

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

**SMART GÜNEŞ ENERJİSİ  
TEKNOLOJİLERİ  
AR-GE ÜRETİM SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Condensed Consolidated Statements of Financial Position as of 31 March 2023  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Non-Audited	Audited
		Current Period 31 March 2023	Prior Period 31 December 2022
<b>Current Assets</b>			
Cash and cash equivalents	3	1.262.039.990	240.237.874
Financial investments	4	90.864.775	53.809.648
Trade receivables		1.330.235.877	1.096.230.630
- Due from related parties	6	176.671.294	158.598.215
- Due from third parties	5	1.153.564.583	937.632.415
Other receivables		169.248.592	20.464.733
- Other receivables from related parties	6	152.708.180	-
- Other receivables from third parties		16.540.412	20.464.733
Inventories		720.776.851	470.460.958
Prepaid expenses		851.524.011	336.669.343
- Due from related parties	6	96.472.150	10.928.814
- Prepaid expenses, third parties	7	755.051.861	325.740.529
Other current assets		47.429.097	67.074.534
<b>TOTAL CURRENT ASSETS</b>		<b>4.472.119.193</b>	<b>2.284.947.720</b>
<b>Non-current Assets</b>			
Other receivables		2.452.760	2.425.898
- Other receivables from third parties		2.452.760	2.425.898
Investments accounted for using the equity method		138.569	-
Right of use assets	9	104.026.367	59.089.241
Property plant and equipment	8	395.405.165	232.257.235
Intangible assets		4.162.125	3.608.443
Prepaid expenses	7	23.555.873	-
Deferred tax assets	12	43.934.112	13.339.732
<b>TOTAL NON-CURRENT ASSETS</b>		<b>573.674.971</b>	<b>310.720.549</b>
<b>TOTAL ASSETS</b>		<b>5.045.794.164</b>	<b>2.595.668.269</b>

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**  
Condensed Consolidated Statements of Financial Position as of 31 March 2023  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Non-Audited	Audited
		Current Period	Prior Period
		31 March 2023	31 December 2022
<b>Current Liabilities</b>			
Short-term borrowings	10	391.001.848	241.625.450
Short-term portion of long-term borrowings	10	117.897.488	613.674
Lease liabilities	10	27.739.488	18.401.175
- Lease transactions from related parties		9.181.861	7.365.697
- Lease transactions from third parties		18.557.627	11.035.478
Trade payables		961.222.811	694.606.049
- Due to related parties	6	26.811.569	85.244.110
- Trade payables third parties	5	934.411.242	609.361.939
Employee benefits obligations		22.489.330	6.784.972
Other Payables		10.797.067	12.060.446
- Other payables from third parties		10.797.067	12.060.446
Deferred income		1.358.157.815	714.911.561
- Deferred income from third parties	7	1.358.157.815	714.911.561
Current income tax liabilities		27.260.791	1.091.184
Provisions		4.916.266	3.085.027
- Provisions for employee benefits		3.616.365	2.164.561
- Other short-term provisions		1.299.901	920.466
Other current liabilities		9.029.575	6.907.034
<b>TOTAL CURRENT LIABILITIES</b>		<b>2.930.512.479</b>	<b>1.700.086.572</b>
<b>Non-current liabilities</b>			
Long-term borrowings	10	1.201.960.266	64.585.212
Lease liabilities	10	82.109.920	44.598.034
- Lease transactions from related parties		49.198.016	40.460.841
- Lease transactions from third parties		32.911.904	4.137.193
Long-term provisions		9.080.595	4.733.249
- Long-term provisions for employee benefits		9.080.595	4.733.249
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1.293.150.781</b>	<b>113.916.495</b>
<b>Shareholders' Equity</b>			
Paid-in capital	13	306.000.000	306.000.000
Treasury Shares (-)		(3.693.249)	-
Share premiums		209.782.358	209.782.358
Accumulated other comprehensive income not to be reclassified in profit or loss		13.041.059	14.289.803
- Gain on revaluation of property, plant and equipment		13.082.316	13.731.226
- Gain/(Loss) on remeasurements of the defined benefit plans		(41.257)	558.577
Accumulated other comprehensive income that will be reclassified in profit or loss		(38.136.744)	(27.368.132)
- Foreign currency translation differences		(2.911.193)	(1.723.746)
- Gain / (loss) of hedging reserve		(35.225.551)	(25.644.386)
Reserves on retained earnings		13.437.587	9.744.338
Retained earnings		268.138.811	23.125.490
Net income for the period		59.072.869	248.057.660
<b>Non-controlling interest</b>		<b>(5.511.787)</b>	<b>(1.966.315)</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>822.130.904</b>	<b>781.665.202</b>
<b>TOTAL LIABILITIES</b>		<b>5.045.794.164</b>	<b>2.595.668.269</b>

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**  
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods  
of 1 January-31 March 2023 and 2022

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

	<i>Notes</i>	<b>Non-Audited 1 January- 31 March 2023</b>	<b>Non-Audited 1 January- 31 March 2022</b>
Revenue	14	794.309.240	204.950.347
Cost of sales (-)	14	(644.802.010)	(159.220.171)
<b>GROSS PROFIT</b>		<b>149.507.230</b>	<b>45.730.176</b>
General administrative expense (-)	16	(34.533.892)	(8.014.250)
Selling, marketing and distribution expense (-)	15	(34.519.580)	(4.100.078)
Other operating income	18	24.710.400	14.153.458
Other operating expense (-)	18	(20.127.279)	(3.890.728)
<b>OPERATING PROFIT / (LOSS)</b>		<b>85.036.879</b>	<b>43.878.578</b>
Gains from investment activities		2.781.401	-
Expected credit loss according to TFRS 9		(1.309.625)	(764.158)
Share of profit/loss of investments accounted for using the equity method		138.569	-
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES</b>		<b>86.647.224</b>	<b>43.114.420</b>
Financial income	19	3.868.133	668.206
Financial expenses (-)	19	(37.074.563)	(23.372.168)
<b>PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>53.440.794</b>	<b>20.410.458</b>
<b>Tax Income / (Expense) from Continuing Operations</b>			
Current period tax expense	12	(27.399.696)	(1.099.039)
Deferred tax (expense) / income	12	29.486.299	12.550.594
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>55.527.397</b>	<b>31.862.013</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>55.527.397</b>	<b>31.862.013</b>
<b>Attributable to:</b>			
Non-controlling interest		(3.545.472)	452.625
Equity holder of the parent		59.072.869	31.409.388
<b>Earnings per share</b>	20	0,19	0,24
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>			
<b>Net Profit</b>		<b>55.527.397</b>	<b>31.862.013</b>
<b>Items that will not to be reclassified to profit or loss</b>			
- Gain / (loss) arising from defined benefit plans		(749.792)	-
- Increase on revaluation of property, plant and equipment		-	-
<b>Taxes on items that will not to be reclassified to profit or loss</b>			
- Deferred tax (expense) / income		149.958	-
<b>Items that will be reclassified to profit or loss</b>			
- Currency translation differences		(1.187.447)	(814.655)
- Cash flow hedging		(10.539.288)	441.420
<b>Taxes on items that will be reclassified to profit or loss</b>			
- Deferred tax (expense) / income		958.123	(97.113)
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>		<b>(11.368.446)</b>	<b>(470.348)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>44.158.951</b>	<b>31.391.665</b>
<b>Attributable to:</b>			
Equity holder of the parent		47.704.423	30.939.040
Non-controlling interest		(3.545.472)	452.625

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**  
Condensed Consolidated Statement of Changes in Equity for the Periods of 1 January-31 March 2023 and 2022  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Paid-in Capital	Treasury Shares	Share premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
				Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit/(loss)	Net profit/loss for the period			
<b>Balances as of 1 January 2022</b>	<b>127.500.000</b>	-	-	(629.877)	15.736.667	(31.732.872)	(1.285.506)	5.978.453	(2.122.664)	80.008.598	193.452.799	7.158.763	200.611.562
Transfers	-	-	-	-	(512.667)	-	-	-	80.521.265	(80.008.598)	-	-	-
Total comprehensive income	-	-	-	-	-	344.307	(814.655)	-	-	31.409.388	30.939.040	452.625	31.391.665
Capital increase (*)	25.500.000	-	-	-	-	-	-	-	-	-	25.500.000	-	25.500.000
Increase Due to Share Based Transactions (*)	-	-	314.584.197	-	-	-	-	-	-	-	314.584.197	-	314.584.197
<b>Balances as of 31 March 2022</b>	<b>153.000.000</b>	-	314.584.197	(629.877)	15.224.000	(31.388.565)	(2.100.161)	5.978.453	78.398.601	31.409.388	564.476.036	7.611.388	572.087.424
<b>Balances as of 1 January 2023</b>	<b>306.000.000</b>	-	209.782.358	558.577	13.731.226	(25.644.386)	(1.723.746)	9.744.338	23.125.490	248.057.660	783.631.517	(1.966.315)	781.665.202
Transfers	-	-	-	-	(648.910)	-	-	-	248.706.570	(248.057.660)	-	-	-
Total comprehensive income	-	-	-	(599.834)	-	(9.581.165)	(1.187.447)	-	-	59.072.869	47.704.423	(3.545.472)	44.158.951
Increase / (decrease) through treasury share transactions	-	(3.693.249)	-	-	-	-	-	3.693.249	(3.693.249)	-	(3.693.249)	-	(3.693.249)
<b>31 Mart 2023 itibarıyla bakiye</b>	<b>306.000.000</b>	<b>(3.693.249)</b>	<b>209.782.358</b>	<b>(41.257)</b>	<b>13.082.316</b>	<b>(35.225.551)</b>	<b>(2.911.193)</b>	<b>13.437.587</b>	<b>268.138.811</b>	<b>59.072.869</b>	<b>827.642.691</b>	<b>(5.511.787)</b>	<b>822.130.904</b>

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

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
**Consolidated Statement of Cash Flows for the Periods of 1 January-31 March 2023 and 2022**  
(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

	<u>Notes</u>	<u>Non-audited</u> <u>31 March 2023</u>	<u>Non-audited</u> <u>31 March 2022</u>
<b>A. Cash flows from operating activities</b>		<b>(80.560.739)</b>	<b>(57.459.593)</b>
Profit for the period		55.527.397	31.862.013
<b>Adjustments to reconcile net profit/loss to net cash:</b>		<b>125.666.341</b>	<b>11.906.417</b>
Adjustments related to depreciation and amortization expenses	8	15.362.310	5.966.772
Adjustments related to provision for employee benefits		5.049.359	863.063
Adjustments related to interest expenses		27.077.521	9.125.025
Adjustments related to interest incomes		(3.868.133)	(668.206)
Adjustments for fair value losses / (gains) of financial assets		(2.781.401)	-
Adjustments for retained earnings from equity method investments		(138.569)	-
Adjustments related to expected provision losses		1.309.625	764.158
Adjustments related to tax income/(expense)	12	(2.086.603)	(11.451.555)
Adjustments related to unrealized currency translation differences		85.742.232	7.307.160
<b>Adjustments related to other increase / (decrease) in working capital</b>		<b>(242.376.564)</b>	<b>(88.885.120)</b>
Decrease/(increase) in financial investments		(34.273.726)	-
Decrease/(increase) in inventories		(250.315.893)	(50.050.709)
Decrease/(increase) Increase in trade receivables from third parties		(217.241.793)	(173.815.104)
Decrease/(increase) in trade receivables from related parties		(18.073.079)	38.700.386
Decrease/(increase) in other operating receivables from related parties		(152.708.180)	62.708.571
Decrease / (increase) in other operating receivables from third parties		3.897.459	(37.606.887)
Decrease) / increase in trade payables to third parties		325.049.303	28.978.028
(Decrease) / increase in other operating payables to third parties		(1.263.379)	(2.337.826)
(Decrease) / increase in trade payables to related parties		(58.432.541)	6.755.506
(Decrease) / increase in deferred incomes		643.246.254	32.379.517
Decrease / (increase) in other assets related to operations		35.349.795	-
(Decrease) increase in other liabilities related to operations		20.799.757	(236.641)
Decreases / (increase) in prepaid expenses		(538.410.541)	5.640.039
<b>Cash generated from operations</b>		<b>(19.377.913)</b>	<b>(12.342.903)</b>
Taxes paid		(16.928.556)	(12.268.696)
Payments under provisions for employee benefits		(2.449.357)	(74.207)
<b>B. Cash flows from investing activities</b>		<b>(171.097.330)</b>	<b>(24.780.431)</b>
Proceeds from sale of property, plant and equipment and intangible assets	8	104.966	2.267
Purchases of property, plant and equipment	8	(170.543.193)	(24.782.698)
Purchases of intangible assets		(659.103)	-
<b>C. Cash flows from financing activities</b>		<b>1.273.460.185</b>	<b>403.932.966</b>
Cash inflows from borrowings		1.280.654.691	96.702.820
Cash outflows from borrowings		(43.685.806)	(44.231.213)
Cash inflows from leasings		111.307.024	32.867.494
Cash outflows from leasings		(50.585.455)	(10.052.598)
Payment of obligations under finance liability		(6.053.518)	(2.312.709)
Payments to Acquire Entity's Shares		(3.693.249)	-
Cash inflows from the sale of the entity's own shares and other equity instruments		-	314.584.197
Capital increase		-	25.500.000
Interest paid		(18.351.635)	(9.793.231)
Interest received		3.868.133	668.206
<b>Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)</b>		<b>1.021.802.116</b>	<b>321.692.942</b>
<b>D. Cash and cash equivalents at the beginning of the year</b>		<b>240.237.874</b>	<b>23.734.489</b>
<b>Cash and cash equivalents at the end of the year (A+B+C+D)</b>		<b>1.262.039.990</b>	<b>345.427.431</b>

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

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

Notes To the Condensed Consolidated Financial Statements as of 31 March 2023

(Amounts expressed in TL unless otherwise indicated.)

## 1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries ("Company" or "Smart Enerji") was established in 2014 in Istanbul.

### The Main Field of Group.

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

As of 31.03.2023, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 31.03.2023, 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. N 3 Dilovası/Kocaeli ve Uzunburun Mevkii Aliağa Organize Sanayi Bölgesi (ALOSBİ).

As of 31 December 2023 and 2022 the total number of personnel employed by the Group is 919 and 735 respectively.

### **The subsidiaries**

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

#### **31 March 2023**

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

#### **31 December 2022**

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

**Icarus Solar Gmbh**

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
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**1. GRUP'UN ORGANİZASYONU VE FAALİYET KONUSU (devamı)**

**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. It was established to provide turnkey installation and engineering services in countries in Eastern Europe.

**Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi**

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

**Smart Gunes Tecnologias Renovables Sociedad Limitada**

The establishment of the company was carried out in 2023. Smart Solar Energy Technologies R&D Production Industry. and Tic. Inc. 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.

**Joint Ventures**

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

**31 March 2023**

<b>Company Title</b>	<b>Main Activity</b>	<b>Share Owned (%)</b>	<b>Country of Establishment</b>
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 March 2023 were approved at the Board of Directors meeting dated 9 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.

#### **Preparation of Financial Statements in Hyperinflationary Economies**

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

#### **Functional and presentation currency**

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

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

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

#### **Netting/Offsetting**

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

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

**2.2. Summary of accounting policies**

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 31 March 2023 as condensed.

The explanations and notes required to be included in the annual financial statements prepared in accordance with TAS/IFRS based on this communiqué are summarized in accordance with TAS 34 or not included in the financial statements. The accompanying condensed consolidated financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2022. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2022 financial statements are applied in the current period.

**2.3 New and amended standards and interpretations**

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of 31 March 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Financial Reporting Standards (“TFRS”) and TFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

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

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

**Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023**

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

**Amendment to IFRS 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 IFRS 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.

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

**2.4 Summary of significant accounting policies**

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

**Consolidation Principles**

*Full Consolidation::*

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

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

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

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

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

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

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

**Related Parties**

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

- a) A person or a close member of that person's family is related to a reporting entity if that person,
- (i) has control or joint control over the reporting entity,
  - (ii) has significant influence over the reporting entity,
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,

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

**2.4. Summary of significant accounting policies (continued)**

**Related Parties (continued)**

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

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

**Trade Receivables and Allowance for Doubtful**

Trade receivables that are created by the Group by way of providing goods or services in the ordinary course of business directly to a debtor are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less provision for impairment. Short-term trade receivables with no specific interest rates are measured at original invoice amount if the effect of interest accrual is insignificant.

*Impairment*

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

The Group has chosen to apply the “simplified approach” defined in TFRS 9 within the scope of the impairment calculations of its trade receivables (with a maturity of less than 1 year), which are accounted at amortized cost in its financial statements and do not contain a significant financing component.

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

**2.4. Summary of significant accounting policies (continued)**

**Property, plant and equipment and related depreciation**

As of 31 March 2023, the Group's property, plant and equipment are presented at acquisition cost less accumulated depreciation and permanent value losses. The lands are not subject to depreciation.

As of 31 March 2021, the fixed assets of the Group are shown in their legal records with their revalued (increased) amounts within the scope of Law No. 7326. In the attached TFRS financial statements, these increased amounts (excluding machinery and equipment) have been cancelled. However, for the fair values of machinery and equipment, an independent valuation company authorized by the Capital Markets Board "CMB" has prepared a valuation report as of 06.10.2021 and it has been seen that the increased values in the legal records reflect the fair values. The valuation difference between the increased net book value in the legal records and the fair value of the machinery and equipment is accounted for in the revaluation fund in equity, taking into account the tax effect.

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

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

	<u>Years</u>
Machinery and Equipment	4-15
Motor vehicles	5
Furniture and Fixtures	2-50
Leasehold improvements	5-10

**Transactions in foreign currency**

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement. The periods-end rates used for USD, EURO and UAH are shown below:

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	<b>Buying</b>	<b>Selling</b>	<b>Buying</b>	<b>Selling</b>
USD	19,1532 TL	19,1878 TL	18,6983 TL	18,732 TL
EUR	20,8450 TL	20,8825 TL	19,9349 TL	19,9708 TL
UAH	0,5192 TL	0,5192 TL	0,5092 TL	0,5092 TL

**EBITDA**

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

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
Operating profit	85.036.879	43.878.578
Depreciation and amortization expenses (Note 8)	15.362.310	5.966.772
Vacation and termination expenses	5.049.360	788.856
<b>EBITDA</b>	<b>105.448.549</b>	<b>50.634.206</b>



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**3. CASH AND CASH EQUIVALENTS**

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Cash on hand	82.273	51.759
Cash at banks	1.261.957.717	240.186.115
- Demand deposit	1.165.767.821	236.309.724
- Time deposit	96.189.896	3.876.391
	<u>1.262.039.990</u>	<u>240.237.874</u>

**4. FINANCIAL INVESTMENTS**

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

<b>Short-Term Financial Investments</b>	<u>31 March 2023</u>	<u>31 December 2022</u>
Fx protected TL Deposits (*)	90.864.775	53.809.648
	<u>90.864.775</u>	<u>53.809.648</u>

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

**5. TRADE RECEIVABLES AND PAYABLES**

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
<b>Short-term trade receivables</b>		
Trade receivables	982.264.544	843.025.806
Notes receivables	187.370.253	109.367.198
Expected credit loss (-)	(16.070.214)	(14.760.589)
Doubtful receivables (*)	26.164.203	25.552.384
Allowance for doubtful receivables (-)	(26.164.203)	(25.552.384)
	<u>1.153.564.583</u>	<u>937.632.415</u>

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

	<u>1 January- 31 March 2023</u>	<u>1 January- 31 March 2022</u>
<b>Balance at beginning of the period</b>	25.552.384	19.530.075
Current year additions / (Provisions no longer required)	611.819	(1.629.081)
<b>End of the period</b>	<u>26.164.203</u>	<u>17.900.994</u>

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

	<u>1 January- 31 March 2023</u>	<u>1 January- 31 March 2022</u>
<b>Balance at beginning of the period</b>	14.760.589	6.285.398
Current year additions / (Provisions no longer required)	1.309.625	764.158
<b>End of the period</b>	<u>16.070.214</u>	<u>7.049.556</u>

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**5. TRADE RECEIVABLES AND PAYABLES (continued)**

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Short-term trade payables</b>		
Trade payables	676.645.089	472.945.982
Notes payables	257.766.153	136.415.957
	<b>934.411.242</b>	<b>609.361.939</b>

**6. RELATED PARTIES**

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

	<b>Trade Receivables</b>	
	<b>31 March 2023</b>	<b>31 December 2022</b>
Smart Holding A.Ş.	63.055.852	56.108.778
Smart Verde Yenilenebilir Enerji A.Ş.	45.483.661	25.522.108
Smart Yeka Enerji Üretim A.Ş.	25.475.987	28.306.652
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	10.331.563	8.614.423
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	6.768.782	11.593.663
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	6.577.225	11.432.560
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.518.942	6.506.854
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	5.284.423	4.302.867
Smart Energy Ukraine	3.612.742	3.462.134
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.381.274	1.931.984
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	1.087.930	808.748
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	84.590	275
Smart Energy Group AD (Bulgaria)	8.323	7.169
	<b>176.671.294</b>	<b>158.598.215</b>
	<b>Other Receivables</b>	
	<b>31 March 2023</b>	<b>31 December 2022</b>
Smart Holding A.Ş.	152.708.180	-
	<b>152.708.180</b>	<b>-</b>
	<b>Prepaid Expenses</b>	
	<b>31 March 2023</b>	<b>31 December 2022</b>
Sumec Energy Holdings Co. Ltd.	84.406.690	10.928.814
KES Adi Ortaklığı	12.065.460	-
	<b>96.472.150</b>	<b>10.928.814</b>

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**6. RELATED PARTIES (continued)**

	<b>Short-term Trade Payables</b>	
	<b>31 March 2023</b>	<b>31 December 22</b>
Smart Energy Group AD (Bulgaria)	17.109.085	76.210.086
Smart Verde Yenilenebilir Enerji A.Ş.	8.763.672	8.774.379
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	-
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	265.862	259.645
Smart Holding A.Ş.	12.950	-
	<b>26.811.569</b>	<b>85.244.110</b>

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

	<b>Sales</b>		<b>Purchases</b>	
	<b>March 2023</b>	<b>March 2022</b>	<b>March 2023</b>	<b>March 2022</b>
Smart Solar EOOD (Bulgaria)	13.255.373	-	-	-
Sumec Energy Holdings Co. Ltd.	1.096.697	-	219.786.169	83.028.525
Smart Verde Yenilenebilir Enerji A.Ş.	17.016	-	897.179	7.389.802
Smart Energy Group AD (Bulgaria)	-	22.041.235	63.026.527	41.138.384
Smart Holding A.Ş.	-	15.716.857	8.410.568	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	-	5.263.009	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	-	3.827.519	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	-	1.457.577	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	-	197.681	-	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	-	197.681	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	-	118.704	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	-	118.704	-	-
	<b>14.369.086</b>	<b>48.938.967</b>	<b>292.120.443</b>	<b>131.556.711</b>

**Key management remuneration:**

Total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives in the current period is TL 2.239.187 (31 March 2022: TL 766.526).

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**7. PREPAID EXPENSES VE DEFFERED INCOME**

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

<b><u>Short-term prepaid expenses</u></b>	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
Advances given to suppliers (*)	732.431.247	306.994.137
Prepaid expenses	22.620.614	18.746.392
	<b><u>755.051.861</u></b>	<b><u>325.740.529</u></b>

<b><u>Long-term prepaid expenses</u></b>	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
Prepaid expenses	23.555.873	-
	<b><u>23.555.873</u></b>	<b><u>-</u></b>

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

<b><u>Deferred Incomes</u></b>	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
Advances received (*)	1.358.157.815	714.911.561
	<b><u>1.358.157.815</u></b>	<b><u>714.911.561</u></b>

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

**8. PROPERTY , PLANT AND EQUIPMENTS**

Movement of property, plant, and equipment for the period 01.01.-31.03.2023 is as follows:

<b>Current Period</b>	<b><u>1 January 2023</u></b>	<b><u>Additions</u></b>	<b><u>Disposals (-)</u></b>	<b><u>31 March 2023</u></b>
<b>Cost</b>				
Land	43.852.431	-	-	43.852.431
Machinery and equipment	178.708.983	92.792.331	-	271.501.314
Vehicles	1.866.483	1.317.895	(370.470)	2.813.908
Furniture and fixtures	8.320.339	6.288.678	-	14.609.017
Construction in progress	29.747.140	69.446.305	-	99.193.445
Leasehold improvements	16.304.968	697.984	-	17.002.952
	<b><u>278.800.344</u></b>	<b><u>170.543.193</u></b>	<b><u>(370.470)</u></b>	<b><u>448.973.067</u></b>
	<b><u>1 January 2023</u></b>	<b><u>Current year charge</u></b>	<b><u>Disposals</u></b>	<b><u>31 March 2023</u></b>
<b>Accumulated depreciation</b>				
Machinery and equipment	(34.236.426)	(6.126.413)	-	(40.362.839)
Vehicles	(1.024.851)	(78.362)	265.503	(837.710)
Furniture and fixtures	(2.232.838)	(500.653)	-	(2.733.491)
Leasehold improvements	(9.048.994)	(584.868)	-	(9.633.862)
	<b><u>(46.543.109)</u></b>	<b><u>(7.290.296)</u></b>	<b><u>265.503</u></b>	<b><u>(53.567.902)</u></b>
<b>Net book value</b>	<b><u>232.257.235</u></b>	<b><u>163.252.897</u></b>	<b><u>(104.967)</u></b>	<b><u>395.405.165</u></b>

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**8. PROPERTY, PLANT AND EQUIPMENTS (continued)**

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

As of 31 March 2023, the insurance amount on tangible fixed assets is 341.236.478 TL and there is no mortgage on them. (31 March 2022 214.964.506 TL)

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 31 Marchs are as follows:

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
<b>Cost</b>		
Cost of sales (Note 14)	13.249.646	5.431.937
General administrative expenses (Note 16)	2.112.664	534.835
	<b>15.362.310</b>	<b>5.966.772</b>

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**9. RIGHT OF USE ASSETS**

Movement of right of use assets for the period 01.01.-31.03.2023 is as follows:

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2023</b>	<b>55.518.684</b>	<b>3.570.557</b>	<b>59.089.241</b>
Additions	12.405.699	1.513.379	13.919.078
Changes in leases	38.984.639	-	38.984.639
Depreciation	(7.207.635)	(758.956)	(7.966.591)
<b>As of 31 March 2023</b>	<b>99.701.387</b>	<b>4.324.980</b>	<b>104.026.367</b>

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

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2022</b>	<b>1.807.731</b>	<b>2.571.350</b>	<b>4.379.081</b>
Additions	369.787	264.018	633.805
Changes in leases	5.678.719	-	5.678.719
Depreciation	(1.915.815)	(248.556)	(2.164.371)
<b>As of 31 March 2022</b>	<b>5.940.422</b>	<b>2.586.812</b>	<b>8.527.234</b>

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**10. FINANCIAL BORROWINGS**

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Short-term bank borrowings	326.197.932	197.938.459
Financial lease liabilities	64.803.916	43.674.600
Liabilities arising from leasing transactions (*)	27.739.488	18.401.175
Other financial borrowings	-	12.391
<b>Short-term borrowings</b>	<b><u>418.741.336</u></b>	<b><u>260.026.625</u></b>
Short-term portion of long-term borrowings	117.897.488	613.674
<b>Short-term portion of long-term borrowings</b>	<b><u>117.897.488</u></b>	<b><u>613.674</u></b>
Long-term borrowings	1.092.543.635	-
Long-term financial lease liabilities	109.416.631	64.585.212
Liabilities arising from leasing transactions (*)	82.109.920	44.598.034
<b>Long-term borrowings</b>	<b><u>1.284.070.186</u></b>	<b><u>109.183.246</u></b>
<b>Total financial borrowings</b>	<b><u>1.820.709.010</u></b>	<b><u>369.823.545</u></b>

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

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

	<u>Interest Rate</u>	<u>31 March 2023</u>
TL bank borrowings	%7,50 - %25,25	1.239.604.029
USD bank borrowings	%4,75 - %12,50	297.022.635
		<b><u>1.536.626.664</u></b>
	<u>Interest Rate</u>	<u>31 December 2022</u>
TL bank borrowings	%7,50 - %25,25	108.797.578
USD bank borrowings	%8,50 - %12,50	89.754.555
		<b><u>198.552.133</u></b>

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**11. COMMITMENTS**

**a. Guarantees received**

As of 31 March 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 March 2023, 31 December 2022,are as follows:

<b>CPMB’s given by the Group</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
A. CPMB’s given for Group’s own legal personality	426.162.862	84.034.055
B. CPMB’s given on behalf of fully consolidated companies	533.766.875	439.939.605
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
	<b>959.929.737</b>	<b>523.973.660</b>
	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>CPMB's given by the Company</b>		
TL	522.141.590	146.007.499
USD	437.788.147	377.966.161
<b>Total</b>	<b>959.929.737</b>	<b>523.973.660</b>



## 12. TAXES

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

### Corporation Tax

As of March 31, 2023, the corporate tax rate is 20% in Turkey (December 31, 2022: 23%), Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. Accordingly, in the Group's consolidated financial statements as of March 31, 2023, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 20% for the parts of the temporary differences that will occur as of 2023, and the tax rate for the parts that will occur from 2023 rate was taken into account as 18%.

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

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

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

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

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

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

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

The Group will benefit from the income tax advantage with the Complete New Investment to be made in İzmir Aliğa Organized Industrial Zone within the scope of the Investment Incentive Certificate dated 08.12.2022/544854.

**12. TAXES (continued)**

**Income tax withholding**

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

**Transfer pricing regulations**

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Hidden income distribution through transfer pricing". The notified dated 18 November 2007 on hidden income distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in peer assessment, the profit is deemed to have been distributed through transfer pricing, in whole or in part. Hidden income distribution through is considered as a non-deductible expense for corporate tax..

**Tax applications for the Group's foreign subsidiaries**

Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.

Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15.8% corporate tax.

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..

**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.

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**12. TAXES (continued)**

*Recognized deferred tax assets and liabilities*

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>Assets / (Liabilities)</b>	<b>Assets / (Liabilities)</b>
Employee benefits	2.435.411	944.492
Trade payables	(47.098)	250.710
Trade receivables	(16.460.440)	(18.999.981)
Lease liabilities	19.772.893	11.339.858
Inventories	3.424.749	3.424.749
Tangible and intangible assets	7.912.939	7.388.368
Amount related to cash flow hedge accounting	7.774.985	6.816.862
Financial liabilities	(3.301.562)	689.973
Lawsuit provisions	233.982	165.684
Right of use assets	(18.724.746)	(10.636.064)
Investment incentives	41.112.684	11.955.081
Financial investments	(199.685)	-
<b>Deferred tax assets</b>	<b>43.934.112</b>	<b>13.339.732</b>
Deferred tax assets	82.667.643	42.975.777
Deferred tax liabilities	(38.733.531)	(29.636.045)
<b>Deferred tax assets</b>	<b>43.934.112</b>	<b>13.339.732</b>

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

	<b>1 January 2023</b>	<b>Deferred tax income/ (expense)</b>	<b>Other comprehensive income</b>	<b>31 March 2023</b>
<b>Deferred tax assets</b>	13.339.732	29.486.299	1.108.081	43.934.112

  

	<b>1 January 2022</b>	<b>Deferred tax income/ (expense)</b>	<b>Other comprehensive income</b>	<b>31 March 2022</b>
<b>Deferred tax assets</b>	15.611.949	12.550.594	(97.113)	28.065.430

<b>Tax Income / (Expense)</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Period tax provisions (-) (*)	(27.399.696)	(1.099.039)
Deffered tax income / (expense)	29.486.299	12.550.594
<b>Total</b>	<b>2.086.603</b>	<b>11.451.555</b>

(\*) In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, the exemption and deduction subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the deduction amounts and tax bases subject to reduced corporate tax, without being associated with the period's income, and 5% over the exempted earnings. As of 31 March 2023, the amount accrued by the Company for the related tax in addition to the corporate tax is TL 25.136.036 thousand, and the payment for the said tax will be made in two installments in 2023.

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**13. SHARE CAPITAL AND NON-CONTROLLING INTEREST**

*Share Capital*

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

<b>Shareholders</b>	<b>31 March 2023</b>	<b>Share</b>	<b>31 December 2022</b>	<b>Share</b>
	<b>TL</b>	<b>%</b>	<b>TL</b>	<b>%</b>
Smart Holding A.Ş.	229.584.000	75,03	229.584.000	75,03
Publicly-traded	76.416.000	24,97	76.416.000	24,97
<b>Total paid-in capital</b>	<b>306.000.000</b>	<b>100</b>	<b>306.000.000</b>	<b>100</b>

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

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

As of 31 March 2023, the details of the shares by group are given below. TL 76.416.000 of the bearer B group shares are traded on the BIST.

<b>Group</b>	<b>Capital ratio (%)</b>	<b>Total balance</b>
Group A Stocks (Registered)	22,88	70.000.000
Group B Shares (Bearer)	77,12	236.000.000
<b>Issued capital</b>	<b>100,00</b>	<b>306.000.000</b>

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**14. REVENUE AND COST OF SALES**

Revenue for the periods are as follows:

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Domestic Sales	759.453.031	193.858.887
Export Sales	37.114.271	28.759.693
<b>Gross Sales (*)</b>	<b>796.567.302</b>	<b>222.618.580</b>
Sales Returns (-)	(214.072)	(1.582.924)
Sales Discounts (-)	(2.043.990)	(16.085.309)
<b>Net Sales</b>	<b>794.309.240</b>	<b>204.950.347</b>
Cost of goods sold (-)	(515.799.577)	(146.858.337)
Cost of trade goods sold (-)	(112.844.582)	(6.487.577)
Cost of services sold (-)	(2.908.205)	(442.320)
Depreciation and amortization expenses (Dipnot 8)	(13.249.646)	(5.431.937)
<b>Gross Profit</b>	<b>149.507.230</b>	<b>45.730.176</b>

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Sales of solar panels and equipment	653.028.838	162.783.342
Sales of solar energy power plant projects	119.645.384	40.517.926
Transit trade sales	23.167.344	19.193.924
Waste and scrap sales	725.736	123.388
	<b>796.567.302</b>	<b>222.618.580</b>

**15. SELLING, MARKETING AND DISTRIBUTION EXPENSES**

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Solar energy system project expenses (*)	11.435.567	-
Advertising and promotion expenses	9.709.586	816.760
Personnel expenses	7.932.647	2.390.885
Taxes, fees and late fees expenses	2.935.604	-
Logistics expenses	742.863	508.063
Consultancy expenses	578.998	12.654
Export and warehouse expenses	257.740	174.782
Food and travel expenses	150.938	99.045
Other	775.637	97.889
	<b>34.519.580</b>	<b>4.100.078</b>

(\*) Solar Energy System project expenses include the consultancy services received for customer procurement related to new projects.

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**16. GENERAL ADMINISTRATIVE EXPENSES**

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Personnel expenses	16.770.865	5.749.063
Consultancy expenses	8.388.974	541.209
Depreciation and amortization expenses (Note 8)	2.112.664	534.835
Food and travel expenses	1.756.251	144.650
Representation expenses	712.954	200.314
Vehicle expenses	525.198	275.313
Security expenses	205.190	120.053
Office expenses	143.210	184.751
Other	3.918.586	264.062
	<b>34.533.892</b>	<b>8.014.250</b>

**17. EXPENSES BY NATURE**

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Cost of goods sold (-)	515.799.577	146.858.337
Cost of merchandise sold (-)	112.844.582	6.487.577
Personnel expenses	24.703.512	8.139.948
Depreciation and amortization expenses (Note 8)	15.362.310	5.966.772
Advertising and promotion expenses	9.709.586	816.760
Consultancy and expenses	8.967.972	553.863
Cost of services sold (-)	2.908.205	442.320
Food and travel expenses	1.907.189	243.695
Logistics expenses	742.863	508.063
Representation expenses	712.954	200.314
Export and warehouse expenses	257.740	174.782
Other	19.938.992	942.068
	<b>713.855.482</b>	<b>171.334.499</b>

**18. OTHER OPERATING INCOME AND EXPENSES**

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
<b>Other operating income</b>		
Foreign exchange gain (*)	18.211.344	10.199.816
SSI Incentive Premiums	4.575.716	2.144.268
Provisions no longer required	-	1.629.081
Other	1.923.340	180.293
	<b>24.710.400</b>	<b>14.153.458</b>
	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
<b>Other operating expenses</b>		
Foreign exchange loss (*)	14.516.853	-
Donations	3.136.212	-
Provisions for doubtful receivables	603.732	-
Interest expense on trade payables	-	2.658.177
Other	1.870.482	1.232.551
	<b>20.127.279</b>	<b>3.890.728</b>

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

**19. FINANCIAL INCOME AND EXPENSES**

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
<b>Finance income</b>		
Interest income	3.868.133	668.206
	<b>3.868.133</b>	<b>668.206</b>
	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
<b>Finance expenses</b>		
Interest expense	27.077.521	9.125.025
Bank transaction and commission expenses	7.943.018	2.306.273
Foreign exchange loss (*)	2.054.024	11.940.870
	<b>37.074.563</b>	<b>23.372.168</b>

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

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**20. EARNING PER SHARE**

Earnings per share calculations are made by dividing the net profit/(loss) for the period in the profit or loss statement given in this report by the weighted average number of shares issued.

	<b>1 January – 31 March 2023</b>	<b>1 January – 31 March 2022</b>
Profit for the period attributable to equity holders	59.072.869	31.409.388
Weighted average number of common shares issued	306.000.000	129.200.000
Profit per share	0,19	0,24

**21. FINANCIAL INSTRUMENTS**

**Capital Risk Management**

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Total financial borrowings	1.820.709.010	369.823.545
Less: Cash and cash equivalents and financial investments	(1.352.904.765)	(294.047.522)
<b>Net debt</b>	<b>467.804.245</b>	<b>75.776.023</b>
Total equity	822.130.904	781.665.202
<b>Net debt to equity ratio</b>	<b>0,57</b>	<b>0,10</b>

**Risk Management System**

When calculating the Group's capital risk management, debts and equity items including cash and cash equivalents, paid-in capital, defined benefit plans remeasurement gains / losses, restricted reserves from profit and retained earnings / (losses) are considered, respectively.

The risks associated with each capital class, together with the group capital cost, are evaluated by the senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments.



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**22. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS**

**Risk management disclosures**

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

**Credit Risk**

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

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
<b>31 March 2023</b>						
<b>Maximum credit risk exposed as of balance sheet date,(A+B+C+D)</b>	<b>176.671.294</b>	<b>1.153.564.583</b>	<b>152.708.180</b>	<b>18.993.172</b>	<b>1.261.957.717</b>	<b>90.864.775</b>
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
<b>A. Net book value of financial assets that are neither past due nor impaired</b>	<b>176.671.294</b>	<b>1.153.564.583</b>	<b>152.708.180</b>	<b>18.993.172</b>	<b>1.261.957.717</b>	<b>90.864.775</b>
<b>B. Net book value of the impaired assets</b>	-	-	-	-	-	-
- Past due (gross carrying amount)	-	42.234.417	-	-	-	-
- Impairment (-)	-	(42.234.417)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
<b>31 December 2022</b>						
<b>Maximum credit risk exposed as of balance sheet date,(A+B+C+D)</b>	<b>158.598.215</b>	<b>937.632.415</b>	-	<b>22.890.631</b>	<b>240.186.115</b>	<b>53.809.648</b>
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
<b>A. Net book value of financial assets that are neither past due nor impaired</b>	<b>158.598.215</b>	<b>937.632.415</b>	-	<b>22.890.631</b>	<b>240.186.115</b>	<b>53.809.648</b>
<b>B. Net book value of the impaired assets</b>	-	-	-	-	-	-
- Past due (gross carrying amount)	-	40.312.973	-	-	-	-
- Impairment (-)	-	(40.312.973)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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

**Credit Risk (Continued)**

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

**Liquidity risk**

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

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

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

<b>31 March 2023</b>						
<b>Contractual maturity</b>	<b>Carrying Value</b>	<b>Contractual cash flows</b>	<b>Less than 3 months</b>	<b>3- 12 months</b>	<b>1- 5 years</b>	<b>More than 5 years</b>
<b>Non derivative financial liabilities</b>	<b>2.792.728.888</b>	<b>3.568.764.271</b>	<b>385.838.147</b>	<b>1.137.383.493</b>	<b>1.053.036.511</b>	<b>992.506.120</b>
Loans and borrowings	1.710.859.602	2.451.719.702	34.202.919	474.696.417	952.826.290	989.994.076
Trade payables	961.222.811	961.222.811	330.165.172	631.057.639	-	-
Lease liabilities	109.849.408	145.024.691	10.672.989	31.629.437	100.210.221	2.512.044
Other payables	10.797.067	10.797.067	10.797.067	-	-	-
<b>31 December 2022</b>						
<b>Contractual maturity</b>	<b>Carrying Value</b>	<b>Contractual cash flows</b>	<b>Less than 3 months</b>	<b>3- 12 months</b>	<b>1- 5 years</b>	<b>More than 5 years</b>
<b>Non derivative financial liabilities</b>	<b>1.076.490.040</b>	<b>1.113.112.493</b>	<b>274.546.252</b>	<b>701.805.720</b>	<b>136.760.521</b>	<b>-</b>
Loans and borrowings	306.824.336	319.815.374	31.264.880	210.961.853	77.588.641	-
Trade payables	694.606.049	694.606.049	223.134.714	471.471.335	-	-
Lease liabilities	62.999.209	86.630.624	8.086.212	19.372.532	59.171.880	-
Other payables	12.060.446	12.060.446	12.060.446	-	-	-

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

**Foreign Currency Risk**

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

	31 March 2023			31 December 2022		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	1.260.952.419	60.912.242	4.553.705	897.139.854	43.503.123	4.198.938
2a Monetary financial assets	76.171.826	3.968.406	9.265	51.884.440	2.743.414	29.459
2b Non-Monetary financial assets	-	-	-	-	-	-
3 Other	407.122.519	19.825.333	1.324.227	240.321.030	9.885.130	2.783.355
<b>4 Current assets (1+2+3)</b>	<b>1.744.246.764</b>	<b>84.705.981</b>	<b>5.887.197</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>
5 Trade receivables	-	-	-	-	-	-
6a Monetary financial assets	-	-	-	-	-	-
6b Non-Monetary financial assets	-	-	-	-	-	-
7 Other	-	-	-	-	-	-
<b>8 Non- Current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Total assets (4+8)</b>	<b>1.744.246.764</b>	<b>84.705.981</b>	<b>5.887.197</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>
10 Trade payables	691.778.298	35.522.889	560.379	500.343.915	25.373.310	1.254.385
11 Financial borrowings	276.394.491	11.403.652	2.791.073	131.890.724	5.167.657	1.757.074
12a Other Monetary financial liabilities	-	-	-	-	-	-
12b Other Non-Monetary financial liabilities	-	-	-	-	-	-
<b>13 Current liabilities (10+11+12)</b>	<b>968.172.789</b>	<b>46.926.541</b>	<b>3.351.452,00</b>	<b>632.234.639</b>	<b>30.540.967</b>	<b>3.011.459</b>
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	191.189.806	4.412.474	5.129.702	61.570.143	30.060	3.054.813
16a Other Monetary financial liabilities	-	-	-	-	-	-
16b Other Non-Monetary financial liabilities	-	-	-	-	-	-
<b>17 Non-Current liabilities (14+15+16)</b>	<b>191.189.806</b>	<b>4.412.474</b>	<b>5.129.702</b>	<b>61.570.143</b>	<b>30.060</b>	<b>3.054.813</b>
<b>18 Total liabilities (13+17)</b>	<b>1.159.362.595</b>	<b>51.339.015</b>	<b>8.481.154</b>	<b>693.804.782</b>	<b>30.571.027</b>	<b>6.066.272</b>
<b>19 Net asset / liability position of off-balance sheet derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a Total amount of assets hedged	-	-	-	-	-	-
19b Total amount of liabilities hedged	-	-	-	-	-	-
<b>20 Net foreign currency asset / (liability) position (9-18+19)</b>	<b>584.884.169</b>	<b>33.366.966</b>	<b>(2.593.957)</b>	<b>495.540.542</b>	<b>25.560.640</b>	<b>945.480</b>
<b>21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>177.761.650</b>	<b>13.541.633</b>	<b>(3.918.184)</b>	<b>255.219.512</b>	<b>15.675.510</b>	<b>(1.837.875)</b>
<b>22 Amounts subject to cash flow hedge accounting</b>	<b>467.584.297</b>	<b>15.816.126</b>	<b>7.920.775</b>	<b>193.460.867</b>	<b>5.197.717</b>	<b>4.811.887</b>
<b>23 Net foreign currency position after cash flow hedge</b>	<b>1.052.468.466</b>	<b>49.183.092</b>	<b>5.326.818</b>	<b>689.001.409</b>	<b>30.758.357</b>	<b>5.757.367</b>

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

**Foreign currency risk (Continued)**

*Sensitivity analysis*

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

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

	31 March 2023		31 December 2022	
	Profit (Loss)		Profit (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	<b>In case of 10% appreciation of USD against TL</b>			
1- USD net asset/liability	63.884.393	(63.884.393)	47.691.027	(47.691.027)
2- Amount hedged for USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>63.884.393</b>	<b>(63.884.393)</b>	<b>47.691.027</b>	<b>(47.691.027)</b>
	<b>In case of 10% appreciation of EUR against TL</b>			
4- EUR net asset/liability	(5.395.975)	5.395.975	1.863.027	(1.863.027)
5- Amount hedged for EUR risk (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(5.395.975)</b>	<b>5.395.975</b>	<b>1.863.027</b>	<b>(1.863.027)</b>
<b>Total net effect (3+6)</b>	<b>58.488.418</b>	<b>(58.488.418)</b>	<b>49.554.054</b>	<b>(49.554.054)</b>

**Cash flow hedge accounting for high probability forecast transaction currency risk**

The Group provides hedging on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future within the scope of the agreements it has made and the corporate budget.

In this context, repayments of foreign currency borrowings that are subject to hedge accounting and determined as hedging instrument are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item within the scope of hedge accounting.

Within the scope of the currency risk management strategy it has determined, the Group applies hedging accounting for the purpose of hedging the currency risk component of the highly probable forecast transaction cash flow risk and accounted for the foreign exchange rate fluctuations that have occurred on the hedging instrument but have not yet occurred under equity.

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**23. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)**

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

	Note	31 March 2023		31 December 2022	
		Book value	Fair value	Book value	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	3	1.262.039.990	1.262.039.990	240.237.874	240.237.874
Financial Investments		90.864.775	90.864.775	53.809.648	53.809.648
Trade receivables	5	1.346.306.091	1.330.235.877	1.110.991.219	1.096.230.630
Other receivables		171.701.352	171.701.352	22.890.631	22.890.631
<b>Total financial assets</b>		<b>2.870.912.208</b>	<b>2.854.841.994</b>	<b>1.427.929.372</b>	<b>1.413.168.783</b>
<b>Financial liabilities</b>					
Financial borrowings	10	1.820.709.010	1.820.709.010	369.823.545	356.832.507
Trade payables	5	961.222.811	961.222.811	694.606.049	694.606.049
Other payables		10.797.067	10.797.067	12.060.446	12.060.446
Payables related to employment benefits		22.489.330	22.489.330	6.784.972	6.784.972
<b>Total financial liabilities</b>		<b>2.815.218.218</b>	<b>2.815.218.218</b>	<b>1.083.275.012</b>	<b>1.070.283.974</b>
<b>Net</b>		<b>55.693.990</b>	<b>39.623.776</b>	<b>344.654.360</b>	<b>342.884.809</b>

**24. SABSEQUENT EVENTS**

In the Ordinary General Assembly dated 27.04.2023, it was approved to increase the registered capital ceiling from 400.000.000 TL (four hundred million Turkish Liras) to 2.000.000.000 TL (two billion TL).

The Group repurchased 25,000 shares with an average price of 74.17 from its shares traded in Borsa Istanbul on 17.04.2023, and 25,000 shares at an average price of 63.15 on 03.05.2023. The total number of SMRTG shares owned by the Group has reached 125,000. (The ratio to the company's capital is 0.0408%.)