly, we identify our sustainability priorities and treat sustainability as a strategic business model.

Within the framework of our Sustainability Policy;

- In the renewable energy technologies sector, which is our core business, we contribute to economic growth in the countries we serve, promote economic, efficient, green and clean energy, and support sustainable development with our innovative and high-tech applications.
- We continuously monitor our Company's sustainability activities and performance through the Sustainability Committee, set future-oriented goals and build sustainability as a strategic business model.
- We aim to carry out all our activities in line with all United Nations Sustainable Development Goals, particularly accessible and clean energy, decent work and economic growth, gender equality, industry, innovation and infrastructure, responsible production and consumption, sustainable cities and communities and climate action.

- We act in accordance with ethical principles and national and international standards as well as all applicable laws and regulations in all geographies and sectors in which we operate.
- We adopt a continuous improvement approach in line with the targets we set and continue to be a technology pioneer offering integrated solutions with the R&D investments we realized and targeted.
- We continuously monitor developments in environmental, social and corporate governance areas, and maintain our opinion leadership role by taking an active role in relevant national and international initiatives and memberships.
- We consider the economic, environmental and social impacts we create in all our operations and value chain while at the same time observing a balance between economic benefit and social responsibility.
- In order to become a net zero company in the fight against climate change, we ensure resource efficiency in our production processes, calculate our greenhouse gas emissions and develop targets and projects to reduce them.
- We follow national and international standards and practices to reduce our ecological footprint by protecting the environment and biodiversity in our value chain.
- We strive to create a work environment that respects human rights, continuously improves social justice and labor rights, and provides the most appropriate conditions in light of the importance of occupational health and safety.
- We support equality of opportunity in all our activities and care about creating opportunities for the employment of women, youth and disadvantaged groups in order to prevent discrimination.



- As part of our sustainable goals and activities, we were entitled to receive the “RESPECT FOR HUMAN RIGHTS” certificate for the years 2023–2024, which we applied for in June within the framework of our Human Rights Policy, which is based on human rights documents adopted on national and international platforms and complies with the United Nations (UN) Universal Declaration of Human Rights, the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work and national legal texts.
- In order to manage our impacts on the environment and society, we support the sustainable development of our stakeholders, act in cooperation with them and grow together with a win-win approach.
- We communicate closely with all our stakeholders in line with the principle of transparency and share our strategies and activities that we have determined in line with sustainability.
- We act with a continuous development perspective and strive to improve our product and service quality in order to ensure the satisfaction of our customers, which is one of our highest priorities, and to enhance communication.

- In order to support the community, we carry out corporate social responsibility projects, establish collaborations with different institutions and organizations, and work to raise the awareness of local people on sustainability.
- We closely follow national and international developments in the field of sustainability and constantly update our sustainability strategy in light of these developments.
- We organize regular trainings to raise employee awareness to ensure that sustainability is internalized as part of our corporate culture, and we constantly inform our employees about our sustainability goals and targets.
- Since 2020, we have been raising public awareness on clean energy, solar energy and technologies through our ongoing “Smart Academy” project, and we implement projects for employment and equality with vocational schools and NGOs.
- We contribute to the circular economy by reducing waste generation from all our operations, continuing to ensure that waste is recycled into the economy.

This Sustainability Policy was adopted and put into practice with the Board of Directors Decision dated **23/11/2022** and numbered **2022/46**. The Policy is regularly reviewed and updated when deemed necessary.

**We closely follow national and international developments in the field of sustainability and constantly update our sustainability strategy in light of these developments.**



# Smart Contribution to Sustainable Development Goals

As a member of the Green Collar Women Association established by TWRE Turkish Women in Renewables and Energy Network, an inclusion movement in the energy sector, we aim to develop projects to address gender inequality.



The United Nations Sustainable Development Goals (SDGs) serve as a guide for organizations globally to assess their impact on sustainable development. Smart Solar Technologies evaluates its activities within the framework of SDGs.

With its equal pay for equal work policy, Smart Solar Technologies has been providing a fair working and promotion environment for its female employees since the first day of its establishment.

## SDG 5: Gender Inequality

The Company supports women's participation in the economy by increasing and maintaining the proportion of women in administrative and labor staff to 49%. With 45% women on its Board of Directors, it sets an example for other energy companies. As a member of the Green Collar Women Association established by TWRE Turkish Women in Renewables and Energy Network, an inclusion movement in the energy sector, the Company aims to develop projects to address gender inequality and completed required preliminary preparations for access to young women who study, work and want to work in STEM (Science Technology Engineering and Mathematics) fields and for training, internship and scholarship opportunities for them.

According to the Gender Equality in the Energy Sector Report prepared by GIZ and TWRE, the rate of female employees in the Renewable Energy sector in Türkiye is only 15%. Smart Solar Technologies outperforms the aforementioned data with a rate of 49%.

With its sponsorship of the Fenerbahçe Women's Basketball Team for the years 2022-2023, Smart Solar Technologies has once again shown its sensitivity to social issues and its vision on women's issues to the women's team, which won 16 league championships and 12 Turkish Cup Championships as well as to sports fans.

## SDG 7: Affordable and Clean Energy

The Company is making the necessary technology and industrial investments to ensure that everyone has access to affordable, reliable and high quality solar panels with low authorized energy costs by 2030. The efficient solar panels developed and produced directly contribute to the global renewable energy sector as well. In order to accelerate the energy transformation in Türkiye and the world, the Company continues to participate in engineering, implementation and investment. It is planned to contribute to energy independence by sending second-hand panels that will come as a result of solar panel renewal for capacity increase with the established power plants to developing countries. This contributes to the global circular economy.

## SDG 8: Decent Work and Economic Growth

Monthly Energy allowance has been provided to all employees to cope with the economic difficulties caused by the energy crisis and pandemic and this will continue to be provided in 2023 as well. As a high value-added technology company, Smart Solar Technologies' new solar panel and cell investment in Aliğa contributes to the development and growth of the solar ecosystem in İzmir. It will provide employment opportunities for more than 1,000 people.



#### **SDG 9: Industry, Innovation and Infrastructure**

Efforts are underway to build resilient infrastructures, promote inclusive and sustainable industrialization and strengthen innovativeness.

The total employment rate in the solar panel manufacturing industry is being raised.

The Company has established quality, reliable, sustainable and resilient infrastructures at its factories in Istanbul and Izmir to support the well-being of society.

It has been determined to realize sustainable industrialization that is inclusive of company targets and to increase the employment and gross domestic product share of the industry by 2030 in line with national conditions.

Environmental awareness was maintained by zeroing the carbon emitted from the electricity consumed for the products manufactured in the factories with the clean electricity generated from the Company's Solar Power Plants. Digital transformation was initiated in the Company, resulting in increased efficiency and carbon reduction.

#### **SDG 11: Sustainable Cities**

Rooftop SPP projects were installed for many industrialists to establish energy independent and distributed energy systems.

With more than 1000 MW of projects, the Country contributed to the transition of 2,200,000 households to clean energy.

The Company set an example by introducing factory production waste into the circular economy.

EV Electric Vehicles Charging stations contribute to Türkiye's clean energy transformation in transportation.

#### **SDG 13: Climate Action:**

By investing in solar energy technologies, which have a very important place in the fight against climate change, we have contributed to Türkiye's and the world's climate fight.

The Company pioneered the spread of clean energy to the grassroots with information, publications and trainings.

Key Performance Indicators (KPIs) (greenhouse gas emissions, energy consumption, water consumption, human resources, social benefits, women's employment, diversity/inclusiveness, etc.) for current targets and international standards (UN SDG, GRI, CDP, etc.) will be integrated into the Sustainability Management System to be established in 2023, and infrastructure will be created for the sustainability targets to be set by both Smart Solar Technologies and its companies in the future. It is planned that the specified sustainability targets will be broken down from top to bottom across Smart Solar Technologies and its companies and turned into performance targets on a function and even individual basis, thus integrating sustainability performance into employee performance.

**EV Electric Vehicles Charging stations contribute to Türkiye's clean energy transformation in transportation.**



# Gender Inequality

As part of the Smart Academy, a seminar on “Green Deal and Solar Energy Practices” was held at the Kocaeli Chamber of Industry on December 9, 2022, reaching chamber members, industrialists, academia and students.

The Company increased female employment and employed more women in management staff. It aims to increase the rate of white and blue collar female employees from its current status of 49% to 50% in 2023.

Smart Solar Technologies, which has 45% women in its Board of Directors, maintains its position as the most egalitarian company in the solar sector (excluding companies with female founders) with its belief in women's leadership.

The Company strategically builds its corporate social responsibility projects with a focus on sustainability within the framework of the details below and continues to work to reach larger masses with the benefits it offers to society and nature.

## We Are Facing the Sun

The collaboration protocol with the Green Collar Women's Association (YEYKAD), established in June 2022 by TWRE Turkish Women in Renewables and Energy Network, Türkiye's first and only energy inclusion group, aims to support the participation of female employees of all ages and professions or students interested in the sector in business life and the sector, inform them about the sector and ensure their development.

Various social responsibility projects such as online and physical trainings, field and factory visits, school visits, contest sponsorships, technology trips, internship and job opportunities will continue in different regions of Türkiye in 2023 as well.

## Smart Academy

- Smart Solar Workshop was opened in October within the scope of the collaboration protocol with Private Adem Ceylan Final Technical College.
- The school, which has an Anatolian Vocational Program (AMP) and Anatolian Technical Program (ATP), has 1,800 students studying in the IT Program, Electrical and Electronics, Industrial Automation, Renewable Energy, Machinery and Motor Vehicles departments.
- With the Workshop opened, students in the Renewable Energy department were given the opportunity to familiarize themselves with the equipment, testing, experimenting and experiencing system installation and operation.
- The Gebze Factory production manager and human resources managers participated in the Career Days organized by the school, and the representatives informed the students about solar energy technologies, panel manufacturing and job opportunities.
- Based on the meeting with the high school, apprentice students will start working at the factory in 2023, and technical certification will be provided to employees through the master instructor program.
- As part of the Smart Academy, a seminar on “Green Deal and Solar Energy Practices” was held at the Kocaeli Chamber of Industry on December 9, 2022, reaching chamber members, industrialists, academia and students.
- In Kayseri, it was decided to provide Sustainable Development Education to the children of Smart Solar Technologies employees with Çelebi Kalkan, a primary school classroom teacher and award-winning climate and sustainable development activist, to print the Sustainable Development Goals Exercise Book for Children by 2023, and distribute it to the surrounding primary, middle and high schools.

# Carbon Footprint Management

## On the Road to Net Zero

In line with this goal, Smart Solar Technologies, which adopts a responsible and sustainable production approach, set its carbon emissions arising from panel production to zero for carbon emissions arising from electricity consumption in the management and factory buildings in 2022 by obtaining I-REC certification. With some of its income from the public offering, the company aims to establish a renewable energy power plant subject to YEKA and set the carbon footprint to zero and reduce the carbon footprint of activities of the cell factory planned to be built.

In addition to all these, Solargize brand EV charger stations, which are planned to be established in 2023, will provide consumers with clean electricity produced with solar energy.

The Company aims to not only produce clean technology but also to become Carbon Neutral “NETZERO” by 2050.

## The Right Stakeholders for Sustainable Growth

### Domestic;

Smart Solar Technologies, which started to be traded on the Istanbul Stock Exchange in March 2022 under the #SMRTG ticker, began cooperating with NGOs and stakeholders that would support and guide its institutionalization and sustainability.

The Company became a member of the Corporate Governance Association of Türkiye (TKYD), which acts with the mission of recognition, development of corporate governance approach in Türkiye and implementing its best practices.

The Company became a member of ENSIA, the Energy Industrialists & Business Association, which was established with the vision of transforming Türkiye into an international center that produces equipment, technology and projects in the field of renewable energy and energy efficiency, and with the vision of ensuring the formation, development and growth of the main and sub-industry of the Renewable Energy sector with domestic resources by observing the “Right to Cheap and Clean Energy” and contributing to the formation and development of new technologies that are not available in Türkiye.

The Company became a member of TÜYİD, the Investor Relations Association, which was established in 2009 with the aim of becoming a reference center by bringing together different target audiences related to investor relations in Türkiye on a corporate and individual platform, producing professional knowledge and reaching world standards in investor relations practices. The mission of the Association is to contribute to the best promotion of markets and companies to investors, to help companies reach fair market values for their capital market instruments, and to support the deepening of the Turkish capital markets.

The Company became a member of YEYKAD, the Green Collar Women's Association, whose aim is to bring together women of all ages who work or are employers in Türkiye's Energy and Renewable sectors, who continue their professional lives to work on issues related to the climate crisis, environment, energy transformation, circular economy, just transition, decarbonization and digital transformation, who receive education of all types and levels, who have set themselves the goal of working in jobs that shed light on the green and clean future while their current education is in different disciplines, to ensure the sharing of knowledge and experience, and to organize all kinds of meetings, training programs and publish necessary periodicals in this direction.

### Global;

Smart became the first and only Turkish solar panel manufacturer accepted to the Ultra Low-Carbon Solar Alliance, an alliance of companies in the PV solar value chain and stakeholders committed to raising market awareness and deploying ultra-low-carbon PV to accelerate the reduction in solar energy supply chain greenhouse gas emissions.

The Company became a member of EUPD Research, which has been developing innovative and integrated solutions for sustainability for companies since its establishment in 2000, providing access to priority data in technology sectors such as photovoltaics, energy storage, heat pumps and electric mobility. With this organization, which creates contemporary, sustainable and value-added solutions and helps to strengthen market position, the Company achieved recognition in Europe.

**Smart Solar Technologies become the first and only Turkish solar panel manufacturer accepted to the Ultra Low-Carbon Solar Alliance.**



# Accuracy, trust and teamwork

Smart Solar Technologies received the 2022 Respect for Humans Award from Kariyer.net, participated in IEEE IÜC GETEK'22, Istanbul Employment Fair & Summit and Gebze Technical University Employment Fairs, and attracted great interest.

### Human Resources Policies and Practices

Accuracy, trust and teamwork come before anything at Smart Solar Technologies. The company builds its working principles with its employees and stakeholders in the light of these concepts. It aims to implement a human resources policy that realizes the best human resources practices in the Company's fields of activity, and adds value to every field it touches.

Employees that want to shape their career in Smart Solar Technologies are provided with the opportunities to improve themselves, be a part of a world-class professional team, and to take responsibility in a wide range of unique projects. The company implements competitive price and side benefit strategies that reward consistently high performance and comply with market conditions.

Smart Solar Technologies guarantees a work environment where equal opportunity is provided, career development is supported with competency-based feedback, and all differences are respected. Each employee is evaluated on the basis of their qualifications and work efficiency, regardless of race, belief, gender, religion, national origin, age, disability or sexual orientations.

At the Company, the opinions and contributions of employees are valued, and transparency and participation are supported. In this way, the company transforms its extensive knowledge and experience into a unique competitive advantage. Creativity and innovation are encouraged in order to increase effectiveness and provide sustainable achievement.

Smart Solar Technologies received the 2022 Respect for Humans Award from Kariyer.net, participated in IEEE IÜC GETEK'22, Istanbul Employment Fair & Summit and Gebze Technical University Employment Fairs, and attracted great interest. Thanks to the joint process carried out with Adem Ceylan Technical High School, a project was started to work as part of the "Mastery-Compensation Program" and the HR team is the process owner.

**Training:** As Smart Solar Technologies is not just a workplace for employees but also an academy where they develop themselves and add value every day, all necessary trainings are created and implemented in the Company in line with the employees' requirements. In 2022, OHS trainings and many technical trainings were organized at the Gebze factory, in addition to General Orientation trainings, Basic First Aid trainings, Compulsory Electrical High Current Facilities (EKAT) trainings. In addition, employees are encouraged to participate in online and face-to-face trainings for their personal and professional development. Furthermore, in line with needs analyses conducted, all employees are sent to the trainings they request.

**Career Management:** "Internship Development Program" is a program where students who want to shape their career gain experience about business life. In this process, requests from the departments are evaluated in consideration of the Company's needs. Students who are found appropriate after the evaluation are included in the internship program. There are 12 interns in the program as of the end of 2022.

**Performance Management System:** Works for the Performance Management System continued in 2022, and the system will be put into practice in 2023.







Recruitment process of 98 White-Collar workers and 190 Blue-Collar workers was completed in 2022.

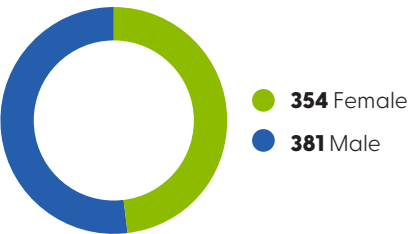
735  
Employees

Employee Profile

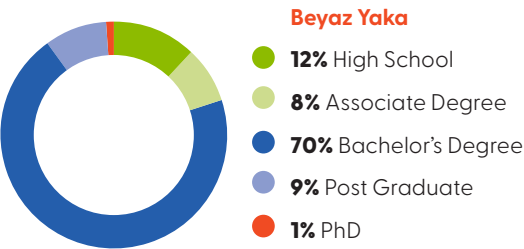
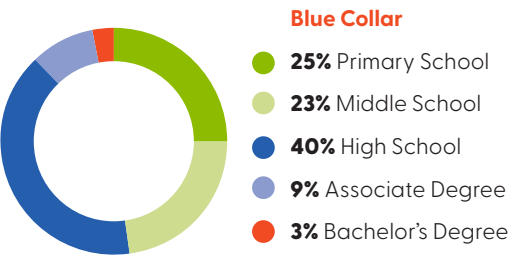
As of the end of 2022, Smart Solar Technologies has 735 employees with an age average of 35. Recruitment process of 98 White-Collar workers and 190 Blue-Collar workers was completed in 2022. The Company’s personnel turnover rate was below 3% on a monthly basis in 2022.

The personnel turnover rate of Smart Solar Technologies was below 3% on a monthly basis in 2022.

Gender Distribution



Educational Status







# Healthy and safe working environment

Basic Training (first aid, fire, security) was provided by relevant experts, and certification process was carried out with in cooperation with HR.

Aiming to carry out its activities in a healthy and safe work environment, Smart Solar Technologies attaches great importance to the fulfillment of its responsibility towards healthy individuals and labor force in line with this purpose. It also guarantees full compliance with the Occupational Health and Safety Law No. 6331.

The Company receives occupational health and safety (OHS) services from JHSUs (Joint Health and Safety Unit) for its Head Office and factories, and carries out the relevant processes with the OHS Expert and Workplace Doctor on its payroll at its power plants and worksites.

At Smart Solar Technologies, OHS training is provided to every employee when they start working, and renewal trainings are also organized periodically. In addition, compulsory first aid training and fire training are provided by the experts in the Company and external Joint Health Safety Units (JHSU).

Occupational Health and Safety and Labor Law Instructions were prepared by the Law and OHS experts together and conveyed to the project team. In line with these instructions, all processes in the company are managed in accordance with the contract, and disruptions are prevented.

Utmost importance is attached to occupational safety at Smart Solar Technologies, where 37 minor work accidents occurred in 2022.

### Works in 2022 Within the Scope of OHS

- Basic Training (first aid, fire, security) was provided by relevant experts, and certification process was carried out with in cooperation with HR.
- Medical controls and periodical examinations of employees were performed.
- Current situation analyses were performed in monthly meetings. Field observation reports, risk reports and training needs were analyzed in detail. In this process; Project Management, Administrative Affairs and HR departments act in coordination with each other.
- On-the-job trainings were provided.
- Emergency drills were carried out.
- Machinery and equipment were periodically controlled.
- Personal protective equipment was renewed.
- Professional competence trainings were provided.
- EKAT trainings were provided.

The Company's goals for 2022 include structuring of the OHS department, employment of additional staff, and automation of relevant processes by purchasing an OHS tracking system. It is planned to provide occupational safety and environment trainings to worksite managers in the coming period. On-the-job and orientation trainings will also be provided by worksite managers in charge of relevant fields.





## Risk Management Activities

Smart Solar Technologies has reached these days by taking important and critical steps with its own risk management approach both in our country and abroad since its establishment in 2009. During this 13-year period, a result-oriented, visionary and risk-focused perspective was adopted to clarify uncertainties and seize opportunities in achieving strategic goals.

With the establishment of the Risk Management Department, the corporate risk management methodology was determined in accordance with the Company's risk-taking appetite, and threats and opportunities that may be encountered in achieving strategic goals were identified through risk workshops. Risk factors that may be of interest to investors considering investing in the publicly offered shares are stated in the offering circular and presented to the investors' evaluations.

Existing insurance policies and the policies of newly operational facilities are reviewed by taking into account the risks identified through risk workshops, and coverages, coverage amounts and exemption amounts are updated according to risk assessments.

The corporate risks identified through risk workshops, potential root causes and preventive actions planned to be taken are periodically monitored and followed up by the "Early Detection of Risk Committee" reporting to the "Board of Directors".

The financial risk management activities of Smart Solar Technologies for 2022 are as follows;

In line with the interest rate risk and financial risk management practices, care is taken to make a balanced distribution between the Company's borrowings

with fixed and variable interest rates. In this context, hedging strategies and interest rate expectations are regularly reviewed and evaluated. Care is taken to use financial instruments with the most appropriate costs by analyzing the alternatives offered by banks and financial institutions in accordance with market conditions.

Foreign currency risk arises mainly from foreign currency denominated bank borrowings as all the Company's revenues are denominated in foreign currencies (Euro and USD). The local currency nature of local inputs and labor and the Company's TRY denominated debt reduce the Company's foreign currency risk and even make the foreign currency risk positive.

The majority of the Company's sales are realized in cash, and the risk of receivables is minimized.

## Information Related to the Private Audit and Public Audit Conducted in 2022

There was no public or statutory audit conducted during the period.

## Dividend Distribution Policy

Information on the Dividend Distribution Policy of our Company, Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi, is given below.

The Company distributes dividends within the framework of the provisions of Turkish Commercial Code, Capital Market Regulations, Tax Regulations, and other relevant regulations, as well as the article on dividend distribution of the Company's Articles of Association. In dividend distribution, a balanced and consistent policy is followed between the interests of the shareholders and the Company in accordance with the Corporate Governance Principles. The amount of dividends to be distributed and distribution date are approved and decided by the General Assembly

in line with the proposal of the Board of Directors. As its Dividend Distribution Policy, the Company adopted distribution of minimum 25% of its distributable period profit calculated within the framework of Capital Markets Board regulations in cash and/or bonus shares. As long as the relevant regulations and financial possibilities allow, this policy is reviewed by the Board of Directors considering market expectations, national and global economic conditions, the Company's growth, investment and financing policies, profitability and cash position. Any changes to the Policy are also submitted for the approval of the shareholders at the first General Assembly meeting after the change and published on the Company's website. It is aimed to distribute profits within one month at the latest following the General Assembly meeting, and the

date of profit distribution is decided by the General Assembly. The General Assembly or if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with the Capital Markets Regulations. According to the Articles of Association and the provisions of legislation in force, the Board of Directors may distribute advance dividend only if authorized by the General Assembly and adhering to the Capital Market Regulations. This Dividend Distribution Policy was accepted with the Board of Directors decision no. 2022/02 dated 24.02.2022. It will be presented to the shareholders' opinions in the first General Assembly Meeting to be held, and announced to the public via the Company's investor relations website. Any amendments enter into effect and are announced in the same manner.





(CONVENIENCE TRANSLATION OF THE INDEPENDENT  
AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)

**SMART GÜNEŞ ENERJİSİ  
TEKNOLOJİLERİ AR-GE ÜRETİM  
SANAYİ VE TİCARET A.Ş. AND  
ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL  
STATEMENTS AS OF AND FOR THE YEAR  
ENDED 31 DECEMBER 2022 WITH  
INDEPENDENT AUDITORS' REPORT



**(Convenience Translation of  
the Report and the Consolidated  
Financial Statements Originally Issued in Turkish)**

**SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders and the Board of Directors of  
Smart Güneş Enerjisi Teknolojileri  
Ar-Ge Üretim Sanayi Ve Ticaret A.Ş.  
İstanbul**

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**Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret Anonim Şirketi (“Company” or “Smart”) and its subsidiaries (all together “the Group”), which comprise the consolidated balance sheet as of 31 December 2022 and of the accounting period ended on the same dates; the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the periods ended and a summary of significant accounting policies and explanatory notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. and its subsidiaries as of 31 December 2022 and their financial performance and their cash flows for the periods then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

**Basis for Opinion**

Our independent audit completed in accordance with the independent auditing standards published by the Capital Markets Board (“CMB”) and the Independent Standards on Auditing (“ISA”), which are part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

By us, the matters described below have been identified as key audit matters and reported in our report.

Key Audit Matters	How the Key Audit Matter was Handled in the Audit
<b>Trade receivables and recoverability</b>	
<p>As of 31 December 2022, the Group's total trade receivable is TL 1.096.230.630 (31 December 2021: TL 365.450.354). The trade receivable from the third parties amounting to TL 937.632.415 (31 December 2021: TL 259.160.029), which is a part of total trade receivables, constitutes approximately 36% (31 December 2021: 32%) of the Group's assets.</p> <p>The assessment of the recoverability of these receivables made by the Group management includes considerations of the amount of guarantees/collateral received from the customers, past collection performance, analysis of aging of receivables and litigations or disputes regarding receivables. As a result of all these assessments, determination of doubtful receivables and setting of impairment provision for these receivables include also management judgements and estimations.</p> <p>In addition, the Group has calculated the Expected Credit Loss Provision for its receivables within the scope of TFRS 9.</p> <p>These estimations used are highly sensitive to expected future market conditions. For these reasons, trade receivables and their recoverability are an important issue for our audit.</p> <p>The Group's explanations regarding trade receivables, provision for doubtful receivables and credit risk are included in Notes 2.6 and 29.</p>	<p>During our audit, the following audit procedures regarding the recoverability of trade receivables were applied:</p> <p>The processes applied by the Group during the verification of trade receivables have been understood.</p> <p>Trade receivable balances have been tested with the confirmation method.</p> <p>It was ensured that the Group's process regarding the collection follow-up of its trade receivables and financial reporting for credit risk was understood, and the operational effectiveness of the internal controls included in the process was evaluated.</p> <p>Collection receipts and invoice controls regarding trade receivables were provided. The balances of the receivables in the previous year and the current year have been comparatively controlled, and especially the exchange rate differences arising from foreign currency balances have been controlled.</p> <p>The collection turnover rate was compared with the previous year.</p> <p>The collections in the following periods were tested by sampling method.</p> <p>The sufficiency of the explanations in the notes to the consolidated financial statements regarding the recoverability of trade receivables has been evaluated.</p> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the recoverability of trade receivables.</p>



Key Audit Matters	How the matter was addressed in our audit
<b>Revenue recognition</b>	
<p>Revenue is an important measurement in terms of evaluating the results of the Group's strategies implemented during the year and monitoring the performance.</p> <p>As of 31 December 2022, revenue is the most important caption and account in the consolidated financial statements, the issue of "revenue recognition" has been determined as a key audit matter.</p> <p>Group's revenue consists of income from domestic and foreign sales.</p> <p>Revenues are recorded on accrual basis the fair value of the consideration received or receivable upon the delivery of the product, the transfer of risks and benefits associated with the product, the reliable determination of the amount of income and the probable flow of economic benefits of transaction.</p> <p>As of 31 December 2022, the Group's sales revenue is TL 2.199.508.538 (31 December 2021: TL 846.114.782) and explanations regarding the relevant accounting policies are given in Note 2.6 and Note 20.</p>	<p>The audit procedures that we perform consist of testing internal controls, analytical reviews and test of details regarding the revenue recognition process, including reporting on performance evaluation and controls performed by Group management. Our audit procedures also include procedures for testing evidence that obtained about risks and benefits of products have been delivered to the customer.</p> <p>The main audit procedures that we made as follows:</p> <ul style="list-style-type: none"> <li>· Revenue examined with analytical procedures,</li> <li>· Revenue invoice vouching test,</li> <li>· Revenue Cut-off testing</li> <li>· The processes applied by the Group during the confirmation of trade receivables have been understood,</li> <li>· Invoice tests made by sampling method regarding the accuracy of sales transactions and records, and these invoices were matched with the bill of parcels and collections from the customer,</li> <li>· The collection risk of trade receivables was evaluated and the controls used in the follow-up of the collection process were tested.</li> <li>· Customer contracts were reviewed, and if there is any management judgments were evaluated.</li> </ul> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the revenue recognition.</p>

Key Audit Matters	How the matter was addressed in our audit
<p><b>Inventories</b></p> <p>There is a risk of impairment of inventories in the financial statements dated 31 December 2022 due to macroeconomic factors.</p> <p>However, the calculation of the provision for inventory also includes management estimations and assumptions. These estimates and assumptions include the evaluation of inventories sold for macroeconomic reasons and the evaluation of the provision for inventories that have not moved for a certain period and are damaged. For these reasons, provision for inventory is an important issue for our audit.</p> <p>Explanations on the Group's accounting policies and amounts related to inventory impairment are given in Note 2.6 and Note 8.</p>	<p>During our audit, the following procedures have been applied regarding the impairment of inventories.</p> <ul style="list-style-type: none"> <li>i) Understanding and evaluating the appropriateness of the accounting policy related to the impairment of inventory,</li> <li>ii) Discussing with the company management the changing customer demand, the qualitative characteristics of the inventories and the risk of macroeconomic factors and comparing the inventory turnover rate with the previous year,</li> <li>iii) Observing whether there are inactive or damaged inventories in the year-end stock counts,</li> <li>iv) Sample testing of selling prices deducted from the discounts used in the net realizable value calculation.</li> <li>v) Assessment of the necessity for an inventory impairment.</li> </ul> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the inventory impairment.</p>



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

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

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

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows: Our aim is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IAS (of Turkey) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

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



**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)**

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Among the matters communicated to those charged with governance, we identify the most important matters, namely the key audit matters, in the independent audit of the current period's financial statements. In cases where the legislation does not allow the disclosure of the matter to the public, or in exceptional cases where the negative consequences of public disclosure are reasonably expected to exceed the public interest arising from the disclosure, we may decide not to disclose the relevant matter in our independent auditor's report.

**Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 07 March 2023.

The engagement partner who conducted and concluded this independent audit is Nazım Hikmet.

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



Nazım HİKMET  
Partner

İstanbul, 09.03.2023

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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## Consolidated Statements of Financial Position as of 31 December 2022 and 2021

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

ASSETS	Notes	Audited	Audited
		Current period 31 December 2022	Prior Period 31 December 2021
<b>Current Assets</b>			
Cash and cash equivalents	3	240.237.874	23.734.489
Financial investments	4	53.809.648	-
Trade receivables		1.096.230.630	365.450.354
- Due from related parties	6	158.598.215	106.290.325
- Due from third parties	5	937.632.415	259.160.029
Other receivables		20.464.733	83.135.874
- Other receivables from related parties	6	-	62.708.571
- Other receivables from third parties	7	20.464.733	20.427.303
Inventories	8	470.460.958	98.969.813
Prepaid expenses		336.669.343	111.703.385
- Due from related parties	6	10.928.814	5.640.039
- Prepaid expenses, third parties	9	325.740.529	106.063.346
Other current assets	10	67.074.534	29.662.936
<b>TOTAL CURRENT ASSETS</b>		<b>2.284.947.720</b>	<b>712.656.851</b>
<b>Non-current Assets</b>			
Other receivables		2.425.898	778.650
- Other receivables from third parties	7	2.425.898	778.650
Right of use assets	13	59.089.241	4.379.081
Property plant and equipment	11	232.257.235	82.705.278
Intangible assets	12	3.608.443	2.199.954
Deferred tax assets	18	13.339.732	15.611.949
<b>TOTAL NON-CURRENT ASSETS</b>		<b>310.720.549</b>	<b>105.674.912</b>
<b>TOTAL ASSETS</b>		<b>2.595.668.269</b>	<b>818.331.763</b>

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



# Consolidated Statements of Financial Position as of 31 December 2022 and 2021

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

LIABILITIES	Notes	Audited Current period 31 December 2022	Audited Prior Period 31 December 2021
<b>Current Liabilities</b>			
Short-term borrowings	14	241.625.450	131.586.339
Short-term portion of long-term borrowings	14	613.674	7.394.989
Lease liabilities	14	18.401.175	2.923.536
- Lease transactions from related parties		7.365.697	-
- Lease transactions from third parties		11.035.478	2.923.536
Trade payables		694.606.049	231.218.044
- Due to related parties	6	85.244.110	109.402.642
- Trade payables third parties	5	609.361.939	121.815.402
Employee benefits obligations	17	6.784.972	6.129.347
Other Payables		12.060.446	13.944.900
- Other payables from third parties	7	12.060.446	13.944.900
Deferred income		714.911.561	158.807.989
- Deferred income from third parties	9	714.911.561	158.807.989
Current income tax liabilities	18	1.091.184	5.362.132
Provisions		3.085.027	2.775.732
- Provisions for employee benefits	15	2.164.561	994.443
- Other short-term provisions	16	920.466	1.781.289
Other current liabilities	10	6.907.034	18.939.282
<b>TOTAL CURRENT LIABILITIES</b>		<b>1.700.086.572</b>	<b>579.082.290</b>
<b>Non-current liabilities</b>			
Long-term borrowings	14	64.585.212	33.915.175
Lease liabilities	14	44.598.034	1.940.779
- Lease transactions from related parties		40.460.841	-
- Lease transactions from third parties		4.137.193	1.940.779
Long-term provisions		4.733.249	2.781.957
- Long-term provisions for employee benefits	15	4.733.249	2.781.957
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>113.916.495</b>	<b>38.637.911</b>
<b>Shareholders' Equity</b>		<b>783.631.517</b>	<b>193.452.799</b>
Paid-in capital	19	306.000.000	127.500.000
Share premiums		209.782.358	-
Accumulated other comprehensive income not to be reclassified in profit or loss		14.289.803	15.106.790
- Gain on revaluation of property, plant and equipment		13.731.226	15.736.667
- Gain/(Loss) on remeasurements of the defined benefit plans		558.577	(629.877)
Accumulated other comprehensive income that will be reclassified in profit or loss		(27.368.132)	(33.018.378)
- Foreign currency translation differences		(1.723.746)	(1.285.506)
- Gain / (loss) of hedging reserve		(25.644.386)	(31.732.872)
Reserves on retained earnings		9.744.338	5.978.453
Retained earnings		23.125.490	(2.122.664)
Net income for the period		248.057.660	80.008.598
<b>Non-controlling interest</b>		<b>(1.966.315)</b>	<b>7.158.763</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>781.665.202</b>	<b>200.611.562</b>
<b>TOTAL LIABILITIES</b>		<b>2.595.668.269</b>	<b>818.331.763</b>

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

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods of 1 January-31 December 2022 and 2021

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

	Notes	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
Revenue	20	2.199.508.538	846.114.782
Cost of sales (-)	20	(1.833.403.973)	(711.568.123)
<b>GROSS PROFIT</b>		<b>366.104.565</b>	<b>134.546.659</b>
General administrative expense (-)	22	(53.566.569)	(26.791.987)
Selling, marketing and distribution expense (-)	21	(48.377.445)	(17.656.692)
Other operating income	24	97.222.658	158.364.340
Other operating expense (-)	24	(64.579.344)	(103.363.302)
<b>OPERATING PROFIT</b>		<b>296.803.865</b>	<b>145.099.018</b>
Gains from investment activities	25	11.071.638	-
Expected credit loss according to TFRS 9		(8.475.191)	(6.285.398)
<b>OPERATING PROFIT BEFORE FINANCE EXPENSES</b>		<b>299.400.312</b>	<b>138.813.620</b>
Financial income	26	8.295.833	449
Financial expenses (-)	26	(58.619.800)	(42.362.702)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>249.076.345</b>	<b>96.451.367</b>
<b>Tax Income / (Expense) from Continuing Operations</b>			
Current period tax expense	18	(10.194.913)	(6.455.267)
Deferred tax (expense) / income	18	51.150	(5.650.806)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>238.932.582</b>	<b>84.345.294</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>238.932.582</b>	<b>84.345.294</b>
<b>Attributable to:</b>			
Non-controlling interest		(9.125.078)	4.336.696
Equity holder of the parent		248.057.660	80.008.598
		<b>238.932.582</b>	<b>84.345.294</b>
<b>Earnings per share</b>	27	<b>0,95</b>	<b>0,63</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not to be reclassified to profit or loss</b>			
- Gain / (loss) arising from defined benefit plans		1.485.568	(302.191)
- Increase on revaluation of property, plant and equipment		-	15.070.509
<b>Taxes on items that will not to be reclassified to profit or loss</b>			
- Deferred tax (expense) / income		(297.114)	60.438
<b>Items that will be reclassified to profit or loss</b>			
- Currency translation differences		(438.240)	(303.695)
- Cash flow hedging		8.114.739	(40.575.987)
<b>Taxes on items that will be reclassified to profit or loss</b>			
- Current period tax expense		-	(301.411)
- Deferred tax (expense) / income		(2.026.253)	8.843.115
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>		<b>6.838.700</b>	<b>(17.509.222)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>245.771.282</b>	<b>66.836.072</b>
<b>Attributable to:</b>			
Equity holder of the parent		254.896.360	62.499.376
Non-controlling interest		(9.125.078)	4.336.696

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

# Consolidated Statement of Changes in Equity for the Periods of 1 January-31 December 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				
<b>Balances as of 1 January 2021</b>													
Transfers	-	-	(388.124)	-	-	(14.242)	1.802.897	(16.126.616)	54.932.336	71.204.251	2.822.067	74.026.318	
Total comprehensive (expense) / income	-	-	(241.753)	15.736.667	(31.732.872)	(1.271.264)	-	-	80.008.598	62.499.376	4.336.696	66.836.072	
Capital increase	96.502.000	-	-	-	-	-	-	(38.722.203)	-	57.779.797	-	57.779.797	
Effects of merged business under common controls	-	-	-	-	-	-	281.993	1.687.382	-	1.969.375	-	1.969.375	
<b>Balances as of 31 December 2021</b>	<b>127.500.000</b>	<b>-</b>	<b>(629.877)</b>	<b>15.736.667</b>	<b>(31.732.872)</b>	<b>(1.285.506)</b>	<b>5.978.453</b>	<b>(2.122.664)</b>	<b>80.008.598</b>	<b>193.452.799</b>	<b>7.158.763</b>	<b>200.611.562</b>	
<b>Balances as of 1 January 2022</b>													
Transfers	-	-	(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	
Total comprehensive (expense) / income	-	-	(2.005.441)	-	-	-	3.765.885	78.248.154	(80.008.598)	-	-	-	
Capital increase (*)	178.500.000	(100.000.000)	1.188.454	-	6.088.486	(438.240)	-	-	248.057.660	254.896.360	(9.125.078)	245.771.282	
Increase Due to Share Based Transactions (*)	-	309.782.358	-	-	-	-	-	-	-	25.500.000	-	25.500.000	
<b>Balances as of 31 December 2022</b>	<b>306.000.000</b>	<b>209.782.358</b>	<b>558.577</b>	<b>13.731.226</b>	<b>(25.644.386)</b>	<b>(1.723.746)</b>	<b>9.744.338</b>	<b>23.125.490</b>	<b>248.057.660</b>	<b>783.631.517</b>	<b>(1.966.315)</b>	<b>781.665.202</b>	

(\*) 25.500.000 shares of the Company with a nominal value of 1 TL were offered to the public on 16/17/18 March 2022 at 14 TL per share and started to be traded on the Borsa İstanbul on 24 March. The amount of 25.500.000 TL obtained was used in the capital increase and the remaining portion was recorded in the "Premiums Related to Shares / (Discounts)" account. Expenses amounting to TL 21.717.642 made within the scope of public offering have been deducted from this account within the scope of TAS 32.

Provided that the issued capital of the Company amounting to TL 153.000.000 remains within the registered capital ceiling of TL 400.000.000 it has been increased by 100% to 306.000.000 TL by bonus issue. According to the 6th article of the Articles of Association, which was amended in this context, regarding the capital, the T.R. It was registered by the İstanbul Trade Registry Directorate on 25.10.2022 and published in the Turkish Trade Registry Gazette dated 26.10.2022 and numbered 10690. 100.000.000 TL of the related capital increase was received from the issue premiums related to the Shares, and 53.000.000 TL from the prior year's profits.

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



# Statement of Cash Flows for the Periods of 1 January-31 December 2022 and 2021

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
<b>A. Cash flows from operating activities</b>		<b>(75.238.344)</b>	<b>(57.964.580)</b>
Profit for the period		238.932.582	84.345.294
<b>Adjustments to reconcile net profit/loss to net cash:</b>		<b>67.288.801</b>	<b>68.959.849</b>
Adjustments related to depreciation and amortization expenses	11	31.724.831	12.473.543
Adjustments related to provision for employee benefits		4.606.977	2.401.687
Adjustments related to interest expenses		37.443.877	13.732.779
Adjustments related to interest incomes		(8.295.833)	-
Adjustments for fair value losses / (gains) of financial assets		(11.071.638)	-
Adjustments related to expected provision losses		8.475.191	6.285.398
Adjustments for inventory impairments		(4.489.497)	-
Adjustments related to tax income/(expense)		10.143.763	12.106.073
Adjustments related to unrealized currency translation differences		(1.248.870)	21.960.369
<b>Adjustments related to other increase / (decrease) in working capital</b>		<b>(372.398.968)</b>	<b>(210.520.599)</b>
Decrease/(increase) in financial investments		(42.738.010)	-
Decrease/(increase) in inventories		(367.001.648)	(16.002.711)
Decrease / (increase) Increase in trade receivables from third parties		(686.947.577)	(84.503.904)
Decrease/(increase) in trade receivables from related parties		(52.307.890)	(86.485.864)
Decrease/(increase) in other operating receivables from related parties		62.708.571	(62.708.571)
Decrease / (increase) in other operating receivables from third parties		(1.684.678)	(2.567.174)
(Decrease) / increase in trade payables to third parties		465.828.895	4.657.685
(Decrease) / increase in other operating payables to third parties		(1.884.454)	8.345.889
(Decrease) / increase in trade payables to related parties		(24.158.532)	40.177.109
(Decrease) / increase in other operating payables to third parties		-	(1.876.994)
(Decrease) / increase in deferred incomes		556.103.572	(53.242.089)
Decrease / (increase) in other assets related to operations		(36.755.973)	(8.645.863)
(Decrease) increase in other liabilities related to operations		(18.595.286)	11.952.759
Decreases / (increase) in prepaid expenses		(224.965.958)	40.379.129
<b>Cash generated from operations</b>		<b>(9.060.759)</b>	<b>(749.124)</b>
Taxes paid		(8.685.272)	(472.380)
Payments under provisions for employee benefits		(375.487)	(276.744)
<b>B. Cash flows from investing activities</b>		<b>(167.054.401)</b>	<b>(17.103.460)</b>
Proceeds from sale of property, plant and equipment and intangible assets	11	2.267	969.056
Purchases of property, plant and equipment	11	(165.375.287)	(18.564.561)
Purchases of intangible assets		(1.681.381)	(1.477.330)
Cash outflows on purchases to obtain control of subsidiaries		-	1.969.375
<b>C. Cash flows from financing activities</b>		<b>458.796.130</b>	<b>72.932.782</b>
Cash inflows from borrowings		354.168.828	152.757.484
Cash outflows from borrowings		(285.264.904)	(129.894.254)
Cash inflows from leaseings		123.702.299	28.208.174
Cash outflows from leaseings		(55.143.826)	(17.862.829)
Payment of obligations under finance liability		(12.206.142)	(4.322.811)
Cash inflows from the sale of the entity's own shares and other equity instruments		331.500.000	-
Cash inflows from capital advances		-	57.779.797
Capital increase	19	25.500.000	-
Interest paid		(31.755.958)	(13.732.779)
Interest received		8.295.833	-
<b>Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)</b>		<b>216.503.385</b>	<b>(2.135.258)</b>
<b>D. Cash and cash equivalents at the beginning of the year</b>		<b>23.734.489</b>	<b>25.869.747</b>
<b>Cash and cash equivalents at the end of the year (A+B+C+D)</b>		<b>240.237.874</b>	<b>23.734.489</b>

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

(Amounts expressed in Turkish lira ("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 Company and its subsidiaries are collectively referred to as the ("Group").

### The Main Field of Group

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

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.

The owner of the Group is Smart Holding A.Ş.(Smart Holding) with the participation rate of 100%. As of 31.12.2022, the Company is registered to Turkey and the headquarter of the Group is located at Halil Rıfat Paşa Mah. Yüzer Havuz Sokak B Blok Perpa İş Merkezi No:1 Şişli/İSTANBUL. As of 31.12.2022, the factory building of the Group is located at Gebze Organize Sanayi Bölgesi Tembelova Mevki, 3200 Cadde No:3207, 41400 Gebze/Kocaeli.

As of 31 December 2022 and 2021 the total number of personnel employed by the Group is 735 and 549 respectively.

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### The Subsidiaries

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

#### 31 December 2022

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

#### 31 December 2021

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

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 merged on 31.03.2021 as Smart Güneş Enerjisi Teknolojileri AR-GE Üretim San. and Tic. A.Ş. continues its activities within the body of the parent company.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

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

### Smart GES Enerji Üretim A.Ş.

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

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

### Icarus Solar GmbH

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

### Smart Solar Technology GmbH

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

### Smart Solar Ukrayna

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

### Smart Solargize Yeşil Mobilite Enerji A.Ş.

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 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 announcement of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676 and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Board ("POA").

TASs; Turkish Accounting Standards, includes Turkish Financial Reporting Standards ("TFRS") and related annexes and comments.

Consolidated financial statements are presented in accordance with the "TFRS Taxonomy" published by POA dated on 15 April 2019 and Financial Statement Examples and User Guide published by CMB.

The financial statements are prepared on the historical cost basis, except for the revaluation of some non-current assets and financial instruments. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

#### Approval of consolidated financial statements

Consolidated financial statements as of 1 January - 31 December 2022 have been approved by the Board of Directors and authorized for publication on 9 March 2023. The General Assembly of the Company and the relevant regulatory authorities have the right to request 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.

The Group has shown the same foreign exchange difference income and expenses in the "Income and Expenses from Other Operations" in the current period by netting. For this reason, it has been clarified in the consolidated statement of profit and loss dated 31 December 2021.

#### 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.

With the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") on January 20, 2022, the cumulative change in the general purchasing power of the last three years has been 74.41%, according to the Consumer Price Index ("CPI") rates. According to this announcement, it has been stated that companies applying Turkish Financial Reporting Standards ("TFRS") do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in Hyperinflationary Economies". However, no new announcement has been made by the KGK regarding the application of inflation accounting, and no inflation adjustment has been made in accordance with TAS 29 in the attached financial statements dated 31.12.2022.

#### 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.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### Financial statements of subsidiaries operating in countries other than Turkey

Subsidiaries in foreign country assets and liabilities are translated into TL from the foreign exchange rate at the reporting date and income and expenses are translated into TL 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.

### 2.2. Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period consolidated financial statements are restated.

### 2.3. Restatement and Errors in the Accounting Policies and Estimates

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. There was no significant change in accounting estimates of the Group in the current year. The detected significant accounting errors are applied retrospectively, and prior period consolidated financial statements are restated.

### 2.4. Going concern

The consolidated financial statements prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfil its obligations in the next year and in the natural course of its activities.

### 2.5. New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/IFRS and IFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's Financial position and performance have been disclosed in the related paragraphs.

### Standards, amendments and interpretations applicable as at 31 December 2022:

Amendment to FRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

- **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **Amendments to TAS 16, 'Property, plant and equipment'** 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.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.5. New and Revised Turkish Accounting Standards

- **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

#### **Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:**

**Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8**; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies

**Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

**Amendment to TFRS 16 – Leases on sale and leaseback**; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.

Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

**Amendment to TAS 1 – Non current liabilities with covenants**; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

**Amendment to TAS 1 – Non current liabilities with covenants**; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

These amendments are not expected to have a material impact on the consolidated financial statements of the Group and its performance.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies

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

#### Consolidation Principles

##### *Full Consolidation:*

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

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

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

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

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

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

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

#### Related Parties

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

a) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity,
- has significant influence over the reporting entity,
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Related Parties (continued)

b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii) Both entities are joint ventures of the same third party,
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- (vi) The entity is controlled or jointly controlled by a person identified in (a),
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 3). To consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents because of a specific event, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectations for the future indications.

#### 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.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Trade Payables

Trade payables are stated at their nominal value, discounted to present value as appropriate.

#### Inventories

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

#### Property, plant and equipment and related depreciation

As of 31 December 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

	<u>Year</u>
Machinery and Equipment	4-15
Vehicles	5
Furniture and Fixtures	2-50
Leasehold improvements	5-10

#### Right – of - use assets

The Group recognizes right-of-use assets at the beginning date of the lease agreement. Right-of-use assets are calculated at cost less accumulated depreciation and impairment losses. In case of revaluation of rental debts, this figure is also adjusted.

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

- (a) Amount of the initial measurement of the lease liability.
- (b) Any lease payments made at or before the commencement date, less any lease incentives received.
- (c) Any initial direct costs incurred by the Group.

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Intangible assets and related amortization

An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method. Intangible assets including acquired rights, information systems and computer software are amortized using the straight-line.

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other research and development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense cannot be recognized as an asset in a subsequent period.

The useful lives of intangible assets are as follows:

	<u>Year</u>
Rights	3-15
Other intangible asset	3-4

#### Impairment of assets

The carrying values of all tangible or intangible fixed assets, other than goodwill which is reviewed for impairment at least annually, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

#### Financial assets

The Group performs the classification process regarding its financial assets during the acquisition of the related assets and reviews them regularly.

#### Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, after the amendment, the financial assets are reclassified on the first day of the following reporting period.

#### Recognition and Measurement

##### a) Financial assets measured at amortized cost

Financial assets measured at amortized cost, are non-derivative assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### b) Financial assets measured at fair value

##### i. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

In case of sale of assets, valuation differences classified to other comprehensive income are reclassified to retained earnings.

Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss. If the said preference is made, dividends from related investments are recognized in the income statement.

##### ii. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

#### Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company is recognized as a separate asset or liability.

#### Impairment

Impairment of the financial and contractual assets is measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provisions for losses are measured as below.

- Impairment of the financial and contractual assets is measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provisions for losses are measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

#### Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

#### a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

#### b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax: The tax currently payable is based on taxable profit for the year.

Deferred tax: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

#### Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No: 15 "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

#### Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Revenue Recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

Group recognizes revenue from its customers only when all the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Group can identify each party's rights regarding the goods or services to be transferred,
- (c) Group can identify the payment terms for the goods or services to be transferred.
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

#### Provisions

Provisions are recognized when, and only when the Group has a present obligation because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### Commitments and Contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

#### 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:

	31 December 2022		31 December 2021	
	Buying	Selling	Buying	Selling
USD	18,6983 TL	18,7320 TL	13,3290 TL	13,3530 TL
EURO	19,9349 TL	19,9708 TL	15,0867 TL	15,1139 TL
UAH	0,50924 TL	0,50924 TL	0,47613 TL	0,47613 TL

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedge reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

#### Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. To earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

#### Share capital

##### *Share premium*

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

#### Government incentives and grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all the attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

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

### 2.6. Summary of significant accounting policies (continued)

#### Cash Flow statement

Cash and cash equivalents comprise of cash in hand and bank deposits.

#### 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.

	31 December 2022	31 December 2021
Operating profit	296.803.865	145.099.018
Depreciation and amortization expenses (Note 11)	31.724.831	12.473.543
Vacation and termination expenses	4.606.978	2.376.240
<b>EBITDA</b>	<b>333.135.674</b>	<b>159.948.801</b>

### 2.7. Significant Accounting Assessments, Estimates and Assumptions

The preparation of the financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. The Group makes predictions and assumptions about the future. Due to their nature, accounting estimates may not result in exactly the same amounts as the actual results. Some estimates and assumptions that may cause significant adjustments in the carrying values of assets and liabilities in the upcoming financial reporting period are given below.

*Provisions for doubtful trade receivables:* The provision for doubtful receivables reflects the amounts that the management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the date of the consolidated financial statements until the approval date of the consolidated financial statements and the renegotiated conditions are also taken into. In addition, the "simplified approach" defined in TFRS 9 has been preferred within the scope of the impairment calculations of trade receivables that are accounted at amortized cost in the consolidated financial statements and that do not contain a significant financing component (with a maturity of less than one year). With this approach, the Group measures the provision for impairment on trade receivables at an amount equal to "lifetime expected credit losses", unless the trade receivables are impaired for certain reasons (excluding realized impairment losses)

*Provision for employee benefit:* Employment termination benefits pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties

*Lawsuit provisions:* The probability of loss of ongoing lawsuits and the consequences that will be endured if they are lost are evaluated in line with the opinions of the Group's legal advisors. The Group management makes its best estimates using the data in hand and estimates the provision it deems necessary

*Deferred tax:* The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TFRS and Tax Law.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

(Amounts expressed in Turkish lira ("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:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash on hand	51.759	460.042
Cash at banks	240.186.115	23.078.902
- Demand deposit	236.309.724	18.915.675
- Time deposit (*)	3.876.391	4.163.227
Other liquid assets	-	195.545
	<b>240.237.874</b>	<b>23.734.489</b>

(\*) Time deposits consist of bank accounts with a maturity of less than three months. The details of the Group's time deposits are as follows.

<b>31 December 2022</b>	<b>Interest Rate (%)</b>	<b>TL Equivalent</b>
TL deposits	5%-12%	3.876.391
<b>Toplam</b>		<b>3.876.391</b>

<b>31 December 2021</b>	<b>Interest Rate (%)</b>	<b>Currency Amount</b>	<b>TL Equivalent</b>
USD deposits	0,02%	320.803	4.163.227
<b>Toplam</b>		<b>320.803</b>	<b>4.163.227</b>

## 4. FINANCIAL INVESTMENTS

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

<b>Short Term Financial Investments</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Fx protected TL Deposits (*)	53.809.648	-
	<b>53.809.648</b>	<b>-</b>

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 5. TRADE RECEIVABLES AND PAYABLES

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

<b>Short-term trade receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade receivables	843.025.806	153.564.009
Notes receivables	109.367.198	115.064.769
Discount on trade receivables	-	(3.183.351)
Allowance For Expected Credit Loss (-)	(14.760.589)	(6.285.398)
Doubtful receivables (*)	25.552.384	19.530.075
Allowance for doubtful receivables (-)	(25.552.384)	(19.530.075)
	<b>937.632.415</b>	<b>259.160.029</b>

Explanations on the nature and level of risks in trade receivables are given in Note 29.

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

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
<b>Balance at beginning of the period</b>	19.530.075	37.205.796
Additions / (Amounts recovered during the year)	6.022.309	(17.675.721)
<b>End of the period</b>	<b>25.552.384</b>	<b>19.530.075</b>

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

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
<b>Balance at beginning of the period</b>	6.285.398	-
Additions / (Amounts recovered during the year)	8.475.191	6.285.398
<b>End of the period</b>	<b>14.760.589</b>	<b>6.285.398</b>

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

<b>Short-term trade payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables (*)	472.945.982	83.130.591
Notes payables	136.415.957	44.526.339
Discount on trade payables	-	(5.841.528)
	<b>609.361.939</b>	<b>121.815.402</b>

(\*) As of the ended periods, the amount of letter of credit in the trade payables of the Group is TL 175.840.116 (31 December 2021: TL 19.937.327).

Explanations on the nature and level of risks in trade payables are given in Note 29.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 6. RELATED PARTIES

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

	Trade Receivables	
	31 December 2022	31 December 2021
Smart Holding A.Ş.	56.108.778	24.514.725
Smart Yeka Enerji Üretim A.Ş.	28.306.652	-
Smart Verde Yenilenebilir Enerji A.Ş.(*)	25.522.108	55.313.795
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	11.593.663	3.289.774
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	11.432.560	3.289.774
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	8.614.423	5.792.505
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.506.854	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	4.302.867	3.289.774
Smart Energy Ukraine	3.462.134	2.275.757
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	1.931.984	1.990.450
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	808.748	2.469.800
Smart Energy Group AD (Bulgaria)	7.169	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	275	1.646.534
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
	<b>158.598.215</b>	<b>106.290.325</b>
	Other Receivables	
	31 December 2022	31 December 2021
Smart Verde Yenilenebilir Enerji A.Ş. (*)	-	62.708.571
	<b>-</b>	<b>62.708.571</b>
	Prepaid Expenses	
	31 December 2022	31 December 2021
Sumec Energy Holdings Co. Ltd.	10.928.814	-
Smart Energy Group AD (Bulgaria)	-	5.640.039
	<b>10.928.814</b>	<b>5.640.039</b>
	Short-term Trade Payables	
	31 December 2022	31 December 2021
Smart Energy Group AD (Bulgaria)	76.210.086	108.907.642
Smart Verde Yenilenebilir Enerji A.Ş.	8.774.379	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	259.645	-
Smart Alternatif Enerji Tic. A.Ş.	-	495.000
	<b>85.244.110</b>	<b>109.402.642</b>

(\*) Smart Verde Yenilenebilir Enerji A.Ş formerly known as Smart Solar Araştırma Geliştirme Enerji San. ve Tic. A.Ş. (Şirket)decided to change the title with the decision of the General Assembly dated 5 August 2022 and as a result of the application made pursuant to this decision, the title of the Company was changed to Smart Verde Yenilenebilir Enerji A.Ş. was announced in the Turkish Trade Registry Gazette dated 29 August 2022 and numbered 10649.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 6. RELATED PARTIES (Continued)

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

	Sales		Purchases	
	2022	2021	2022	2021
Smart Solar EOOD (Bulgaria)	152.338.231	-	145.412	-
Smart Verde Yenilenebilir Enerji A.Ş(*).	89.134.670	68.423.708	117.852.165	13.109.912
Smart Holding A.Ş.	18.008.614	55.420.165	24.465.459	-
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	12.350.000	-	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	12.274.307	23.232.775	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	8.068.505	13.299.980	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	7.869.675	13.299.980	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	7.666.002	13.299.980	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	4.796.845	9.802.095	-	-
Sumec Energy Holdings Co. Ltd.	4.472.238	12.485.135	612.715.036	141.877.852
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	3.764.711	6.473.777	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	3.749.491	7.882.549	-	-
Smart Energy Group AD (Bulgaria)	-	3.378.573	99.826.567	137.364.198
Sumec Hong Kong Co. Ltd.	-	-	6.763.977	3.765.058
	<b>324.493.289</b>	<b>226.998.717</b>	<b>861.768.616</b>	<b>296.117.020</b>

(\*) Smart Verde Yenilenebilir Enerji A.Ş formerly known as Smart Solar Araştırma Geliştirme Enerji San. Ve Tic. A.Ş. (Şirket) decided to change the title with the decision of the General Assembly dated 5 August 2022 and as a result of the application made pursuant to this decision, the title of the Company was changed to Smart Verde Yenilenebilir Enerji A.Ş. was announced in the Turkish Trade Registry Gazette dated 29 August 2022 and numbered 10649.

### 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 6.014.625. (31 December 2021: TL 3.031.595)

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 7. OTHER RECEIVABLES AND PAYABLES

The details of the Group's other receivables and payables for the periods are as follows:

<u>Short term other receivables</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
VAT return receivables	19.705.980	19.935.465
Deposits and guarantees given	758.753	491.838
	<b>20.464.733</b>	<b>20.427.303</b>
<u>Long term other receivables</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits and guarantees given	2.425.898	778.650
	<b>2.425.898</b>	<b>778.650</b>
<u>Short term other payables</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Tax structuring liabilities (*)	12.060.446	13.165.758
Other various payables	-	779.142
	<b>12.060.446</b>	<b>13.944.900</b>

(\*) On 23 August 2021, within the scope of the Law No. 7326, the Corporate Tax base for the previous period was increased, and the amounts in the payment plan for the said base increase are included in the tax structuring liabilities.

## 8. INVENTORIES

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Raw materials (*)	295.097.293	66.452.397
Finished goods	121.943.230	9.147.971
Trade goods	53.445.976	28.535.220
Other Inventories	685.978	35.241
Provision for impairment in inventory (-)	(711.519)	(5.201.016)
	<b>470.460.958</b>	<b>98.969.813</b>

(\*) Due to the new business agreements signed by the company and the increase in production capacity during the period, there has been an increase in the stocks of first materials and materials.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 9. PREPAID EXPENSES VE DEFERRED INCOME

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

<u>Short-term prepaid expenses</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Advances given to suppliers (*)	306.994.137	94.187.482
Prepaid expenses	18.746.392	11.875.864
	<u>325.740.529</u>	<u>106.063.346</u>

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

<u>Deferred Incomes</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Advances received (*)	714.911.561	158.807.989
	<u>714.911.561</u>	<u>158.807.989</u>

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

## 10. OTHER ASSETS AND LIABILITIES

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

<u>Other current assets</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Accrued income	32.406.281	22.186.514
Deferred VAT	31.313.270	4.318.955
Receivables from personnel	2.748.099	2.865.194
Other VAT	606.884	292.273
	<u>67.074.534</u>	<u>29.662.936</u>
<u>Other short-term liabilities</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Prepaid taxes and dues	4.900.021	15.570.456
Accrued expenses	2.007.013	3.368.826
	<u>6.907.034</u>	<u>18.939.282</u>



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 11. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	31 December 2022
<b>Cost</b>				
Land	1.470.000	42.382.431	-	43.852.431
Machinery and equipment	89.788.497	88.920.486	-	178.708.983
Vehicles	1.852.640	13.843	-	1.866.483
Furniture and fixtures	4.391.892	3.931.796	(3.349)	8.320.339
Construction in progress	160.606	29.586.534	-	29.747.140
Leasehold improvements	15.764.771	540.197	-	16.304.968
	<b>113.428.406</b>	<b>165.375.287</b>	<b>(3.349)</b>	<b>278.800.344</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>Disposals (-)</b>	<b>31 December 2022</b>
Machinery and equipment	(21.993.835)	(12.242.591)	-	(34.236.426)
Vehicles	(702.734)	(323.199)	1.082	(1.024.851)
Furniture and fixtures	(1.259.200)	(973.638)	-	(2.232.838)
Leasehold improvements	(6.767.359)	(2.281.635)	-	(9.048.994)
	<b>(30.723.128)</b>	<b>(15.821.063)</b>	<b>1.082</b>	<b>(46.543.109)</b>
<b>Net book value</b>	<b>82.705.278</b>			<b>232.257.235</b>

As of 31 December 2022, property, plant, and equipment are insured for TL 333.257.183 and there is no mortgage on it.

Movement of property, plant and equipment for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	Transfers (*)	Revaluation (**)	31 December 2021
<b>Cost</b>						
Land	1.360.000	110.000	-	-	-	1.470.000
Machinery and equipment	42.739.524	769.222	(349.047)	23.488.570	23.140.228	89.788.497
Vehicles	1.964.330	270.941	(382.631)	-	-	1.852.640
Furniture and fixtures	2.582.051	1.693.853	(7.054)	123.042	-	4.391.892
Construction in progress	16.306.293	10.211.382	(237.378)	(26.119.691)	-	160.606
Leasehold improvements	7.747.529	5.509.163	-	2.508.079	-	15.764.771
	<b>72.699.727</b>	<b>18.564.561</b>	<b>(976.110)</b>	<b>-</b>	<b>23.140.228</b>	<b>113.428.406</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>Disposals (-)</b>	<b>Transfers (*)</b>	<b>Revaluation (**)</b>	<b>31 December 2021</b>
Machinery and equipment	(11.392.450)	(3.197.824)	-	-	(7.403.561)	(21.993.835)
Vehicles	(304.921)	(397.813)	-	-	-	(702.734)
Furniture and fixtures	(813.535)	(452.719)	7.054	-	-	(1.259.200)
Leasehold improvements	(3.913.347)	(2.854.012)	-	-	-	(6.767.359)
	<b>(16.424.253)</b>	<b>(6.902.368)</b>	<b>7.054</b>	<b>-</b>	<b>(7.403.561)</b>	<b>(30.723.128)</b>
<b>Net book value</b>	<b>56.275.474</b>					<b>82.705.278</b>

As of 31 December 2021, property, plant, and equipment are insured for TL 116.836.132 and there is no mortgage on it.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 11. PEOPERTY, PLANT AND EQUIPMENTS (Contunied)

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

(\*\*) For the fair values of the Group's machinery and equipment, an independent valuation company authorized by the CMB has prepared a valuation report as of 06.10.2021 and it has been seen that the said values reflect the fair values of the related fixed assets.

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

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Cost</b>		
Cost of sales (Note 20)	27.210.897	9.978.834
General administrative expenses (Note 22)	4.513.934	2.494.709
	<b>31.724.831</b>	<b>12.473.543</b>

## 12. INTANGIBLE FIXED ASSETS

Movement of intangible fixed asset for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	31 December 2022
<b>Cost</b>				
Rights	1.424.967	635.292	-	2.060.259
Research and development costs	1.149.251	640.369	-	1.789.620
Other intangible fixed assets	37.283	405.720	-	443.003
	<b>2.611.501</b>	<b>1.681.381</b>	<b>-</b>	<b>4.292.882</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>Disposals</b>	<b>31 December 2022</b>
Rights	(406.443)	(240.423)	-	(646.866)
Other intangible fixed assets	(5.104)	(32.469)	-	(37.573)
	<b>(411.547)</b>	<b>(272.892)</b>	<b>-</b>	<b>(684.439)</b>
<b>Net book value</b>	<b>2.199.954</b>			<b>3.608.443</b>

Movement of intangible fixed asset for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	31 December 2021
<b>Cost</b>				
Rights	694.033	730.934	-	1.424.967
Research and development costs	402.855	746.396	-	1.149.251
Other intangible fixed assets	37.283	-	-	37.283
	<b>1.134.171</b>	<b>1.477.330</b>	<b>-</b>	<b>2.611.501</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>Disposals</b>	<b>31 December 2021</b>
Rights	(274.526)	(131.917)	-	(406.443)
Other intangible fixed assets	(5.104)	-	-	(5.104)
	<b>(279.630)</b>	<b>(131.917)</b>	<b>-</b>	<b>(411.547)</b>
<b>Net book value</b>	<b>854.541</b>			<b>2.199.954</b>

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 13. RIGHT OF USED ASSETS

Movement of right of use assets for the period 01.01.-31.12.2022 and 01.01.-31.12.2021 are as follows:

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2022</b>	<b>1.807.731</b>	<b>2.571.350</b>	<b>4.379.081</b>
Additions (*)	57.319.675	2.719.782	60.039.457
Changes in leases	10.301.579	-	10.301.579
Depreciation	(13.910.301)	(1.720.575)	(15.630.876)
<b>As of 31 December 2022</b>	<b>55.518.684</b>	<b>3.570.557</b>	<b>59.089.241</b>
	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2021</b>	<b>6.624.964</b>	<b>622.553</b>	<b>7.247.517</b>
Additions	-	2.570.822	2.570.822
Depreciation	(4.817.233)	(622.025)	(5.439.258)
<b>As of 31 December 2021</b>	<b>1.807.731</b>	<b>2.571.350</b>	<b>4.379.081</b>

(\*) There has been an increase in the balance due to the lease agreements of the factory building leased within the scope of the cell and panel production investment started in Aliğa OIZ and the Dilovası panel production facility factory building, which was commissioned during the year.

## 14. FINANCIAL BORROWING

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Short-term bank borrowings	197.938.459	114.038.356
Financial lease liabilities	43.674.600	17.502.706
Liabilities arising from leasing transactions (*)	18.401.175	2.923.536
Other financial borrowings	12.391	45.277
<b>Short-term borrowings</b>	<b>260.026.625</b>	<b>134.509.875</b>
Short-term portion of long-term borrowings	613.674	7.394.989
<b>Short-term portion of long-term borrowings</b>	<b>613.674</b>	<b>7.394.989</b>
Long-term borrowings	-	5.966.469
Long-term financial lease liabilities	64.585.212	27.948.706
Liabilities arising from leasing transactions (*)	44.598.034	1.940.779
<b>Long-term borrowings</b>	<b>109.183.246</b>	<b>35.855.954</b>
<b>Total financial borrowings</b>	<b>369.823.545</b>	<b>177.760.818</b>

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



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 14. FINANCIAL BORROWING (Continued)

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

	<b>Interest Rate</b>	<b>31 December 2022</b>
TL bank borrowings	7,50% - 25,25%	108.797.578
USD bank borrowings	8,50% - 12,50%	89.754.555
		<b>198.552.133</b>
	<b>Interest Rate</b>	<b>31 December 2021</b>
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%	68.640.436
		<b>127.399.813</b>

## 15. EMPLOYEE BENEFITS

### Severance pay provision

Under the Turkish Legislations, the Company and its subsidiaries which located in Turkey, is required to pay termination benefits to each employee, who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, who retires after completing 25 years for man and 20 years for women of service and reaches the retirement age (58 for women and 60 for men). Due to the amendment of the legislation as of 8 September 1999, there are certain transitional obligations regarding the length of service due to retirement.

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 30-day salary as of 31 December 2022 TL 19.983 (31 December 2021: TL 10.849). The provision for severance pay is calculated on a current basis and is reflected in the Consolidated financial statements. The provision is calculated according to the severance pay ceiling announced by the Government.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. To calculate the liabilities of the Group in accordance with TAS 19 (Employee Benefits), a calculation made with actuarial assumptions is required. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below. The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Hence the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying Consolidated financial statements as of 31 December 2022 and 31 December 2021 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount rate	1,52%	3,85%
Estimated rate of salary increasing /inflation rate	20,01%	17,00%
The turnover ratio used to calculate the probability of retirement	95,75%	100,00%

It is planned that the severance pay rights will be paid at the end of the concession agreement. Accordingly, the terms of the concession agreements are considered in calculating the present value of the liabilities to be paid in the future.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 15. EMPLOYEE BENEFITS (Continued)

The details of long-term severance pay provisions for the periods are as follows:

<u>Long-term provisions</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Severance pay provision	4.733.249	2.781.957
	<b>4.733.249</b>	<b>2.781.957</b>

Movement of severance pay provisions for the periods are as follows:

	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Balance on January 1	2.781.957	760.599
Service cost	2.205.205	1.397.790
Interest cost	1.033.268	598.121
Actuarial (Gain)/Loss	(588.959)	302.191
Termination paid (-)	(698.222)	(276.744)
<b>Balance at the end of the period</b>	<b>4.733.249</b>	<b>2.781.957</b>

The details of short-term employee benefits provisions for the periods are as follows:

<u>Short-term provisions</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Provision for unused vacation liability	2.164.561	994.443
	<b>2.164.561</b>	<b>994.443</b>

Movement of unused vacation provisions as follows:

	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Balance on January 1	994.443	614.114
Current year provision expense (*)	1.170.118	380.329
<b>Balance at the end of the period</b>	<b>2.164.561</b>	<b>994.443</b>

(\*) Unused vacation provision expenses for the relevant periods are included in personnel expenses.

## 16. COMMITMENTS , CONTINGENT ASSETS AND LIABILITIES

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Lawsuit provisions	920.466	1.781.289
	<b>920.466</b>	<b>1.781.289</b>

The movement table of the Group's provision for lawsuits by periods is as follows:

	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
<b>Beginning of the Term</b>	1.781.289	2.299.296
Provisions in the period / (Provisions no longer required)	(860.823)	(518.007)
<b>Balance at the end of the period</b>	<b>920.466</b>	<b>1.781.289</b>

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 16. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

### a) Guarantees received

As of 31 December 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 December 2022 and 2021, are as follows:

CPMB's given by the Group	31 December 2022	31 December 2021
A. CPMB's given for Group's own legal personality	84.034.055	159.741.686
B. CPMB's given on behalf of fully consolidated companies	439.939.605	
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	-	-
	<b>523.973.660</b>	<b>159.741.686</b>

Given to	31 December 2022	31 December 2021
T. C. Enerji ve Tabi Kaynaklar Bakanlığı	141.400.000	-
Hes Hacılar Elektrik San. Ve Tic. A.Ş	140.523.334	-
Boyteks Tekstil Sanayi ve Ticaret A.Ş	67.271.809	-
Emba Elektrik Üretim A.Ş.	57.580.588	-
Boyçelik Metal San. Ve Tic. A.Ş	37.672.213	-
Fritolay Gıda San Tic. A.Ş	21.736.774	-
Şişli Vergi Dairesi	14.572.655	-
Fruko Meşrubat San. Ve Tic Ltd.Şti	12.913.046	-
Yapıen A.Ş.	9.115.328	6.326.466
RA Güneş Enerjisi Üretim San. Ve Tic. A.Ş	8.414.235	-
Gümrük Müdürlüğü	4.404.826	-
Gaziantep Büyükşehir Belediyesi	3.986.980	-
Cemre Tekstil	3.709.537	-
T.C. Enerji Bakanlığı / YEKA Diyarbakır	-	14.000.000
Yıldırım Enerji Projesi Avans Mektubu	-	77.865.000
Global Holding Mardin Ra Projesi	-	11.679.750
Gün Güneş / Van 55 MWp	-	49.708.692
Other	672.335	161.778
<b>Total</b>	<b>523.973.660</b>	<b>159.579.908</b>



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 17. EMPLOYEE BENEFITS OBLIGATIONS

The details of employee benefits obligations for the periods are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Payable to social security withholding	6.541.752	966.745
Due to personnel	243.220	5.162.602
	<u>6.784.972</u>	<u>6.129.347</u>

## 18. INCOME TAX

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Current tax expense	(10.194.913)	(6.455.267)
Prepaid taxes and funds	9.103.729	1.093.135
	<u>(1.091.184)</u>	<u>(5.362.132)</u>
	<u>1 January- 31 December 2022</u>	<u>1 January- 31 December 2021</u>
Deferred tax assets / liabilities	51.150	(5.650.806)
	<u>51.150</u>	<u>(5.650.806)</u>

### 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 December 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 22 April 2021, the company's corporate tax rate has been calculated 23%. Accordingly, in the Group's consolidated financial statements as of 31 December 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%. It is calculated with a rate of 18% for the part that will have a tax effect in the following periods.

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.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 18. INCOME TAX (Continued)

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 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 20 January 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.

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

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

### Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding 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.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 18. INCOME TAX (Continued)

### 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.

### Recognized deferred tax assets and liabilities

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

	31 December 2022	31 December 2021
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	944.492	785.113
Trade payables	250.710	(1.564.142)
Trade receivables	(18.999.981)	933.464
Lease liabilities	11.339.858	1.520.483
Inventories	3.424.749	10.142.060
Tangible and intangible assets	7.388.368	4.309.762
Hedge Instruments	6.816.862	-
Financial liabilities	689.973	(163.250)
Lawsuit provisions	165.684	409.696
Cash and cash equivalents	-	114.579
Right of use assets	(10.636.064)	(875.816)
investment incentives	11.955.081	-
<b>Deferred tax assets</b>	<b>13.339.732</b>	<b>15.611.949</b>
Deferred tax assets	42.975.777	18.215.157
Deferred tax liabilities	(29.636.045)	(2.603.208)
<b>Deferred tax assets</b>	<b>13.339.732</b>	<b>15.611.949</b>

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

	1 January 2022	Deferred tax income/ (expense)	Other comprehensive income	31 December 2022
<b>Deferred tax assets</b>	15.611.949	51.150	(2.323.367)	13.339.732
	1 January 2021	Deferred tax income/ (expense)	Other comprehensive income	31 December 2021
<b>Deferred tax assets</b>	12.359.202	(5.650.806)	8.903.553	15.611.949



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 18. INCOME TAX (Continued)

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

	1 January- 31 December 2021	1 January- 31 December 2020
<b>Profit/(loss) for before taxation</b>	249.076.345	96.451.367
Corporation tax rate	23%	25%
<b>Calculated tax using the Company's domestic tax rate</b>	<b>57.287.559</b>	<b>24.112.842</b>
Non-deductible expenses	(6.021.346)	(2.395.868)
Investment incentive discounts	(48.875.465)	(29.301.957)
Discounts and exceptions	(4.457.292)	(460.097)
Effect of current period adjustments	(8.077.219)	(4.060.993)
<i>Adjustments to trade receivables and payables</i>	<i>(18.118.593)</i>	<i>(6.060.815)</i>
<i>Adjustments to tangible and intangible assets</i>	<i>3.078.606</i>	<i>4.638.986</i>
<i>Other</i>	<i>6.962.768</i>	<i>(2.639.164)</i>
<b>Tax expense</b>	<b>(10.143.763)</b>	<b>(12.106.073)</b>

## 19. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

### Share Capital

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

	31 December 2022	Share	31 December 2021	Share
<u>Shareholders</u>	TL	%	TL	%
Smart Holding A.Ş.	229.584.000	75,03	127.500.000	100
Publicly-traded	76.416.000	24,97	-	-
<b>Total paid-in capital</b>	<b>306.000.000</b>	<b>100</b>	<b>127.500.000</b>	<b>100</b>

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 TL 400.000.000.

As of 30 December 2022, the capital of the Group consists of 306.000.000 shares (31 December 2021: 127.500.000). The nominal value of the shares is TL 1 per share (31 December 2021: per share TL 1).

25,500,000 shares of the Company with a nominal value of 1 TL were offered to the public on 16/17/18 March 2022 at 14 TL per share and started to be traded on the Borsa Istanbul on 24 March. The amount of 25.500.000 TL obtained was used in the capital increase and the remaining portion was recorded in the "Premiums Related to Shares / (Discounts)" account. Expenses amounting to TL 21,717.642 made within the scope of public offering have been deducted from this account within the scope of TAS 32.

Provided that the issued capital of the Company amounting to TL 153.000.000 remains within the registered capital ceiling of TL 400.000.000 it has been increased by 100% to TL 306.000.000 by bonus issue. According to the 6th article of the Articles of Association, which was amended in this context, regarding the capital, the T.R. It was registered by the Istanbul Trade Registry Directorate on 25.10.2022 and published in the Turkish Trade Registry Gazette dated 26.10.2022 and numbered 10690. TL 100.000.000 of the related capital increase was received from the issue premiums related to the Shares, and TL 53.000.000 from the prior year's profits.

As of 31 December 2022, the details of the shares by group are given below. TL 76.416.000 of the bearer B group shares are traded on the BIST.

<u>Group</u>	<u>Capital ratio (%)</u>	<u>Total balance</u>
Group A Stocks (Registered)	22,88	70.000.000
Group B Shares (Bearer)	77,12	236.000.000
<b>Issued capital</b>	<b>100,00</b>	<b>306.000.000</b>

## Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

### 20. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic Sales	2.004.511.462	828.289.464
Export Sales	252.614.556	45.170.445
<b>Gross Sales (*)</b>	<b>2.257.126.018</b>	<b>873.459.909</b>
Sales Returns (-)	(34.290.494)	(15.475.087)
Sales Discounts (-)	(23.326.986)	(11.870.040)
<b>Net Sales</b>	<b>2.199.508.538</b>	<b>846.114.782</b>
Cost of goods sold (-)	(1.375.160.406)	(472.778.612)
Cost of trade goods sold (-)	(376.925.165)	(228.496.511)
Cost of services sold (-)	(54.107.505)	(314.166)
Depreciation and amortization expenses (Note 11)	(27.210.897)	(9.978.834)
<b>Gross Profit</b>	<b>366.104.565</b>	<b>134.546.659</b>

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

	1 January- 31 December 2022	1 January- 31 December 2021
Sales of solar panels and equipment	1.982.683.136	784.634.074
Sales of solar energy power plant projects	145.887.400	74.198.152
Transit trade sales	116.063.898	13.194.643
Waste and scrap sales	12.491.584	1.433.040
	<b>2.257.126.018</b>	<b>873.459.909</b>

### 21. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	15.684.055	4.813.685
Advertising and promotion expenses	9.538.938	2.150.760
Export and warehouse expenses	7.443.139	782.021
Logistic expenses	7.168.771	2.667.142
Project expenses	2.841.148	5.778.122
Consultancy and lawyer expenses	713.951	379.636
Food and travel expenses	687.425	402.777
Other	4.300.018	682.549
	<b>48.377.445</b>	<b>17.656.692</b>

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 22. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	29.970.523	13.511.446
Consultancy and lawyer expenses	7.588.484	3.322.180
Depreciation and amortization expenses (Note 11)	4.513.934	2.494.709
Representation expenses	3.866.826	853.716
Food and travel expenses	2.615.144	419.845
Vehicle expenses	1.739.069	217.913
Office expenses	1.173.466	270.549
Security expenses	494.196	292.453
Bank transaction charges	361.308	1.619.822
Other	1.243.619	3.789.354
	<b>53.566.569</b>	<b>26.791.987</b>

### *Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POAASA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2022	2021
Independent audit fee for the reporting period	350.000	340.000
Amount of other assurance services	75.000	15.000
	<b>425.000</b>	<b>355.000</b>



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 23. EXPENSES BY NATURE

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

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Cost of goods sold (-)	1.375.160.406	472.778.612
Cost of merchandise sold (-)	376.925.165	228.496.511
Cost of services sold (-)	54.107.505	314.166
Personnel expenses	45.654.578	18.325.131
Depreciation and amortization expenses (Note 11)	31.724.831	12.473.543
Advertising and promotion expenses	9.538.938	2.150.760
Consultancy and lawyer expenses	8.302.435	3.701.816
Export and warehouse expenses	7.443.139	782.021
Logistics expenses	7.168.771	2.667.142
Representation expenses	3.866.826	853.716
Food and travel expenses	3.302.569	822.622
Other	12.152.824	12.650.762
	<b>1.935.347.987</b>	<b>756.016.802</b>

## 24. OTHER OPERATING INCOME AND EXPENSES

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

<b>Other operating income</b>	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Foreign exchange gain (*)	75.913.077	48.690.727
SSI Incentive Premiums	13.454.335	1.231.872
Provisions no longer required	860.823	22.663.962
Late interest income from sales	-	73.858.872
Interest income on trade receivables	-	10.066.599
Other	6.994.423	1.852.308
	<b>97.222.658</b>	<b>158.364.340</b>
<b>Other operating expenses</b>	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Foreign exchange loss (*)	49.739.360	41.959.031
Provisions for doubtful receivables	2.677.994	4.988.241
Interest expense on trade payables	2.658.177	-
Donations	1.485.104	-
Late interest expense due to cost of sales	-	46.668.101
Stock count and delivery shortages	-	5.640.931
Other	8.018.709	4.106.998
	<b>64.579.344</b>	<b>103.363.302</b>

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

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 25. GAINS FROM INVESTMENT ACTIVITIES

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

	1 January- 31 December 2022	1 January- 31 December 2021
<b><u>Gains from invstment activities</u></b>		
Fx protected TL Deposits interest and currency income	11.071.638	-
	<b>11.071.638</b>	<b>-</b>

## 26. FINANCIAL INCOME AND EXPENSES

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

Finance income	1 January- 31 December 2022	1 January- 31 December 2021
Interest income	8.295.833	449
	<b>8.295.833</b>	<b>449</b>
Finance expenses	1 January- 31 December 2022	1 January- 31 December 2021
Interest expense	37.443.877	13.732.779
Bank transaction and commission expenses	12.863.659	3.096.532
Foreign exchange loss (*)	8.312.264	25.533.391
	<b>58.619.800</b>	<b>42.362.702</b>

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

## 27. EARNING PER SHARE

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

	1 January – 31 December 2022	1 January – 31 December 2021
Profit for the period attributable to equity holders	248.057.660	80.008.598
Weighted average number of common shares issued	261.375.000	127.500.000
Profit per share	0,95	0,63

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 28. FINANCIAL INSTRUMENTS

### Capital Risk Management

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

	31 December 2022	31 December 2021
Total financial borrowings	369.823.545	177.760.818
Less: Cash and cash equivalents	(294.047.522)	(23.734.489)
<b>Net debt</b>	<b>75.776.023</b>	<b>154.026.329</b>
Total equity	781.665.202	200.611.562
<b>Net debt to equity ratio</b>	<b>0,10</b>	<b>0,77</b>

### 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.



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 29. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

### Risk management disclosures

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

### Credit Risk

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

31 December 2022	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Trade receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	158.598.215	937.632.415	-	22.890.631	240.186.115	53.809.648
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	158.598.215	937.632.415	-	22.890.631	240.186.115	53.809.648
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	40.312.973	-	-	-	-
- Impairment (-)	-	(40.312.973)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

31 December 2021	Receivables				Cash at Banks
	Trade receivables		Trade receivables		
	Related Party	Third Party	Related Party	Third Party	
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	119.400.238	259.160.029	49.598.658	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	119.400.238	259.160.029	49.598.658	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.	-	-	-	-	-

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 29. 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 December 2022				
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years
<b>Non derivative financial liabilities</b>	<b>1.076.490.040</b>	<b>1.113.112.493</b>	<b>274.546.252</b>	<b>701.805.720</b>	<b>136.760.521</b>
Loans and borrowings	306.824.336	319.815.374	31.264.880	210.961.853	77.588.641
Trade payables	694.606.049	694.606.049	223.134.714	471.471.335	-
Lease liabilities	62.999.209	86.630.624	8.086.212	19.372.532	59.171.880
Other payables	12.060.446	12.060.446	12.060.446	-	-
Contractual maturity	31 December 2021				
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years
<b>Non derivative financial liabilities</b>	<b>420.323.779</b>	<b>422.923.762</b>	<b>21.385.167</b>	<b>365.682.641</b>	<b>35.855.954</b>
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	-	-

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 29. 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 December 2022			31 December 2021		
		TL	USD	EUR	TL	USD	EUR
		Equivalent			Equivalent		
1	Trade receivables	897.139.854	43.503.123	4.198.938	286.716.773	19.277.224	2.489.160
2a.	Monetary financial assets	51.884.440	2.743.414	29.459	24.961.524	1.912.712	9.488
2b.	Non-Monetary financial assets	-	-	-	-	-	-
3	Other	240.321.030	9.885.130	2.783.355	79.210.169	2.504.820	3.180.964
4	<b>Current assets (1+2+3)</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>	<b>390.888.466</b>	<b>23.694.756</b>	<b>5.679.612</b>
5	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-Monetary financial assets	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	<b>Non- Current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9	<b>Total assets (4+8)</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>	<b>390.888.466</b>	<b>23.694.756</b>	<b>5.679.612</b>
10	Trade payables	500.343.915	25.373.310	1.254.385	115.826.640	8.686.266	211.181
11	Financial borrowings	131.890.724	5.167.657	1.757.074	6.411.493	458.829	31.129
12a.	Other Monetary financial liabilities	-	-	-	-	-	-
12b.	Other Non-Monetary financial liabilities	-	-	-	146.721.981	11.224.779	71.679
13	<b>Current liabilities (10+11+12)</b>	<b>632.234.639</b>	<b>30.540.967</b>	<b>3.011.459</b>	<b>268.960.114</b>	<b>20.369.874</b>	<b>313.989</b>
14	Trade payables	-	-	-	-	-	-
15	Financial borrowings	61.570.143	30.060	3.054.813	-	-	-
16a.	Other Monetary financial liabilities	-	-	-	-	-	-
16b.	Other Non-Monetary financial liabilities	-	-	-	-	-	-
17	<b>Non-Current liabilities (14+15+16)</b>	<b>61.570.143</b>	<b>30.060</b>	<b>3.054.813</b>	<b>-</b>	<b>-</b>	<b>-</b>
18	<b>Total liabilities (13+17)</b>	<b>693.804.782</b>	<b>30.571.027</b>	<b>6.066.272</b>	<b>268.960.114</b>	<b>20.369.874</b>	<b>313.989</b>
19	<b>Net asset / liability position of off-balance sheet derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a.	Total amount of assets hedged	-	-	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-	-	-
20	<b>Net foreign currency asset / (liability) position (9-18+19)</b>	<b>495.540.542</b>	<b>25.560.640</b>	<b>945.480</b>	<b>121.928.352</b>	<b>3.324.882</b>	<b>5.365.623</b>
21	<b>Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>255.219.512</b>	<b>15.675.510</b>	<b>(1.837.875)</b>	<b>189.440.164</b>	<b>12.044.841</b>	<b>2.256.338</b>
22	<b>Amounts subject to cash flow hedge accounting</b>	<b>193.460.867</b>	<b>5.197.717</b>	<b>4.811.887</b>	<b>6.411.493</b>	<b>458.829</b>	<b>31.129</b>
23	<b>Net foreign currency position after cash flow hedge</b>	<b>689.001.409</b>	<b>30.758.357</b>	<b>5.757.367</b>	<b>128.339.845</b>	<b>3.783.711</b>	<b>5.396.752</b>



# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 29. 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:

	2022		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	47.691.027	(47.691.027)	4.314.865	(4.314.865)
2- Amount hedged for USD risk (-)	-	-	-	-
3- USD net effect (1+2)	47.691.027	(47.691.027)	4.314.865	(4.314.865)
In case of 10% appreciation of EUR against TL				
4- EUR net asset/liability	1.863.027	(1.863.027)	7.877.970	(7.877.970)
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	1.863.027	(1.863.027)	7.877.970	(7.877.970)
Total net effect (3+6)	49.554.054	(49.554.054)	12.192.835	(12.192.835)

### 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.

# Notes to Consolidated Financial Statements for The Years Ended 31 December 2022 and 2021

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

## 30. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

	Not	31 December 2022		31 December 2021	
		Book value	Fair value	Book value	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	3	240.237.874	240.237.874	23.734.489	23.734.489
Financial Investments	4	53.809.648	53.809.648	-	-
Trade receivables	5	1.110.991.219	1.096.230.630	378.560.267	372.274.869
Other receivables	7	22.890.631	22.890.631	70.804.611	70.804.611
<b>Total financial assets</b>		<b>1.427.929.372</b>	<b>1.413.168.783</b>	<b>473.099.367</b>	<b>466.813.969</b>
<b>Financial liabilities</b>					
Financial borrowings	14	369.823.545	356.832.507	177.760.818	175.160.835
Trade payables	5	694.606.049	694.606.049	231.218.044	231.218.044
Other payables	7	12.060.446	12.060.446	13.944.900	13.944.900
Payables related to employment benefits	17	6.784.972	6.784.972	6.129.347	6.129.347
<b>Total financial liabilities</b>		<b>1.083.275.012</b>	<b>1.070.283.974</b>	<b>429.053.109</b>	<b>426.453.126</b>
<b>Net</b>		<b>344.654.360</b>	<b>342.884.809</b>	<b>44.046.258</b>	<b>40.360.843</b>

## 31. SABSEQUENT EVENTS

Based on the Group's application to the CMB on 07.02.2023, the current registered capital ceiling has been increased from TL 400.000.000 (four hundred million Turkish Liras) to TL 2.000.000.000 (two billion Turkish Liras). It was approved by the CMB with its letter dated 23.02.2023 and numbered E-29833736-110.04.04-33704.

The Group has purchased some of its shares traded in Borsa Istanbul on 16.02.2023. It bought back 12.000 shares with an average price of 66.21 and on 20.02.2023 13.000 shares with an average price of 67.02. The Group's SMRTG shares reached a total of 25,000 (0.00816% to company capital).

By the Board of Directors on 06.02.2023; Based on the authority given by our Company's Articles of Association, in accordance with the provisions of the Capital Markets Board's Debt Securities Communiqué (VII-128.8); Our company's debt instrument issuance, in Turkish Lira with various maturities up to 5 (five) years, not exceeding TL 300.000.000 (three hundred million Turkish Liras), to be sold to qualified investors in the country, without public offering, in one or more than one time. Within the scope of the decision taken, the necessary permission application was made to the Capital Markets Board on 07.02.2023.

Board of Directors on 06.02.2023; In line with its long-term strategies, it has decided to establish two new companies in order to build its operational capability and financial strength abroad under a more efficient and financially stronger centralized structure. It has been decided to establish a new company with the title of Smart Gunes Tecnologias Renovables, Sociedad Limitada, which will operate in the field of solar energy technologies in Spain, with a capital of EURO 50.000,00- (fifty thousand EURO) and to own 100% of the capital of the new company to be established. In addition, it has been decided to establish a new company with the title of Smart Global Enterprises & Trading BV, located in the Netherlands, with a capital of EURO 50.000,00- (fifty thousand EURO) and to own 100% of the capital.

Smart GES Üretim A.Ş., one of the subsidiaries of the Group, received a certificate from the Energy Market Regulatory Authority (EMRA) on 04.01.2023 for the solar power generation plant with a power of 100 MWe (Bor-1), which it aims to establish in the Niğde Bor region. It received a new investment incentive from the Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital. All of this incentive will be used in the new investment, 100% subsidiary of our Company, Smart GES Üretim A.Ş. given to. Investment Incentive Certificate for the total fixed investment amount of TL 1.994.972.280 was obtained for the investment of the 100MWe Bor-1 Solar Power Plant (GES) project. The support elements foreseen in the said Investment Incentive Certificate are "VAT Exemption" and "Customs tax exemption".eww

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