(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 2023 WITH INDEPENDENT AUDITORS' REPORT THEREON

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Directors of
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş.

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. (the "Company" veya "Smart") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards which are part of the Turkish Auditing Standards issued by by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and adopted within the framework of the Capital Markets Board of Turkey ("CMB"). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated 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") issued by POA and the ethical requirements in CMB legislation that are relevant to audit of consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and legislation. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.	We performed the following audit procedures in relation to the application of TAS 29 "Financial reporting in hyperinflationary economies": •Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management, •Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29, •Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, •Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, •Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation, •Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS. As a result of the audit procedures we have applied, we have not had any significant findings regarding the recoverability of TAS 29.

The key audit matter	How the matter was addressed in our audit
Trade receivables and recoverability	
As of 31 December 2023, the Group's total trade receivable is TL 2.531.944.827 (31 December 2022: TL 1.672.825.140). The trade receivable from the third parties amounting to TL 2.409.466.743 (31 December 2022: TL 1.411.498.232), which is a part of total trade receivables, constitutes approximately 24% (31 December 2022: 39%) of the Group's assets. 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. In addition, the Group has calculated the Expected Credit Loss Provision for its receivables within the scope of TFRS 9. 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. The Group's explanations regarding trade receivables, provision for doubtful receivables and credit risk are included in Notes 2.6 and 29.	During our audit, the following audit procedures regarding the recoverability of trade receivables were applied: The processes applied by the Group during the verification of trade receivables have been understood. Trade receivable balances have been tested with the confirmation method. 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. 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. The collection turnover rate was compared with the previous year. The collections in the following periods were tested by sampling method. The sufficiency of the explanations in the notes to the consolidated financial statements regarding the recoverability of trade receivables has been evaluated. As a result of the audit procedures we have applied, we have not had any significant findings regarding the recoverability of trade receivables.

The key audit matter	How the matter was addressed in our audit
Revenue recognition	
Revenue is an important measurement in terms of evaluating the results of the Group’s strategies implemented during the year and monitoring the performance. As of 31 December 2023, 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. Group's revenue consists of income from domestic and foreign sales. 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. As of 31 December 2023, the Group's sales revenue is TL 8.093.257.032 (31 December 2022: TL 3.973.288.754) and explanations regarding the relevant accounting policies are given in Note 2.6 and Note 20.	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. The main audit procedures that we made as follows: ·Revenue examined with analytical procedures, · Revenue invoice vouching test, · Revenue Cut-off testing . The processes applied by the Group during the confirmation of trade receivables have been understood, · 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, · The collection risk of trade receivables was evaluated and the controls used in the follow-up of the collection process were tested. · Customer contracts were reviewed, and if there is any management judgments were evaluated. As a result of the audit procedures we have applied, we have not had any significant findings regarding the revenue recognition.

The key audit matter	How the matter was addressed in our audit
Inventories	
There is a risk of impairment of inventories in the financial statements dated 31 December 2023 due to macroeconomic factors. 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. Explanations on the Group's accounting policies and amounts related to inventory impairment are given in Note 2.6 and Note 8.	During our audit, the following procedures have been applied regarding the impairment of inventories. i) Understanding and evaluating the appropriateness of the accounting policy related to the impairment of inventory, 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, iii) Observing whether there are inactive or damaged inventories in the year-end stock counts, iv) Sample testing of selling prices deducted from the discounts used in the net realizable value calculation. v) Assessment of the necessity for an inventory impairment. As a result of the audit procedures we have applied, we have not had any significant findings regarding the inventory impairment.

The key audit matter	How the matter was addressed in our audit
Advances received	
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. Revenue is recognized when the significant risks and controls of ownership are transferred to the buyer. The Group's solar power plant installations and investments are delivered to customers on a turnkey basis because of the installations. 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.	During our audit, the following procedures were applied regarding the revenue recognition and the order advances received: - 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; - The substantive procedures focused on the assessment of cases where income was earned but not invoiced. - We specifically examined the billing transactions regarding the power plants the Group made abroad and the services it provided during the period. - The arithmetic calculations of the advances given and the data forming the basis for these calculations have been checked by audit team. - 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. As a result of the audit procedures we have applied, we have not had any significant findings regarding the advances received.

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

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

In preparing the consolidated 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 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 auditors in an audit are as follows:

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 in order 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Legal and Regulatory Requirements

1. In accordance with the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that, the Group's bookkeeping activities and consolidated financial statements for the period between 1 January – 31 December 2023, are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2. In accordance with the fourth paragraph of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of the audit.

3. In accordance with the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 02 May 2024.

The name of the engagement partner who supervised and concluded this audit is Nazım Hikmet.

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

Nazım HİKMET
Partner

İstanbul, 02.05.2024

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		Audited	**Audited**
		Current period	**Prior Period**
ASSETS	***Notes***	**31 December 2023**	**31 December 2022**
Current Assets			
Cash and cash equivalents	3	586.732.923	395.846.957
Financial investments	4	242.223.427	88.663.728
Trade receivables		2.531.944.827	1.672.825.140
- *Due from related parties*	*6*	*122.478.084*	*261.326.908*
- *Due from third parties*	*5*	*2.409.466.743*	*1.411.498.232*
Other receivables		384.498.784	33.720.338
- *Other receivables from related parties*	*6*	*24.327.428*	-
- *Other receivables from third parties*	*7*	*360.171.356*	*33.720.338*
Inventories	8	1.972.834.463	780.942.940
Prepaid expenses		1.255.244.390	558.900.094
- *Due from related parties*	*6*	*89.530.844*	*18.007.726*
- *Prepaid expenses, third parties*	*9*	*1.165.713.546*	*540.892.368*
Current income tax assets	*18*	19.953.890	-
Other current assets	10	131.043.353	110.520.667
TOTAL CURRENT ASSETS		**7.124.476.057**	**3.641.419.864**
Non-current Assets			
Other receivables		4.213.155	3.997.223
- *Other receivables from third parties*	*7*	*4.213.155*	*3.997.223*
Right of use assets	13	200.430.702	113.303.273
Property plant and equipment	11	1.926.857.795	526.696.474
Intangible assets	12	19.298.330	8.846.955
Prepaid Expenses	9	1.038.971.267	-
Deferred tax assets	18	236.444.157	-
TOTAL NON-CURRENT ASSETS		**3.426.215.406**	**652.843.925**
TOTAL ASSETS		**10.550.691.463**	**4.294.263.789**

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

		Audited	**Audited**
		Current period	**Prior Period**
LIABILITIES	***Notes***	**31 December 2023**	**31 December 2022**
Current Liabilities			
Short-term borrowings	14	1.509.269.403	398.133.306
Short-term portion of long-term borrowings	14	307.369.545	1.011.169
Lease liabilities	14	32.864.654	30.320.153
- *Lease transactions from related parties*		*10.344.922*	*12.136.674*
- *Lease transactions from third parties*		*22.519.732*	*18.183.479*
Trade payables		2.356.993.684	1.144.522.652
- *Due to related parties*	*6*	*542.674.721*	*140.459.208*
- *Trade payables third parties*	*5*	*1.814.318.963*	*1.004.063.444*
Employee benefits obligations	17	67.183.034	11.179.796
Other Payables		2.543.772	19.872.349
- *Other payables from third parties*	*7*	*2.543.772*	*19.872.349*
Deferred income		2.045.336.050	1.044.514.580
- *Deferred income from third parties*	*9*	*2.045.336.050*	*1.044.514.580*
Current income tax liabilities	18	-	1.797.976
Provisions		8.786.483	5.083.289
- *Provisions for employee benefits*	*15*	*7.229.163*	*3.566.610*
- *Other short-term provisions*	*16*	*1.557.320*	*1.516.679*
Other current liabilities	10	65.188.252	11.380.929
TOTAL CURRENT LIABILITIES		**6.395.534.877**	**2.667.816.199**
Non-current liabilities			
Long-term borrowings	14	1.900.804.684	106.418.939
Lease liabilities	14	113.339.624	73.485.483
- *Lease transactions from related parties*		*41.297.441*	*66.668.509*
- *Lease transactions from third parties*		*72.042.183*	*6.816.974*
Long-term provisions		12.653.291	7.799.113
- *Long-term provisions for employee benefits*	*15*	*12.653.291*	*7.799.113*
Deferred tax liability	*18*	-	6.595.618
TOTAL NON-CURRENT LIABILITIES		**2.026.797.599**	**194.299.153**
Shareholders' Equity		**2.122.985.875**	**1.442.281.054**
Paid-in capital	19	605.880.000	306.000.000
Adjustment to share capital		515.663.848	438.752.523
Treasury shares (-)		(25.589.638)	-
Share premiums		417.332.708	512.824.707
Accumulated other comprehensive income not to be reclassified in profit or loss		(2.745.501)	920.384
- *Gain/(Loss) on remeasurements of the defined benefit plans*		*(2.745.501)*	*920.384*
Accumulated other comprehensive income that will be reclassified in profit or loss		(374.176.112)	(61.153.206)
- *Foreign currency translation differences*		*1.484.030*	*1.651.323*
- *Gain / (loss) of hedging reserve*		*(375.660.142)*	*(62.804.529)*
Reserves on retained earnings		68.732.117	28.876.314
Prior years' profit		(105.094.797)	*127.343.747*
Net income for the period		1.022.983.250	88.716.585
Non-controlling interest		5.373.112	(10.132.617)
TOTAL SHAREHOLDER'S EQUITY		**2.128.358.987**	**1.432.148.437**
TOTAL LIABILITIES		**10.550.691.463**	**4.294.263.789**

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

	Notes	**Audited 1 January- 31 December 2023**	**Audited 1 January- 31 December 2022**
Revenue	20	8.093.257.032	3.973.288.754
Cost of sales (-)	20	(6.245.971.669)	(3.366.948.871)
GROSS PROFIT		**1.847.285.363**	**606.339.883**
General administrative expense (-)	22	(316.918.824)	(102.242.657)
Selling, marketing and distribution expense (-)	21	(235.094.208)	(88.821.850)
Other operating income	24	916.900.708	300.063.973
Other operating expense (-)	24	(508.003.871)	(237.942.994)
OPERATING PROFIT / (LOSS)		**1.704.169.168**	**477.396.355**
Gains from investment activities	25	100.059.645	19.769.306
Expected credit loss according to TFRS 9		(14.143.668)	(13.964.820)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		**1.790.085.145**	**483.200.841**
Financial income	26	136.465.600	15.724.331
Financial expenses (-)	26	(841.713.311)	(127.517.930)
Net monetary position gains (losses)	26	(124.210.271)	(258.737.376)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		**960.627.163**	**112.669.866**
Tax income / (expense) from continuing Operations			
Current period tax expense	18	(69.512.923)	(16.798.456)
Deferred tax (expense) / income	18	146.302.515	(26.034.749)
PROFIT FROM CONTINUING OPERATIONS		**1.037.416.755**	**69.836.661**
NET PROFIT/LOSS FOR THE PERIOD		**1.037.416.755**	**69.836.661**
Attributable to:			
Non-controlling interest		14.433.505	(18.879.924)
Equity holder of the parent		1.022.983.250	88.716.585
Earnings per share	27	**2,51**	**0,19**
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that will not to be reclassified to profit or loss			
- Gain / (loss) arising from defined benefit plans		(4.887.847)	1.150.479
Taxes on items that will not to be reclassified to profit or loss			
- Deferred tax (expense) / income		1.221.962	(230.095)
Items that will be reclassified to profit or loss			
- Currency translation differences		(167.293)	(2.313.997)
- Cash flow hedging		(408.370.911)	30.328.354
Taxes on items that will be reclassified to profit or loss			
- Deferred tax (expense) / income		95.515.298	(7.240.944)
TOTAL OTHER COMPREHENSIVE LOSS		**(316.688.791)**	**21.693.797**
TOTAL COMPREHENSIVE LOSS		**720.727.964**	**91.530.458**
Attributable to:			
Equity holder of the parent		706.294.459	110.410.382
Non-controlling interest		14.433.505	(18.879.924)

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Consolidated Statement of Changes in Equity for the Periods 1 January - 31 December 2023 and 2022
(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023 unless otherwise stated.)

					Accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Accumulated other comprehensive income that will be reclassified in profit or loss		Retained earnings					
	Paid-in capital	**Adjustment to share capital**	**Repurchased Shares**	**Share preimium**	**Gain/(loss) on remeasurements of defined benefit plans**	**Gain/(loss) of hedging reserve**	**Foreign currency translation differences**	**Restricted reserves appropriated from profit**	**Prior years' profit**	**Net profit/loss for the period**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Balance as of 1 January 2022	**127.500.000**	**298.610.435**	**-**	**-**	**-**	**(85.891.939)**	**3.965.320**	**21.715.858**	**225.414.848**	**-**	**591.314.522**	**8.747.307**	**600.061.829**
Transfer	-	-	-	-	-	-	-	7.160.456	(7.160.456)	-	-	-	-
Total total income/expense	-	-	-	-	920.384	23.087.410	(2.313.997)	-		88.716.585	110.410.382	(18.879.924)	**91.530.458**
capital increase	178.500.000	140.142.088	-	(171.529.521)	-	-	-	-	(90.910.645)	-	56.201.922	-	**56.201.922**
Increase due to share-based transactions	-	-	-	684.354.228	-	-	-	-		-	684.354.228	-	**684.354.228**
Balance as of 31 December 2022	**306.000.000**	**438.752.523**	**-**	**512.824.707**	**920.384**	**(62.804.529)**	**1.651.323**	**28.876.314**	**127.343.747**	**88.716.585**	**1.442.281.054**	**(10.132.617)**	**1.432.148.437**
Balance as of 1 January 2023	**306.000.000**	**438.752.523**	**-**	**512.824.707**	**920.384**	**(62.804.529)**	**1.651.323**	**28.876.314**	**127.343.747**	**88.716.585**	**1.442.281.054**	**(10.132.617)**	**1.432.148.437**
Transfer	-	-	-	-	-	-	-	14.266.165	74.450.420	(88.716.585)	-	-	-
Total comprehensive income	-	-	-	-	(3.665.885)	(312.855.613)	(167.293)	-	-	1.022.983.250	706.294.459	14.433.505	720.727.964
Capital increase (*)	299.880.000	76.911.325	-	(95.491.999)		-	-	-	(281.299.326)	-	-	-	-
Increase/decrease due to acquisition of treasury shares	-	-	(25.589.638)	-	-	-	-	25.589.638	(25.589.638)	-	(25.589.638)	-	(25.589.638)
Increase due to share-based transactions	-	-	-	-	-	-	-	-	-	-	-	1.072.224	1.072.224
Balance as of 31 December 2023	**605.880.000**	**515.663.848**	**(25.589.638)**	**417.332.708**	**(2.745.501)**	**(375.660.142)**	**1.484.030**	**68.732.117**	**(105.094.797)**	**1.022.983.250**	**2.122.985.875**	**5.373.112**	**2.128.358.987**

(*) In line with the decision taken at the Board of Directors meeting held on 12 July 2023, it was decided to increase the capital at a nominal value of 299.880.000 TL and 98% free of charge, fully covered by internal resources.

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Consolidated Cash Flow Statement for the Periods 1 January - 31 December 2023 and 2022
(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023 unless otherwise stated.)

	Dipnot	Bağımsız denetimden geçmiş 31 Aralık 2023	Bağımsız denetimden geçmiş 31 Aralık 2022
A. Cash flows from operating activities		**(638.738.522)**	**(267.611.633)**
Profit for the period		1.037.416.755	69.836.661
Adjustments to reconcile net profit/loss to net cash:		**471.761.633**	**5.264.144**
Adjustments related to depreciation and amortization expenses	11-12-13	144.442.802	65.962.968
Adjustments related to provision for employee benefits		6.694.748	5.240.613
Adjustments related to interest expenses		414.684.676	69.662.995
Adjustments related to interest incomes		(136.465.600)	(15.724.331)
Adjustments for fair value losses / (gains) of financial assets		(100.059.645)	(19.769.306)
Adjustments related to expected provision losses		14.143.668	13.964.820
Adjustments for inventory impairments	8	4.560.167	(7.397.475)
Adjustments related to tax income/(expense)	18	(76.789.592)	42.833.205
Adjustments related to unrealized currency translation differences		(85.634.294)	(170.047.166)
Monetary gain/(loss)		286.184.703	20.537.821
Adjustments related to other increase / (decrease) in working capital		**(2.060.770.020)**	**(327.782.761)**
Decrease/(increase) in financial investments		(53.500.054)	(68.894.421)
Decrease/(increase) in inventories		(1.315.033.613)	(486.087.902)
Decrease/(increase) in trade receivables from third parties		(1.012.112.179)	(723.989.909)
Decrease/(increase) in trade receivables from related parties		138.848.824	26.371.039
Decrease/(increase) in other operating receivables from related parties		(24.327.428)	169.734.424
Decrease / (increase) in other operating receivables from third parties		(326.666.950)	19.680.975
(Decrease) / Increase in trade payables to third parties		810.255.519	638.558.697
(Decrease) / increase in other operating payables to third parties		(17.328.577)	(17.872.564)
(Decrease) / increase in trade payables to related parties		402.215.513	(155.662.904)
(Decrease) / increase in deferred incomes		1.003.041.488	614.666.122
Decrease / (increase) in other assets related to operations		35.480.552	(35.642.083)
(Decrease) increase in other liabilities related to operations		47.886.163	(60.947.885)
Decreases / (increase) in prepaid expenses		(1.749.529.278)	(247.696.350)
Cash inflow (outflow) from other operations		**(87.146.890)**	**(14.929.677)**
Taxes paid		(82.366.997)	(14.310.976)
Payments under provisions for employee benefits		(4.779.893)	(618.701)
B. Cash flows from investing activities		**(1.495.300.715)**	**(298.849.807)**
Proceeds from sale of property, plant and equipment and intangible assets	11-12	349.342	3.735
Purchases of property, plant and equipment	11	(1.482.588.231)	(296.083.081)
Purchases of intangible assets	12	(13.061.826)	(2.770.461)
C. Cash flows from financing activities		**2.480.534.286**	**923.200.387**
Cash inflows from borrowings	14	2.944.855.179	583.574.315
Cash outflows from borrowings	14	(531.441.903)	(470.039.308)
Bonds issued	14	250.000.000	-
Cash inflows from leasings	14	279.110.522	203.827.888
Cash outflows from leasings	14	(167.635.016)	(90.862.092)
Payment of obligations under finance liability	14	(104.483.570)	(35.074.849)
Cash outflows from acquisition of treasury shares		(25.589.638)	-
Cash inflows from the sale of the entity's own shares and other equity instruments		-	720.139.021
Capital increase	19	-	56.201.922
Interest paid		(300.746.888)	(60.290.841)
Interest received		136.465.600	15.724.331
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		**346.495.049**	**356.738.947**
D. Inflation impact on cash and cash equivalents		**(155.609.083)**	**(25.134.562)**
E. Cash and cash equivalents at the beginning of the year		**395.846.957**	**64.242.572**
Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	**586.732.923**	**395.846.957**

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries ("Company" or "Smart Enerji") was established in 2014 in Istanbul. The Company and its subsidiaries are collectively referred to as the ("Group")..

The Main Field of Group.

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

As of 31.12.2023, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.12.2023, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki 3200 Cadde No:3207 41400 Gebze/Kocaeli, Çerkeşli OSB Mah. İMES 10.Cad. No 3 Dilovası/Kocaeli and Çoraklar Mah. 5024. Sok. No:10 Aliağa Organize Sanayi Bölgesi (ALOSBİ) Aliağa/İzmir.

As of 31 December 2023 and 2022 the total number of personnel employed by the Group is 1.161 and 735 respectively.

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

The Subsidiaries

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

31 December 2023

Company Title	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş & IHK Holding A.Ş Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraıne
Smart Solar Technology Gmbh	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologıas Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energ Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands

31 December 2022

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

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

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

Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

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

Smart 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.

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 Arısu GES 45MWe/55 MWp Licensed Van Arisu Solar Power Plant (GES)", which was put out to tender by the parties, to create a partnership and complete the project. In the said consortium, Smart Energy has 60% and IHK Holding 40%. In the founding agreement, the parties agreed that Smart Energy is the leading partner and coordinator. It has been accepted and declared by all partners that if a unanimous vote cannot be reached at the board of directors meetings of the said consortium, the matter will be conveyed to the parties for resolution by the Lead partner within 2 business days, and if an agreement cannot be reached within the specified day, the decision of the lead partner regarding the works and transactions that will cause delay in the work program will be considered final. For this reason, it has been consolidated using the full consolidation method in the accompanying financial statements.

Icarus Solar GmbH

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

Smart Solar Technology Gmbh

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

Smart Solar Ukraine

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

Smart Solargize Yeşil Mobilite Enerji 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.

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

Smart Gunes Tecnologias Renovables S.L.

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

Smart Global Enterprises & Trading B.V.

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

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

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

Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.

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

Smart Energy Global Investment and Development B.V.

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

Smart Energy Bulgaria B.V

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

Smart Energy Iberia B.V.

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

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

Smart Energy Romania B.V.

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

Smart Energy Overseas Investment B.V.

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

Joint Ventures

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

31 December 2023

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

KES Adi Ortaklığı

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

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

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

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

Condensed consolidated financial statements for the accounting period 1 January - 31 December 2023 were approved at the Board of Directors meeting dated 2 May 2023. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

Financial reporting in hyperinflationary economy

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

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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

Financial reporting in hyperinflationary economy (continued)

Year End	Index	Conversion Factor	Three-Year Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

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

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 “Impairment of Assets” and TAS 2 “Inventories” are applied, respectively.

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

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

- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Türkiye

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.

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

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 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group’s Financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations applicable as at 31 December 2023:

TAS 1 (Amendments) Disclosure of Accounting Policies
This change requires businesses to take materiality as a basis in explaining accounting policies.This amendment to TAS 1 will be applied in annual accounting periods starting on or after 1 January 2023.However, early application is allowed. These changes do not have a significant impact on the financial position and performance of the Group.

TAS 8 (Amendments) Definition of Accounting Estimates
With this change, the definition of "accounting estimate" was included instead of the definition of "change in accounting estimates". Sample and explanatory paragraphs regarding the forecasts have been added, as well as the prospective application of the forecasts.
The issues of retrospective correction of errors and the differences between these concepts have been clarified.
These changes to TAS 8 will be applied in annual accounting periods starting on or after 1 January 2023.
However, early application is also allowed. These changes do not have a significant impact on the financial position and performance of the Group.

TAS 12 (Amendments) Deferred Tax on Assets and Liabilities Arising from a Single Transaction
With these amendments, it has been clarified that the exemption regarding the initial recognition of an asset or liability in the financial statements is not valid in transactions in which equal amounts of taxable and deductible temporary differences occur when the asset and liability are first recorded.
These changes to TAS 12 will be implemented in annual accounting periods starting on or after 1 January 2023, but early application is also allowed. These changes do not have a significant impact on the financial position and performance of the Group.

TAS 12 (Amendments) International Tax Reform – Second Pillar Model Rules
The amendments provide a temporary exception to the requirements for deferred tax assets and liabilities related to pillar Two income tax. This amendment to TAS 12 is valid for annual accounting periods starting on or after 1 January 2023. These changes do not have a significant impact on the financial position and performance of the Group.

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

2.5. New and Revised Turkish Accounting Standards (continued)

TFRS 17, 'Insurance Contracts
TFRS 17 requires insurance liabilities to be measured at a current cover value and provides a more streamlined measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting in insurance contracts. TFRS 17 has been postponed for 1 year for insurance, reinsurance and pension companies, and will replace TFRS 4 Insurance Contracts as of 1 January 2024. The change in question does not have a significant impact on the financial position and performance of the Group.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

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

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. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements
effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendments to TAS 21 - Lack of Exchangeability
Effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Group's financial position and performance is being assessed.

TFRS S1, ‘General requirements for disclosure of sustainability-related financial information
effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The impact of this amendment on the Group's financial position and performance is being assessed.

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

New and Revised Turkish Acoounting Standards (continued)

TFRS S2, 'Climate-related disclosures'
effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group's financial position and performance is being assessed.

On 29 December 2023, the Public Oversight Authority (KGK) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from 1 January 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)" dated 5 January 2024.

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.

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

2.6. Summary of significant accounting policies (continued)

Related Parties

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

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

(i) has control or joint control over the reporting entity,
(ii) has significant influence over the reporting entity,
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

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

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

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 unsignificant.

Impairment

TAS 39, "Financial Instruments" valid before 1 January 2018: Instead of "realised credit losses model" in Accounting and Measurement Standard, "expected credit loss model" was defined in TFRS 9 "Financial Instruments" Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group has chosen to apply the "simplified approach" defined in the TFRS 9 standard within the scope of impairment calculations of its trade receivables (with a maturity of less than 1 year), which are recognized at amortized cost in its financial statements.

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 2023, the Group's tangible assets are shown by deducting accumulated depreciation from the indexed acquisition cost. Lands are not subject to depreciation.

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

Except for land and investments in progress, tangible fixed assets have been depreciated on a pro-rata basis using the straight-line method in accordance with the useful life principle.

Depreciation rates are determined according to the approximate economic lives of tangible fixed assets and are stated below:

	Year
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.

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:

	Year
Rights	3-15

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.

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.

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 fife 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.

Company in case of rental

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.

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.

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, UAH and BGN are shown below:

	31 December 2023		31 December 2022	
	Buying	**Selling**	**Buying**	**Selling**
USD	29,4382 TL	29,4913 TL	18,6983 TL	18,732 TL
EURO	32,5739 TL	32,6326 TL	19,9349 TL	19,9708 TL
UAH	0,77519 TL	0,77519 TL	0,50924 TL	0,50924 TL
BGN	16,5611 TL	16,7778 TL	10,1354 TL	10,2680 TL

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.

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 2023	31 December 2022
Operating profit	1.704.169.168	477.396.355
Depreciation and amortization expenses (Note 11)	144.442.802	65.962.968
Vacation and termination expenses	8.096.796	10.370.345
EBITDA	**1.856.708.766**	**553.729.668**

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.

3. CASH AND CASH EQUIVALENTS

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

	31 December 2023	**31 December 2022**
Cash on hand	163.037	85.285
Cash at banks	586.569.886	395.761.672
- Demand deposit	*486.982.389*	*389.374.429*
- Time deposit (*)	*99.587.497*	*6.387.243*
	586.732.923	**395.846.957**

(*) Time deposits consist of bank accounts with a maturity of less than three months. The details of the Company's time deposits are as follows.

31 December 2023	**Interest Rate (%)**	**TL Equivalent**
TL deposits	42%	99.587.497
Toplam		**99.587.497**

31 December 2022	**Interest Rate (%)**	**TL Equivalent**
TL deposits	5%-12%	6.387.243
Toplam		**6.387.243**

4. FINANCIAL INVESTMENTS

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

Short Term Financial Investments	**31 December 2023**	**31 December 2022**
Fx protected TL Deposits (*)	242.223.427	88.663.728
	242.223.427	**88.663.728**

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

5. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	**31 December 2023**	**31 December 2022**
Trade receivables	2.297.405.005	1.255.612.161
Notes receivables	140.965.995	180.207.524
Allowance for expected credıt loss (-)	(28.904.257)	(24.321.453)
Doubtful receivables (*)	61.060.733	42.103.409
Allowance for doubtful receivables (-)	(61.060.733)	(42.103.409)
	2.409.466.743	**1.411.498.232**

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:

	1 January- 31 December 2023	**1 January- 31 December 2022**
Balance at beginning of the period	42.103.409	52.862.408
Current year additions / (Provisions no longer required)	35.508.349	9.923.134
Monetary gain / (loss)	(16.551.025)	(20.682.133)
End of the period	**61.060.733**	**42.103.409**

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

	1 January- 31 December 2023	**1 January- 31 December 2022**
Balance at beginning of the period	24.321.453	17.012.801
Current year additions / (Provisions no longer required)	14.143.668	13.964.820
Monetary gain / (loss)	(9.560.864)	(6.656.168)
End of the period	**28.904.257**	**24.321.453**

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

	31 December 2023	**31 December 2022**
Short-term trade payables		
Trade payables (*)	1.539.017.621	779.286.890
Notes payables	275.301.342	224.776.554
	1.814.318.963	**1.004.063.444**

(*) As of the ended periods, the amount of letter of credit in the trade payables of the Group is 325.083.372 TL (31 December 2022: 289.736.891 TL).

Explanations on the nature and level of risks in trade payables are given in Note 29.

6. RELATED PARTIES

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

	Trade Receivables	
	31 December 2023	**31 December 2022**
Smart Verde Yenilenebilir Enerji A.Ş.	75.858.774	42.053.522
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	8.750.901	14.194.236
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	7.050.580	19.103.217
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.796.831	10.721.533
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	6.641.406	18.837.763
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	5.809.639	7.089.960
Smart Energy Ukraine	5.658.614	5.704.659
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.705.257	3.183.386
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	2.241.829	1.332.598
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	951.223	453
Smart Energy Group AD (Bulgaria)	13.030	11.813
Smart Holding A.Ş.	-	92.452.071
Smart Yeka Enerji Üretim A.Ş.	-	46.641.697
	122.478.084	**261.326.908**

	Other Receivables	
	31 December 2023	**31 December 2022**
Smart Holding A.Ş.	24.327.428	-
	24.327.428	**-**

	Prepaid Expenses	
	31 December 2023	**31 December 2022**
Sumec Energy Holdings Co. Ltd.	76.772.244	18.007.726
KES Adi Ortaklığı	12.758.600	-
	89.530.844	**18.007.726**

	Short-term Trade Payables	
	31 December 2023	**31 December 2022**
Smart Energy Group AD (Bulgaria)	532.831.210	125.573.583
Smart Verde Yenilenebilir Enerji A.Ş.	8.774.731	14.457.800
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	408.780	427.825
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	-
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	-
	542.674.721	**140.459.208**

6. RELATED PARTIES (Contunied)

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

	Sales		**Purchases**	
	2023	**2022**	**2023**	**2022**
Smart Solar EOOD (Bulgaria)	135.714.555	290.180.348	153.731	249.423
Smart Verde Yenilenebilir Enerji A.Ş(*).	21.841.663	155.872.619	356.432.974	203.704.958
Smart Holding A.Ş.	-	40.024.293	166.086.388	40.922.117
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	-	23.482.301	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	-	24.386.860	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	-	13.571.869	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	-	13.645.468	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	-	13.622.229	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	-	10.483.249	-	-
Sumec Energy Holdings Co. Ltd.	6.436.332	8.117.322	1.318.186.955	1.165.353.885
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	-	6.397.106	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	-	6.362.746	-	-
Smart Energy Group AD (Bulgaria)	-	-	877.944.337	192.214.751
Sumec Hong Kong Co. Ltd.	-	-	-	14.174.312
	163.992.550	**606.146.410**	**2.718.804.385**	**1.616.619.446**

	Interest Income	
	2023	**2022**
Smart Holding A.Ş.	64.124.261	-
	64.124.261	**-**

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 17.883.533 TL. (31 December 2022: 11.101.408 TL)

7. OTHER RECEIVABLES AND PAYABLES

The details of the Group's other receivables and payables for the periods are as follows:

Short term other receivables	**31 December 2023**	**31 December 2022**
VAT return receivables	359.117.087	32.470.118
Deposits and guarantees given	1.054.269	1.250.220
	360.171.356	**33.720.338**

Long term other receivables	**31 December 2023**	**31 December 2022**
Deposits and guarantees given	4.213.155	3.997.223
	4.213.155	**3.997.223**

Short term other payables	**31 December 2023**	**31 December 2022**
Tax structuring liabilities (*)	2.543.772	19.872.349
	2.543.772	**19.872.349**

(*) 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:

	31 December 2023	**31 December 2022**
Raw materials	572.125.748	491.991.109
Finished goods	637.420.828	200.929.419
Trade goods	767.775.399	88.064.495
Other Inventories	784.174	1.130.308
Provision for impairment in inventory (-)	(5.271.686)	(1.172.391)
	1.972.834.463	**780.942.940**

There has been an increase in stocks due to the new business agreements signed by the company and the increase in production capacity during the period.

9. PREPAID EXPENSES VE DEFERRED INCOME

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

Short-term prepaid expenses	**31 December 2023**	**31 December 2022**
Advances given to suppliers (*)	1.130.484.925	506.941.935
Prepaid expenses	35.228.620	33.950.425
	1.165.713.546	**540.892.368**

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

Long-term prepaid expenses	**31 December 2023**	**31 December 2022**
Advances given to suppliers (**)	997.475.881	-
Prepaid expenses	41.495.386	-
	1.038.971.267	**-**

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

Deferred Incomes	**31 December 2023**	**31 December 2022**
Advances received (*)	2.045.336.050	1.044.514.580
	2.045.336.050	**1.044.514.580**

(*) 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:

Other current assets	**31 December 2023**	**31 December 2022**
Deferred VAT	123.503.908	51.595.789
Receivables from personnel	5.754.575	4.528.123
Other VAT	880.167	999.980
Accrued income	-	53.396.775
Other Tax	904.703	-
	131.043.353	**110.520.667**

Other short-term liabilities	**31 December 2023**	**31 December 2022**
Prepaid taxes and dues	65.188.252	8.073.908
Accrued expenses	-	3.307.021
	65.188.252	**11.380.929**

11. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.12.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	31 December 2023
Cost				
Land	76.033.558	-	-	76.033.558
Machinery and equipment	456.092.855	342.339.496	-	798.432.351
Vehicles	6.992.077	29.527.420	(1.108.780)	35.410.717
Furniture and fixtures	23.400.259	30.633.104	-	54.033.363
Construction in progress	53.058.877	1.073.313.719	-	1.126.372.596
Leasehold improvements	73.824.780	6.774.492	-	80.599.272
	689.402.406	**1.482.588.231**	**(1.108.780)**	**2.170.881.857**

	1 January 2023	Current year charge	Disposals (-)	31 December 2023
Accumulated depreciation				
Machinery and equipment	(103.008.076)	(63.192.517)	-	(166.200.593)
Vehicles	(4.479.788)	(3.472.731)	759.438	(7.193.081)
Furniture and fixtures emirbaşlar	(9.500.044)	(7.057.246)	-	(16.557.290)
Leasehold improvements	(45.718.024)	(8.355.074)	-	(54.073.098)
	(162.705.932)	**(82.077.568)**	**759.438**	**(244.024.062)**
Net book value	**526.696.474**			**1.926.857.795**

As of 31 December 2023, property, plant, and equipment are insured for TL 787.350.565 and there is no mortgage on it.

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
Cost				
Land	5.963.144	70.070.414	-	76.033.558
Machinery and equipment	291.011.628	165.081.227	-	456.092.855
Vehicles	6.968.022	24.055	-	6.992.077
Furniture and fixtures	16.060.569	7.345.208	(5.518)	23.400.259
Construction in progress	434.715	52.624.162	-	53.058.877
Leasehold improvements	72.886.769	938.011	-	73.824.780
	393.324.847	**296.083.077**	**(5.518)**	**689.402.406**

	1 January 2022	Current year charge	Disposals (-)	31 December 2022
Accumulated depreciation				
Machinery and equipment	(87.333.617)	(15.674.459)		(103.008.076)
Vehicles	(3.068.329)	(1.413.242)	1.783	(4.479.788)
Furniture and fixtures	(5.722.668)	(3.777.376)		(9.500.044)
Leasehold improvements	(34.537.633)	(11.180.391)		(45.718.024)
	(130.662.247)	**(32.045.468)**	**1.783**	**(162.705.932)**
Net book value	**262.662.600**			**526.696.474**

As of 31 December 2022, property, plant, and equipment are insured for TL 549.117.587 and there is no mortgage on it.

11. PEOPERTY, PLANT AND EQUIPMENTS (Contunied)

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 2023	1 January-31 December 2022
Cost		
Cost of sales (Note 20)	127.121.194	55.455.419
General administrative expenses (Note 22)	17.321.608	10.507.549
	144.442.802	**65.962.968**

12. INTANGIBLE FIXED ASSETS

Movement of intangible fixed asset for the period 01.01.-31.12.2023 is as follows:

	1 January 2023	Additions	31 December 2023
Cost			
Rights	7.600.600	12.643.404	20.244.004
Research and development costs	4.534.741	418.422	4.953.163
Other intangible fixed assets	-	-	-
	12.135.341	**13.061.826**	**25.197.167**

	1 January 2023	Current year charge	31 December 2023
Accumulated depreciation			
Rights	(3.288.386)	(2.610.451)	(5.898.837)
Other intangible fixed assets			
	(3.288.386)	**(2.610.451)**	**(5.898.837)**
Net book value	**8.846.955**		**19.298.330**

Movement of intangible fixed asset for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	31 December 2022
Cost			
Rights	5.885.293	1.715.307	7.600.600
Research and development costs	3.479.586	1.055.155	4.534.741
Other intangible fixed assets	-	-	-
	9.364.879	**2.770.462**	**12.135.341**

	1 January 2022	Current year charge	31 December 2022
Accumulated depreciation			
Rights	(2.292.945)	(995.441)	(3.288.386)
Other intangible fixed assets			
	(2.292.945)	**(995.441)**	**(3.288.386)**
Net book value	**7.071.934**		**8.846.955**

13. RIGHT OF USED ASSETS

Movement of right of use assets for the period 01.01.-31.12.2023 and 01.01.-31.12.2022 are as follows:

	Buildings	Vehicles	Total
As of 1 January 2023	**102.388.488**	**10.914.785**	**113.303.273**
Additions (*)	22.408.753	3.908.749	26.317.502
Changes in leases	118.860.590	1.704.120	120.564.710
Depreciation	(51.061.908)	(8.692.875)	(59.754.783)
As of 31 December 2022	**192.595.923**	**7.834.779**	**200.430.702**

	Buildings	Vehicles	Total
As of 1 January 2022	**11.629.056**	**8.882.120**	**20.511.176**
Additions	97.617.182	8.275.021	105.892.203
Changes in leases	19.821.953	-	19.821.953
Depreciation	(26.679.703)	(6.242.356)	(32.922.059)
As of 31 December 2021	**102.388.488**	**10.914.785**	**113.303.273**

14. FINANCIAL BORROWING

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

	31 December 2023	31 December 2022
Short-term bank borrowings	1.104.814.461	326.148.976
Issued debt instruments (**)	266.829.841	-
Liabilities from financial leasing transactions	137.625.101	71.963.913
Liabilities arising from leasing transactions (*)	32.864.654	30.320.153
Other financial borrowings	-	20.417
Short-term borrowings	**1.542.134.057**	**428.453.459**
Short-term portion of long-term borrowings	307.369.545	1.011.169
Short-term portion of long-term borrowings	**307.369.545**	**1.011.169**
Long-term borrowings	1.709.896.701	-
Long-term liabilities from financial leasing transactions	190.907.983	106.418.939
Liabilities arising from leasing transactions (*)	113.339.624	73.485.483
Long-term borrowings	**2.014.144.308**	**179.904.422**
Total financial borrowings	**3.863.647.910**	**609.369.050**

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

(**) On 8 November 2023, the Company issued bonds worth 250.000.000 TL, listed on Borsa Istanbul, with quarterly coupon payment, 1 year maturity, fixed interest rate and an annual coupon interest rate of 49%.

14. FINANCIAL BORROWING (Continued)

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

	Interest Rate	31 December 2023
TL bank borrowings	%7,50 - %60,00	1.520.875.011
EUR bank borrowings	%7,00-%9,50	342.062.465
USD bank borrowings	%4,75 - %12	1.259.143.231
		3.122.080.707

	Interest Rate	31 December 2022
TL bank borrowings	%7,50 - %25,25	179.268.945
USD bank borrowings	%8,50 - %12,50	147.891.200
		327.160.145

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 2023 TL 35.059 (31 December 2022: TL 19.983). 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 2023 and 31 December 2022 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	31 December 2023	31 December 2022
Discount rate	%3,13	%1,52
Estimated rate of salary increasing /inflation rate	%21,70	%20,01
The turnover ratio used to calculate the probability of retirement	%96,89	%95,75

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.

15. EMPLOYEE BENEFITS (Continued)

The details of long-term severance pay provisions for the periods are as follows:

Long-term provisions	**31 December 2023**	**31 December 2022**
Severance pay provision	12.653.291	7.799.113
	12.653.291	**7.799.113**

Movement of severance pay provisions for the periods are as follows:

	1 January- 31 December 2023	**1 January- 31 December 2022**
Balance on 1 January	7.799.113	7.529.974
Service cost	5.804.580	3.633.579
Interest cost	3.157.987	1.702.546
Actuarial (Gain)/Loss	3.737.368	(1.150.481)
Compensation paid (-)	(4.779.893)	(970.445)
Monetary Gain / (Loss)	(3.065.864)	(2.946.060)
Balance at the end of the period	**12.653.291**	**7.799.113**

The details of short-term employee benefits provisions for the periods are as follows:

Short-term provisions	**31 December 2023**	**31 December 2022**
Provision for unused vacation liability	7.229.163	3.566.610
	7.229.163	**3.566.610**

Movement of unused vacation provisions as follows:

	1 January- 31 December 2023	**1 January- 31 December 2022**
Balance on 1 January	3.566.610	2.691.678
Current year provision expense (*)	5.064.602	1.928.038
Monetary Gain / (Loss)	(1.402.049)	(1.053.106)
Balance at the end of the period	**7.229.163**	**3.566.610**

(*) 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:

	31 December 2023	**31 December 2022**
Lawsuit provisions	1.557.320	1.516.679
	1.557.320	**1.516.679**

The movement table of the Group's provision for lawsuits by periods is as follows:

	1 January- 31 December 2023	**1 January- 31 December 2022**
Beginning of the Term	1.516.679	4.821.447
Provisions in the period / (Provisions no longer required)	636.854	(1.418.403)
Monetary Gain / (Loss)	(596.213)	(1.886.365)
Balance at the end of the period	**1.557.320**	**1.516.679**

16. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

a) Guarantees received

As of 31 December 2023, the Group has no guarantees received (31 December 2022: None).

b) Guarantees Given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 31 December 2023, 31 December 2022,are as follows:

CPMB's given by the Group	31 December 2023	31 December 2022
A. CPMB's given for Group's own legal personality	1.199.111.381	138.465.365
B. CPMB's given on behalf of fully consolidated companies	1.551.179.801	724.901.327
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	-	-
	-	-
	2.750.291.182	**863.366.692**

Given to	31 December 2023	31 December 2022
In Turkish Lira	1.533.615.579	240.580.817
In ABD Dollar	1.131.551.758	622.785.875
In Euro	85.123.845	-
Total	**2.750.291.182**	**863.366.692**

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

17. EMPLOYEE BENEFITS OBLIGATIONS

The details of employee benefits obligations for the periods are as follows:

	31 December 2023	31 December 2022
Social Security deductions to be paid	31.257.017	10.779.035
Due to personnel	35.926.017	400.761
	67.183.034	**11.179.796**

18. INCOME TAX

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

	31 December 2023	31 December 2022
Current tax expense	(69.512.923)	(16.798.456)
Prepaid taxes and funds	89.466.813	15.000.480
	19.953.890	**(1.797.976)**

	1 January- 31 December 2023	1 January- 31 December 2022
Deferred tax assets / liabilities	146.302.515	(26.034.749)
	146.302.515	**(26.034.749)**

Corporation tax

In Turkey, the corporate tax rate is 25% as of 31 December 2023 (31 December 2022: 23%). The corporate tax rate is applied to the net corporate income, which will be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions and deducting the exemptions and deductions in the tax laws.

With the regulation in the sixth paragraph added to Article 32 of the Corporate Tax Law by Article 35 of Law No. 7256, the institutions whose shares are offered to the public at least 20% of the time to be traded in the Borsa Istanbul Equity Market are subject to five accounting periods, starting from the accounting period in which their shares are offered to the public for the first time. It has been stipulated that the corporate tax rate will be applied to the corporate earnings of the company with a 2 point discount. Within the scope of the said law, 23% was used as the tax rate in the current tax and deferred tax calculations in the parent company in the consolidated financial statements dated 31 December 2023.

Tax expenses included in the statements of comprehensive income for the accounting periods ending 31 December 2023 and 2022 are as follows:

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

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

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

18. INCOME TAX (Continued)

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

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

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

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

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

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding tax liability is accrued in the period in which the dividend payment is made. Dividend payments other than those made to non-resident taxpayer institutions that generate income through a workplace or permanent representative in Turkey and to institutions resident in Turkey are subject to 15% withholding tax. In the application of withholding tax rates regarding profit distributions made to non-resident taxpayer institutions and real persons, the withholding tax rates included in the relevant Double Taxation Avoidance Agreements are also taken into consideration. Addition of retained earnings to capital is not considered profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Hidden income distribution through transfer pricing". The notified dated 18 November 2007 on hidden income distribution via transfer pricing regulates the details of the implementation.
If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in peer assessment, the profit is deemed to have been distributed through transfer pricing, in whole or in part. Hidden income distribution through is considered as a non-deductible expense for corporate tax.

Tax applications for the Group's foreign subsidiaries

- Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.
- Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15.8% corporate tax.
- In accordance with Spanish tax laws, a 15% tax rate will be applied in the first year of Smart Gunes Tecnologias Renovables Sociedad Limitada company operating in Spain. In the following periods, if the revenue amount is below 1,000,000 Euros, the tax rate to be applied will be 23%, and if the revenue is above the relevant amount, 25% tax rate will be applied.

18. INCOME TAX (Continued)

Tax applications for the Group's foreign subsidiaries (continued)

- Operating in the Netherlands, Smart Global Enterprises & Trading B.V., Smart Energy Global Investment and Development B.V., Smart Energy Bulgaria B.V., Smart Energy Iberia B.V., Smart Energy Romania B.V., Smart Energy Overseas Investment B.V. Subject to 20% corporate tax.
- Operating in Bulgaria, Smart Solar Technologies AD is subject to 10% corporate tax.

Deffered 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 2023	**31 December 2022**
	Assets / (Liabilities)	**Assets / (Liabilities)**
Employee benefits	5.798.246	1.815.735
Trade payables	(12.662.367)	401.606
Trade receivables	20.731.708	(31.481.606)
Lease liabilities	33.626.984	18.685.015
Inventories	15.968.033	4.607.934
Tangible and intangible assets	46.238.344	(17.206.104)
Assets subject to cash flow hedge accounting	112.210.172	16.694.874
Financial liabilities	16.433.269	111.209
Lawsuit provisions	358.184	273.002
Right of use assets	(46.099.061)	(20.394.588)
Investment incentives	22.706.545	19.698.736
Other	21.134.100	198.569
Deferred tax assets	**236.444.157**	**(6.595.618)**
Deferred tax assets	295.205.585	62.486.680
Deferred tax liabilities	(58.761.428)	(69.082.298)
Deferred tax assets	**236.444.157**	**(6.595.618)**

(*) Gains obtained from the investments of the Group, which are subject to the incentive certificate, are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be operated partially or completely, until it reaches the amount of contribution to the investment. In this context, as of 31 December 2023, the tax advantage amounting to 22.706.545 TL (31 December 2022: 19.698.736 TL) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of recognizing the mentioned tax advantage as of 30 September 2023, deferred tax income amounting to 3.007.809 TL (current period effect of 1 January-31 December 2023) has occurred in the consolidated profit or loss statement for the period 1 January - 31 December 2023.

18. INCOME TAX (Continued)

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

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	31 December 2023
Deferred tax assets	(6.595.618)	146.302.515	96.737.260	236.444.157

	1 January 2022	Deferred tax income/ (expense)	Other comprehensive income	31 December 2022
Deferred tax assets	26.910.170	(26.034.749)	(7.471.039)	(6.595.618)

The reconciliation of the pre-tax profit with the calculated tax income is presented below:

	1 January- 31 December 2023	1 January- 31 December 2022
Profit/(loss) for before taxation	960.627.163	112.669.866
Corporation tax rate	%25,00	%23,00
Calculated tax using the Company's domestic tax rate	**(240.156.791)**	**(25.914.069)**
Non-deductible expenses	(20.256.526)	(9.921.548)
Investment incentive discounts	317.445.989	60.834.795
Discounts and exceptions	32.284.280	7.344.410
Earthquake tax	(65.331.737)	-
Effect of current period adjustments	55.397.142	(85.705.253)
Monetary gain/(loss)	(2.592.765)	10.528.460
Tax (expense) / income	**76.789.592**	**(42.833.205)**

19. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

Share Capital

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

Shareholders	**31 December 2023 TL**	**Share %**	**31 December 2022 TL**	**Share %**
Smart Holding A.Ş. (**)	442.458.799	73,03	229.584.000	75,03
Public part	163.421.201	26,97	76.416.000	24,97
Total paid-in capital	**605.880.000**	**100**	**306.000.000**	**100**
Adjustment to share capital (*)	515.663.848		438.752.523	
	1.121.543.848	**100**	**744.752.523**	**100**

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

(**) As of 09.10.2023, Smart Holding Anonim Şirketi ("Smart Holding") held 12.117 shares, which corresponds to approximately 2,0% of the paid capital of Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret A.Ş. ("SMRTG"). It sold 600 Group B shares. The transaction was priced at 67,00 TL per share and gross proceeds of approximately 811,9 million TL were obtained. The sale was made through placement to an international institutional investor located outside Turkey, following a direct approach from the relevant investor. SMRTG did not receive any proceeds from the sale of the Shares. After the transaction, the shareholding of Smart Holding Anonim Şirketi was updated to 73,03%.

Between 16.02.2023 and 11.12.2023, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş. It has repurchased 457.000 shares of its publicly traded shares. (Ratio to company capital is 0.07543%)

The Group has switched to the registered capital system with the permission of the CMB dated 23.02.2023 and numbered E-29833736-110.04.04-33704, and the registered capital ceiling is 2.000.000.000 TL.

As of 31 December 2023, the Group's capital consists of 605.880.000 shares (31 December 2022: 306.000.000). The nominal value of the shares is 1 TL per share (31 December 2022: 1 TL).

As of 31 December 2023, the details of the shares by group are given below. TL 163.421.201 of the bearer B group shares are traded on the BIST.

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

As of 31 December 2023 and 2022, the equity items prepared in accordance with the Tax Procedure Laws and the amounts presented in accordance with TAS/TFRS are as follows:

	Adjustment to share capital	**Share premiums**	**Reserves on retained earnings (*)**
According to TAS/TFRS Financial Statements	515.663.848	417.332.708	68.732.117
According to Tax Procedure Law	560.035.834	452.377.316	49.664.585
Difference	**(44.371.986)**	**(35.044.608)**	**19.067.532**

(*) In the Reserves on retained earnings allocated from profit, 25.589.638 TL has been allocated within the scope of repurchased shares according to TAS/TFRS financial statements..

20. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Domestic Sales	8.010.320.296	3.621.613.092
Export Sales	256.956.594	462.323.831
Gross Sales (*)	**8.267.276.890**	**4.083.936.923**
Sales Returns (-)	(163.431.381)	(61.873.681)
Sales Discounts (-)	(10.588.477)	(48.774.488)
Net Sales	**8.093.257.032**	**3.973.288.754**
Cost of goods sold (-)	(4.642.407.005)	(2.758.624.284)
Cost of trade goods sold (-)	(1.187.750.753)	(453.290.844)
Cost of services sold (-)	(288.692.717)	(99.578.324)
Depreciation and amortization expenses (Note 11)	(127.121.194)	(55.455.419)
Gross Profit	**1.847.285.363**	**606.339.883**

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

	1 January- 31 December 2023	1 January- 31 December 2022
Sales of solar panels and equipment	7.396.876.215	3.657.058.534
Sales of solar energy power plant projects	648.344.413	238.244.127
Transit trade sales	215.474.081	168.051.514
Waste and scrap sales	6.582.181	20.582.748
	8.267.276.890	**4.083.936.923**

21. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	65.611.809	29.098.243
Solar Project expenses	48.040.065	4.681.442
Advertising and promotion expenses	41.343.524	17.585.920
Tax Duties Expenses	34.609.364	4.425.486
Logistic expenses	11.437.552	12.923.422
Food and travel expenses	8.082.570	1.229.119
Consultancy expenses	5.711.333	1.841.833
Export and warehouse expenses	2.014.420	13.557.479
Other	18.243.571	3.478.906
	235.094.208	**88.821.850**

22. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	135.581.850	56.263.097
Consultancy expenses	66.904.815	14.171.044
Depreciation and amortization expenses (Note 11)	17.321.608	10.507.549
Food and travel expenses	13.576.229	4.770.708
Tax duties expenses	12.564.089	613.452
Representation expenses	7.576.366	6.917.245
Vehicle expenses	4.360.700	3.306.618
Other	59.033.167	5.692.944
	316.918.824	**102.242.657**

(*) As of 31.12.2023, Smart Holding A.Ş. has a common expense reflection expense of 49.397.115 TL.

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:

	2023	2022
Independent audit fee for the reporting period	650.000	350.000
Amount of other assurance services	-	75.000
	650.000	**425.000**

Fees excluding VAT are declared according to contract amounts.

23. EXPENSES BY NATURE

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

	1 January-31 December 2023	**1 January-31 December 2022**
Cost of goods sold (-)	4.642.407.005	2.758.624.284
Cost of merchandise sold (-)	1.187.750.753	453.290.844
Cost of services sold (-)	288.692.717	99.578.324
Personnel expenses	201.193.659	85.361.340
Depreciation and amortization expenses (Note 11)	144.442.802	65.962.968
Consultancy expenses	72.616.148	16.012.877
Advertising and promotion expenses	41.343.524	17.585.920
Food and travel expenses	21.658.799	5.999.827
Logistics expenses	11.437.552	12.923.422
Representation expenses	7.576.366	6.917.245
Export and warehouse expenses	2.014.420	13.557.479
Other	176.850.956	22.198.848
	6.797.984.701	**3.558.013.378**

24. OTHER OPERATING INCOME AND EXPENSES

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

Other operating income	**1 January-31 December 2023**	**1 January-31 December 2022**
Foreign exchange gain (*)	847.616.304	261.216.772
SSI Incentive Premiums	35.708.940	25.341.237
Provisions no longer required	-	1.418.403
Other	33.575.464	12.087.561
	916.900.708	**300.063.973**

Other operating expenses	**1 January-31 December 2023**	**1 January-31 December 2022**
Foreign exchange loss (*)	448.338.807	205.231.881
Provisions for doubtful receivables	36.145.203	9.923.134
Donations	6.601.159	2.571.617
Other	16.918.702	20.216.362
	508.003.871	**237.942.994**

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

25. GAINS FROM INVESTMENT ACTIVITIES

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

	1 January- 31 December 2023	**1 January- 31 December 2022**
Gains from investment activities		
Fx protected TL Deposits interest and currency income	100.059.645	19.769.306
	100.059.645	**19.769.306**

26. FINANCIAL INCOME AND EXPENSES

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

Finance income	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Interest income	136.465.600	15.724.331
	136.465.600	**15.724.331**

Finance expenses	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Interest expense	414.684.676	69.662.995
Bank transaction and commission expenses	31.040.146	24.146.230
Foreign exchange loss (*)	395.988.489	33.708.705
	841.713.311	**127.517.930**

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

Net monetary positions gains (losses)	**1 Ocak- 31 December 2023**	**1 Ocak- 31 December 2022**
Net monetary positions gains (losses)	124.210.271	258.737.376
	124.210.271	**258.737.376**

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 2023	**1 January – 31 December 2022**
Profit for the period attributable to equity holders	1.022.983.250	88.716.585
Weighted average number of common shares issued	407.055.452	469.926.575
Profit per share	2,51	0,19

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 2023	31 December 2022
Total financial borrowings	3.863.647.910	609.369.050
Less: Cash and cash equivalents	(828.956.350)	(484.510.685)
Net debt	**3.034.691.560**	**124.858.365**
Total equity	2.128.358.987	1.432.148.437
Net debt to equity ratio	**1,43**	**0,09**

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.

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.

	Receivables					
	Trade receivables		Trade receivables			
31 December 2023	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Cash at Banks**	**Financial Investments**
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	**122.478.084**	**2.409.466.743**	**24.327.428**	**364.384.511**	**586.569.886**	**242.223.427**
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	122.478.084	2.409.466.743	24.327.428	364.384.511	586.569.886	242.223.427
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	89.964.990	-	-	-	-
- Impairment (-)	-	(89.964.990)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

	Receivables					
	Trade receivables		Trade receivables			
31 December 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Cash at Banks**	**Financial Investments**
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	**261.326.908**	**1.411.498.232**	**-**	**37.717.561**	**395.761.672**	**88.663.728**
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	261.326.908	1.411.498.232	-	37.717.561	395.761.672	88.663.728
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	66.424.862	-	-	-	-
- Impairment (-)	-	(66.424.862)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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:

	31 December 2023					
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3- 12 months**	**1- 5 years**	**More than 5 years**
Non derivative financial liabilities	**6.223.185.366**	**7.850.750.931**	**856.413.619**	**3.372.424.137**	**2.326.836.721**	**1.295.076.454**
Loans and borrowings	3.717.443.632	5.296.974.405	352.653.598	1.463.985.350	2.185.259.003	1.295.076.454
Trade payables	2.356.993.684	2.356.993.684	487.289.381	1.869.704.303	-	-
Lease liabilities	146.204.278	194.239.070	13.926.868	38.734.484	141.577.718	-
Other payables	2.543.772	2.543.772	2.543.772	-	-	-

	31 December 2022					
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3- 12 months**	**1- 5 years**	**More than 5 years**
Non derivative financial liabilities	**1.773.764.051**	**1.834.107.934**	**452.377.874**	**1.156.385.758**	**225.344.302**	**-**
Loans and borrowings	505.563.414	526.969.125	51.516.055	347.608.002	127.845.068	-
Trade payables	1.144.522.652	1.144.522.652	367.665.582	776.857.070	-	-
Lease liabilities	103.805.636	142.743.808	13.323.888	31.920.686	97.499.234	-
Other payables	19.872.349	19.872.349	19.872.349	-	-	-

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 2023			**31 December 2022**		
		TL Equivalent	**USD**	**EUR**	**TL Equivalent**	**USD**	**EUR**
1	Trade payables	2.157.306.534	70.074.998	2.898.785	1.478.243.521	71.681.365	6.918.713
2a.	Monetary financial assets	61.262.786	1.521.671	505.544	85.491.506	4.520.403	48.540
2b.	Non-Monetary financial assets	-	-	-	-	-	-
3	Other	1.370.150.643	30.091.149	14.868.388	395.983.975	16.288.017	4.586.215
4	**Current assets (1+2+3)**	**3.588.719.963**	**101.687.818**	**18.272.717**	**1.959.719.002**	**92.489.785**	**11.553.468**
5	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-Monetary financial assets	-	-	-	-	-	-
7	Other	997.475.881	33.883.725	-	-	-	-
8	**Non- Current assets (5+6+7)**	**997.475.881**	**33.883.725**	**-**	**-**	**-**	**-**
9	**Total assets (4+8)**	**4.586.195.844**	**135.571.543**	**18.272.717**	**1.959.719.002**	**92.489.785**	**11.553.468**
10	Trade payables	1.923.283.142	62.530.440	2.426.383	1.052.298.892	53.972.961	2.066.887
11	Financial borrowings	1.256.004.514	26.792.772	14.275.628	217.320.196	8.514.899	2.895.182
12a.	Other Monetary financial liabilities	-	-	-	-	-	-
12b.	Other Non-Monetary financial liabilities	2.000.155.886	67.003.470	739.642	984.489.447	51.962.662	557.056
13	**Current liabilities (10+11+12)**	**5.179.443.542**	**156.326.682**	**17.441.653**	**2.254.108.535**	**114.450.522**	**5.519.125**
14	Trade payables	-	-	-	-	-	-
15	Financial borrowings	672.952.429	16.011.659	6.151.756	101.450.922	49.531	5.033.505
16a.	Other Monetary financial liabilities	-	-	-	-	-	-
16b.	Other Non-Monetary financial liabilities	-	-	-	-	-	-
17	**Non-Current liabilities (14+15+16)**	**672.952.429**	**16.011.659**	**6.151.756**	**101.450.922**	**49.531**	**5.033.505**
18	**Total liabilities (13+17)**	**5.852.395.971**	**172.338.341**	**23.593.409**	**2.355.559.457**	**114.500.053**	**10.552.630**
19	**Net asset / liability position of off-balance sheet derivatives**	**1.928.956.943**	**42.804.431**	**20.427.384**	**318.771.118**	**8.564.430**	**7.928.687**
20	**Net foreign currency asset /(liability)position (9-18+19)**	**662.756.816**	**6.037.633**	**15.106.692**	**(77.069.337)**	**(13.445.838)**	**8.929.525**
21	**Net foreign currency asset / (liability)position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**(1.633.670.765)**	**(33.738.202)**	**(19.449.438)**	**192.665.017**	**13.664.377**	**(3.028.321)**

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

Foreign currency risk (Continued)

Sensibility analysis

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

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

	2023		**2022**	
	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	(108.823.202)	108.823.202	78.581.867	(78.581.867)
2- Amount hedged for USD risk (-)				
3- USD net effect (1+2)	**(108.823.202)**	**108.823.202**	**78.581.867**	**(78.581.867)**
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	(17.470.062)	17.470.062	3.069.762	(3.069.762)
5- Amount hedged for EUR risk (-)				
6- EUR net effect (4+5)	**(17.470.062)**	**17.470.062**	**3.069.762**	**(3.069.762)**
Total net effect (3+6)	**(126.293.264)**	**126.293.264**	**81.651.629**	**(81.651.629)**

Profil

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

Interest position table		
Fixed interest financial instruments	**31 December 2023**	**31 December 2022**
Financial Assets	242.223.427	88.663.728
Financial Obligations	2.285.870.328	327.180.562
Financial leases	328.533.084	178.382.853
Issued debt instruments	266.829.841	-
Financial instruments with variable interest rates		
Financial obligations	836.210.379	-

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.

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:

		31 December 2023		31 December 2022	
Financial assets	***Not***	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	3	586.732.923	586.732.923	395.846.957	395.846.957
Financial Investments	4	242.223.427	242.223.427	88.663.728	88.663.728
Trade receivables	5	2.560.849.084	2.531.944.827	1.697.146.593	1.672.825.140
Other receivables	7	388.711.939	388.711.939	37.717.561	37.717.561
Total financial assets		**3.778.517.373**	**3.749.613.116**	**2.219.374.839**	**2.195.053.386**
Financial liabilities					
Financial borrowings	14	3.863.647.910	3.863.647.910	609.369.050	587.963.336
Trade payables	5	2.356.993.684	2.356.993.684	1.144.522.652	1.144.522.652
Other payables	7	2.543.772	2.543.772	19.872.349	19.872.349
Payables related to employment benefits	17	67.183.034	67.183.034	11.179.796	11.179.796
Total financial liabilities		**6.290.368.400**	**6.290.368.400**	**1.784.943.847**	**1.763.538.133**
Net		**(2.511.851.027)**	**(2.540.755.284)**	**434.430.992**	**431.515.253**

31. SABSEQUENT EVENTS

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

- By our Board of Directors on 24.01.2024; In accordance with the provisions of the Capital Markets Board's Debt Instruments Communiqué (VII-128.8); Our company's debt instruments are issued in one or more installments, in Turkish Liras, in various maturities up to 5 (five) years, in an amount not exceeding 1,000,000,000 TL (one billion Turkish Liras), to be sold domestically to qualified investors without public offering. Within the scope of the decision, the necessary permit application was made to the Capital Markets Board on 1 February 2024.

- Our company's decision, which was initiated with the decision of the Board of Directors dated 15.02.2023 for 1.000.000 shares and an amount of 75.000.000 TL for a period of 1 year, was extended by 1 year with the decision of the Board of Directors dated 15.02.2024. On 18.03.2024, 10.000 shares were purchased back at an average share amount of 56,28 TL. The total number of SMRTG shares owned by our company has reached 480.000 (its ratio to the company capital is 0.0792%).