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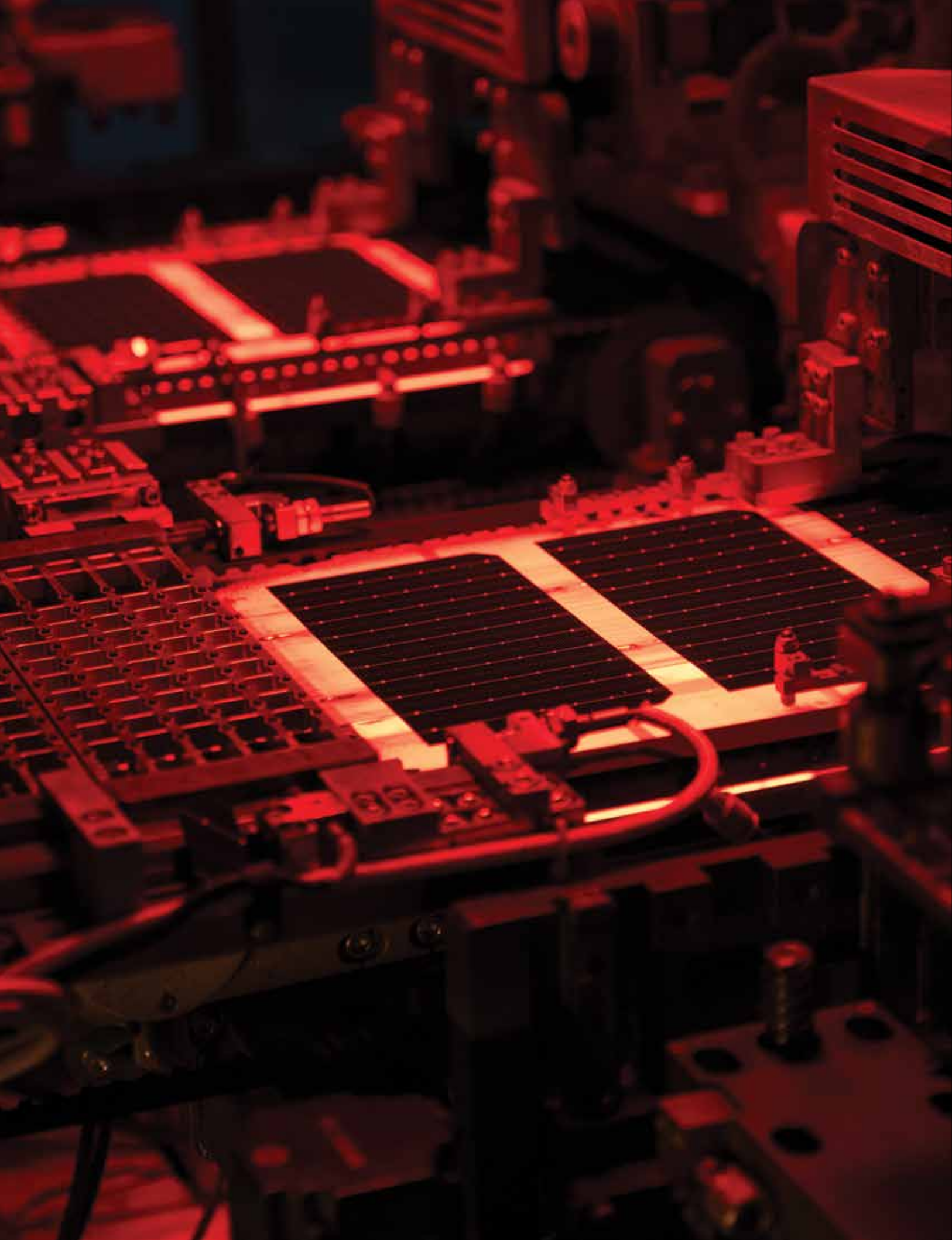
A hand is shown planting a small blue flower into dark soil. The background is a warm, golden glow from a bright sun, creating a lens flare effect. The scene is set against a dark, circular backdrop that frames the top and right sides of the image.

## **Working from the heart for the future of the world**

We harness the power of the sun, making it available for a better future and life. As Smart Solar Technologies, we promote sustainable development by producing 'value' through advanced technology, investing in renewable energy for a green future, and consistently offering high-quality solutions.

We utilize a value engineering approach from production to installation to ensure that all processes run at optimum efficiency. Our solar panel cell production facility, which started operating in Aliağa, Izmir, is a milestone representing our present and future. We are a company that works wholeheartedly for an efficient future and we now have a global say in the industry.





# Our hearts beat for ambitious goals

We took a momentous step for our Company, as well as our country and industry, in terms of production of photovoltaic cells – the building blocks of solar panels. Our Izmir Aliğa facility is starting to produce solar panels and we expect this major investment to contribute significantly towards import substitution efforts, while lifting our export capabilities and reducing the current account deficit.





# Our hearts beat for new investments

We have invested continuously since our first days of operation and, through the significant resources generated via our public offering in 2022, we increased our investment capabilities. We invest in modernization by way of state-of-the-art technologies in panel production lines and EPC turnkey projects, for which we provide engineering and project design services. We also continue to work on the installation of electric vehicle charging stations.





# Our hearts beat for success

Despite the challenging macroeconomic conditions of 2023, we maintained a leading position in the market with an excellent performance. Our already sound financial status, further strengthened by the public offering, helped us achieve outstanding results in terms of turnover, net profit and EBITDA during the year.

In our journey of success, initiated with the goal of becoming a company with an extremely high market value, we advance in the path of the sun and pursue even more ambitious targets.

TRY 8.1 billion  
Sales revenue



# Our hearts beat for a sustainable future

We conduct all our operations in awareness of our responsibilities in the field of sustainability. Within this scope, we neutralized the carbon emissions from panel manufacturing with I-REC certificates. We are proud to join the league of major players through our membership in the Ultra Low-Carbon Solar Alliance, a solar energy industry trade group comprised of a small number of global companies committed to expanding market awareness and accelerating carbon reduction in the solar supply chain.



## Message from the Chairman

# We introduce value-added projects into the industry.

**With a solid balance sheet, we maintain our strong position in the market.**

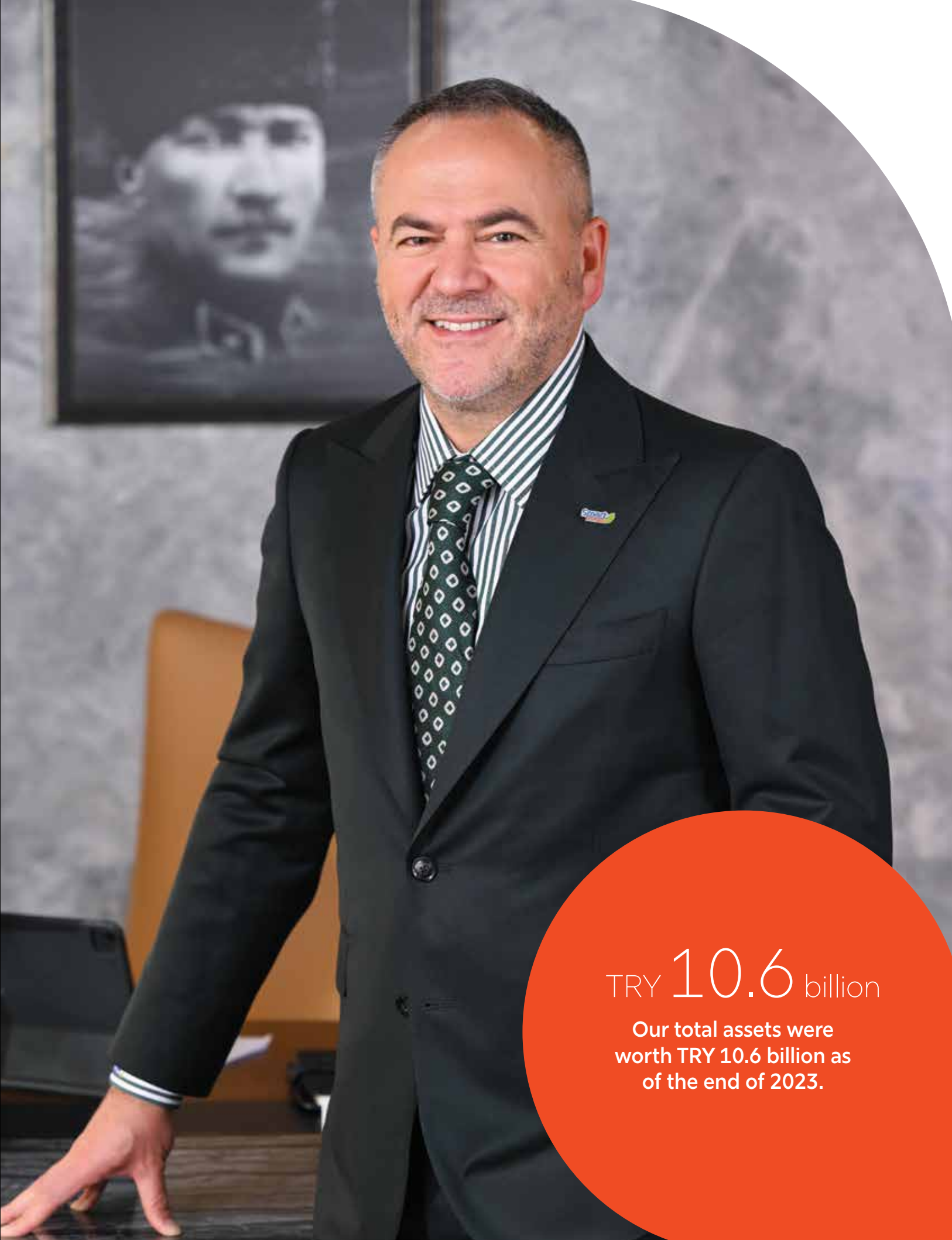
The earthquake in 2023, which deeply affected us as a nation, was the event that most significantly marked the year. We will always remember this disaster, which took the lives of tens of thousands of people. We continue to mourn for these lost lives and extend our condolences to their grieving families. Together with our employees, dealers and stakeholders, we took action starting from the first hours of this calamity, striving to help heal the wounds of the earthquake as quickly as possible through both donations and other support towards meeting the needs of those in the earthquake-stricken region. We will continue to support the people and ongoing development efforts in the region with all our capabilities, means and cooperation. In addition to the momentous human loss, the earthquake also placed a significant burden on our country's economy, which is expected to be felt for the next several years.

The Russia-Ukraine war led to the interruption of natural gas supplies to Europe, which in turn triggered unexpected increases in energy prices, paving the way for the renewable energy sector to gain more prominence, and accelerating new investments in alternative sources of energy and technologies. In the post-pandemic period, China emerged as a key supplier in the field of renewable energy and technology. With the Inflation Reduction Act introduced in the United States, sizeable incentives are being offered for renewable energy investments, especially solar energy. Taking all these developments into consideration, the installed capacity of renewable energy is expected to triple on a global scale by 2030. As described in our Strategy Document, published in 2023, we are nearing completion of the process started in 2023 to establish a 750 MW solar panel facility; this is the first phase within our plans to establish 3 GW solar panel and 3 GW solar cell production facilities in at least two states within the USA.

Türkiye is one of the world's largest consumers of energy, and most of the nation's energy needs are still met from foreign sources. Türkiye's installed capacity expanded by 3,047 MW in 2023, reaching 107,050 MW, and 67% of this increase came from the growth in solar power plants. Türkiye's 'National Energy Plan', published by the Ministry of Energy and Natural Resources of the Republic of Türkiye, presents an outlook on production and consumption for the period between 2020 and 2035. According to the National Energy Plan, total electricity installed capacity will increase 86 GW to 189.7 GW, while solar installed capacity will rise from 9.3 GW to 52.9 GW. The share of renewable energy resources will reach 54.7% in total electricity generation and 64.7% in total electricity installed capacity. Consequently, we can safely claim that the 'Solar' is shining brighter by the day and expectations are evolving toward renewable energy. As our Republic enters a new century, I would like to reiterate, with great confidence and enthusiasm, that the sun will be the primary energy source of the century and that this will be the century of the sun.

### **We achieved successful financial results...**

In addition to the catastrophic earthquake, global stagnation and other uncertainties placed additional pressure on our country's economic outlook. Thanks to our international operations, the Company maintained its activities and production smoothly in the first half of the year, when resources in foreign currencies became even more difficult to access. Despite many challenges, we continued to invest in our brands and add value to our country through production and employment. With a solid balance sheet, we maintained our strong position in the market. We continued our journey at full pace, a testament to our robust and rapid decision-making mechanisms, a workforce extending across a wide geography, and our effective strategies



TRY 10.6 billion

Our total assets were  
worth TRY 10.6 billion as  
of the end of 2023.

## Message from the Chairman

**We focused our strategy on strengthening our primary line of business and expanding our market.**

and management. Our turnover went up by 104% compared to the same period in the previous year, reaching TRY 8.1 billion, while our EBITDA climbed by 235% compared to the previous year, reaching TRY 1.86 billion. We successfully completed our first bond issuance after going public, and we are pleased — and powerfully motivated — by the interest and trust in our Company.

The Company strengthened its balance sheet and equity following the public offering in 2022 and we will maintain our successful financial and operational performance by elevating our investments and continuing to effectively manage our operational capital.

### Soaring investment figures

We focused our strategy on strengthening our primary line of business and expanding our market. We honed the Company's competitive edge through our integrated solar panel and cell investments in Aliğa, İzmir, thus paving the way for sustainable growth, and commissioned the solar panel production facility in İzmir Aliğa in 2023. In the upcoming period, our investments will be directed at cell technology, the building block of solar panels. The first phase of the cell production facility, which will be put into operation in the first half of 2024, is ongoing as installation works with the arrival of machinery and equipment. At the facility, we will commence the domestic production of panels with national resources and multiply our export capacity; this means that we will supply both our Niğde Bor YEKA-4 SPP project and other YEKA investors. Every step we take towards the localization of resources is an important contribution to reducing the current account deficit of the national economy: Localization develops supporting industries alongside the primary industry; contributes to job creation and technological progress; boosts domestic production of strategic goods; and amplifies Türkiye's leverage in international markets. Throughout the year, we continued to develop low carbon and renewable technologies despite supply chain disruptions, inflationary pressures, and difficulties in accessing foreign currencies.

Our investments in the solar energy industry have grown by leaps and bounds since the day we were established. Whatever we receive from the sun, we invest it back in solar. All our efforts are designed around one objective: to ensure that Türkiye becomes a global leader in the field of solar energy. As Smart Solar Technologies, we strive to continue production and investment, while inspiring our industry as a young and innovative technology company. Our goal is to participate in a wide range of hybrid projects to produce green energy.

### We dream of a sustainable world...

We are a technology-driven company working for a sustainable world. Globally, we are in the midst of a major change and transformation and, to ensure a reliable, accessible and sustainable future, it is necessary to rapidly source the most affordable carbon-free energy. Smart is joining this campaign with bold technological moves, and in accordance with the global dynamics at play. To prevail as a country in the international arena, we must work toward decarbonized energy. Green energy technologies are currently considered to be the energy systems of the future. As Smart Solar Technologies, our narrative illustrates this strategic thinking. As a company that creates carbon credits, rather than emitting carbon, 'Solar Technologies' are the driving force of the industry, producing the world's cheapest source of energy. As a company directing its capability to create value on green energy, we shape our operations in alignment with our responsibilities in terms of sustainability. As part of this approach, we neutralized the carbon emissions from panel manufacturing with I-REC certificates. As a result, we raised our ambitions and aspirations in our target markets, the United States and Europe, which demand low-carbon manufacturing. We joined the major players' league with membership in the Ultra Low-Carbon Solar Alliance, a solar energy industry trade group comprised of a small number of global companies that aims for low carbon production and strives to create awareness on this issue. We also initiated the Smart Sustainability Management System Project. Under the stewardship of our Sustainability Committee, we are establishing a system aimed at designing sustainability as a business model for the company, from environmental, social and governance perspectives, and integrating sustainability with all our corporate processes. In keeping with international regulations on environmental, social and corporate governance fields, we aim to manage risks properly, and to integrate environmental issues such as climate change and global warming, social responsibility projects, and corporate governance principles into our business conduct and policies. As the first priority within this scope, we devised a Sustainability Policy and shared it with stakeholders. Although we set out with the target of achieving net zero by 2040, we believe that we will achieve this target by 2030. The management system that is being designed will ensure ownership of sustainability within the Company and the adoption of sustainability as a strategic business model. Our approach to sustainability is based on minimizing our environmental impact through responsible production and expanding our positive social impact, while creating sustainable value and ensuring stakeholder engagement. In addition

TRY **1** billion  
Net Profit



to our constantly improving environmental, social and governance scores, we published our first Sustainability Report in 2023; we are also working on preparations for inclusion in the Borsa Istanbul Sustainability Index.

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

Fossil fuels, currently used as the world's primary sources of energy, are losing prominence due to declining reserve levels, as well as their environmental impact and carbon emissions; even the financial support provided to projects involving fossil fuels is diminishing. The other emerging source of energy at present is hydrogen. While Türkiye's heavy dependence on fossil fuels leads to energy imports and a higher trade deficit, our country has the opportunity to become a major player in the global hydrogen market, thanks to abundant solar energy potential, a robust industry infrastructure and a talented workforce. As Smart Solar Technologies, we aim to harness solar energy and leverage green hydrogen technologies to create high added value, and we are undertaking initiatives to this end. Accordingly, we established Smart Yeşil Hidrojen Teknolojileri A.Ş. in partnership with Smart Holding to conduct the Company's "Green Hydrogen" operations, and we are currently conducting trial runs in the Gebze production facility.

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

Our application to the Ministry of Industry and Technology's "Fast Charging Stations for Electric Vehicles Grant Program," as part of our Electric Vehicle Charging Network Establishment project, was accepted. We obtained an "Energy Market Regulatory Authority Charging Network Operator License" for the electric vehicle charging network that we will operate under the Solargize brand. As Smart Solar Technologies, we plan consistent investments in this segment directed towards supplying clean energy to the national mobility. The electricity that will supply our charging network will be sourced from zero-carbon clean energy generated by our IREC-certified solar power plants. To this end, we established Smart Solargize Yeşil Mobilite Enerji A.Ş. as our subsidiary to carry out the Company's "Smart Urban Planning and Green Mobility" operations. In 2023, Solargize commissioned its first charging stations in different provinces of Türkiye and continues to expand rapidly.

We are highly aware of our responsibilities. To give back to our country, we have carried out social responsibility projects aimed at supporting women's employment, protecting nature, and encouraging young people to engage in sports and the arts. We intend to expand the number and diversity of these projects in the coming period.

In 2023, we marked the 100<sup>th</sup> anniversary of our Republic with joy and happiness. Our activities are guided by the desire to be, as a company, worthy of the values and goals of the Republic entrusted to us by Gazi Mustafa Kemal Atatürk.

Smart Solar Technologies is taking firm steps towards the future, fortified with a capacity to manage rapidly evolving conditions, and reinforced by corporate competencies supported by the Company's sustainability approach, its ever-increasing investments and a solid financial structure, and its professional and proficient workforce.

**Our investments in the solar energy industry have been growing by leaps and bounds since the day we were established. Whatever we get from the sun, we invest back in solar.**



I would like to express my sincere gratitude to all our employees, dealers, suppliers, customers and shareholders, who have contributed to our goals in 2023 and the associated work in this field by focusing on value creation.

**Halil DEMİRDAĞ**  
Chairman

## Smart Solar Technologies in Figures

Smart Solar  
Technologies' net profit  
**increased to TRY 1 billion.**





**TRY 10.6 billion**  
Total Assets

**TRY 2.1 billion**  
Shareholders'  
Equity

**TRY 8.1 billion**  
Revenues

**TRY 1.9 billion**  
Gross Profit

**TRY 1.0 billion**  
Net Profit

**TRY 1.9 billion**  
EBITDA

**23%**  
EBITDA Margin

**2.9 GW**  
Solar Panel Capacity

**100+**  
Dealers

**1,161**  
Employees

Exports to  
**19 countries**





## 2023 Highlights

# Production network expands with the Aliaga factory

**A decision was made to establish a new company called Smart Solar Technologies, in Bulgaria, through the Netherlands-based Smart Global Enterprises & Trading BV, which is a wholly-owned subsidiary of Smart Solar Technologies.**

### **We expanded our production network by means of the Aliaga factory**

The first phase of the Solar Panel and Solar Cell Integrated Production Facility, established by Smart Solar Technologies and covering an indoor area of 38,000 square meters on a 50,000-square-meter plot in Izmir Aliaga OIZ, was completed. The PV panel production facility, with the capacity to produce 1,200 MW panels, was commissioned in March 2023; the assembly and commissioning processes are ongoing for solar cell production-related machinery and equipment, which were ordered during the year. The Company, polishing its competitive edge with the commissioning of the facility, will focus its investments in the coming period on cell technology, the building block of solar panels.

### **Massive collaboration with SUMEC Energy**

The Company signed a long-term collaboration agreement with the Chinese state-owned corporation SUMEC Energy Holdings Co., a Fortune Global 500 company that supplies and sells solar energy panels, machinery, equipment, know-how and raw materials, in order to ensure the supply security of solar panels, solar cells and other equipment, and to create synergy in international markets. This agreement includes:

- Supply of equipment and other related products for the establishment of solar panel and solar cell production

line with a capacity of up to 2.5 GW (with a credit limit of USD 50 million, which may increase in parallel with business volume),

- The establishment of a solar panel distribution channel exclusively in Bulgaria, the Balkan countries, and other European markets to be determined,
- Joint development of large-scale EPC and solar power plant projects, including financial solutions.

### **Smart Solar Technologies continues to extend its global footprint**

In 2023, Smart Solar Technologies has accelerated steps towards its vision of becoming a global power. In this context, a decision was made to establish in Bulgaria a new company titled Smart Solar Technologies through the Netherlands-based Smart Global Enterprises & Trading BV, a wholly-owned subsidiary of Smart Solar Technologies. Work is underway to establish a new company, through Smart Global Enterprises & Trading BV, with the aim of establishing solar panel production facilities with a production capacity of up to 3 GW in at least two regions in the USA.

In addition, a decision was made to establish a new wholly owned company in order to strengthen the purchasing and supply chain in China and to control production and quality processes with suppliers.



## 2023 Highlights

**In 2023, Smart Solar Technologies received its first patent, titled “Distance-controlled nano composite material that increases photovoltaic cell efficiency.”**

### **Shaping innovation with our R&D capabilities**

Focusing on R&D studies on solar cells along with its cell facility investment, Smart Solar Technologies started the CETP (Clean Energy Transition Partnership) project in concert with several large European laboratories/companies such as Fraunhofer and Nines PV, in the third quarter of 2023.

In December 2023, the Company also received its first patent, titled “Distance-controlled nano composite material that increases photovoltaic cell efficiency,” as a result of the application filed on June 21, 2021.

### **A future vision built with sustainability in mind**

Announced in 2023, Smart Solar Technologies’ Strategy Document covering the 2023-2027 period demonstrates that the Company places sustainability at the core of its management approach. Within the framework of transparency and accountability principles, Smart Solar Technologies also prepared and presented to stakeholders its first Global Reporting Initiative (GRI)-compliant sustainability report, which describes the Company’s sustainability activities and performance in 2022. As part of its sustainability efforts during the period, the Company also set a target to reach net zero by 2040.





Smart Solar Technologies started an important initiative during the period, within the scope of the Company's long-term strategic investment plans, sustainability targets, and efforts to create value and reduce costs through activities aimed at reaching a zero-carbon footprint. In order to meet the electrical energy needs of the Gebze facility, the Company applied for a Letter of Invitation for a connection agreement of 4,000 kW AC on the plot purchased in the province of Kahramanmaraş, in accordance with the Regulation on Unlicensed Electricity Production in Electricity Markets.

The application was approved by the distribution company Adıyaman Kahramanmaraş Elektrik Dağıtım A.Ş. (AKEDAŞ), which then submitted the Letter of Invitation for the connection agreement to the Company. The planned solar power plant investment is anticipated to produce more than 9.5 million kWh of electrical energy per year. This clean energy production will reduce operating costs by meeting 100% of the Gebze factory's current annual total electricity consumption; it will also generate income through sales of the remaining excess consumption to the distribution company.

#### **Free capital increase from Smart Solar Technologies**

Smart Solar Technologies' issued capital of TRY 306,000,000 within the registered capital ceiling of TRY 2,000,000,000 was increased by a total of TRY 299,880,000 to TRY 605,880,000. Of this, TRY 76,000,000 was covered from the Stock Issuance Premiums account and TRY 223,880,000 from the Retained Earnings account.

#### **CMB approved the bond sale by Smart Solar Technologies**

The Capital Markets Board (CMB) approved Smart Solar Technologies' application for issuing debt instruments in Turkish Lira with various maturities of up to five years in an amount not exceeding TRY 300,000,000, to be sold to qualified investors in the country, without a public offering, in one or more than one time. Based on this approval, the Company's debt instrument with ISIN code TRFSMARK2414 with a nominal value of TRY 250,000,000, a maturity of 364 days and a coupon payment of 49.0% annual fixed interest every three months, with November 10, 2023 as the maturity start date and November 8, 2024 as the redemption date, was issued within the issuance ceiling by offering it for sale to qualified investors without a public offering.

Based on the approval granted by the CMB on September 14, 2023, the Company's debt instrument with ISIN code TRFSMAR72410 with a nominal value of TRY 50,000,000, a maturity of 180 days and 51% annual simple interest without coupon payment, with January 11, 2024 as the maturity start date and July 9, 2024 as the redemption date, was issued within the issuance ceiling of TRY 300,000,000 by offering it for sale to qualified investors without a public offering.

#### **Collective labor agreement signed**

Conducted for the first time with the labor unions at the Company's Aliağa, Gebze and Dilovası production facilities, collective bargaining negotiations resulted in an agreement.

**A total of TRY 300 million worth of bonds were successfully issued.**

**TRY 605,880,000**  
Issued capital



## About Smart Solar Technologies

# A wide range of solar energy solutions

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

**Date of Establishment**  
August 11, 2014

**Main Field of Activity**  
Turnkey SPP installation services, PV module and cell production, electric vehicle charging network operation

**Number of Employees**  
1,161

Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim San. ve Tic. (Smart Solar Technologies) initially started its journey abroad in 2009 and was later established in Türkiye in 2014 with headquarters in Istanbul. Smart Solar Technologies operates to provide solutions to the energy industry that enable performance and sustainability through technology development.

In addition to its two main business lines consisting of turnkey installation services and PV module production, the Company offers a wide range of solar energy solutions to commercial and retail business partners in the fields of green hydrogen, storage systems and electric vehicle charging stations, contributing to the decarbonization of the industry in general. Smart Solar Technologies, which has become one of the leading companies in Europe in the field of solar energy, which is the energy of today and the future, with its integrated service competence, carries out its activities with its offices in Türkiye, Netherlands, Spain and Germany and its production facilities established on an area of

23,500 m<sup>2</sup> in Gebze and 10,000 m<sup>2</sup> in Dilovası. The solar panel production facility of the Aliğa PV Cell and Panel Integrated Production Facility, which will operate over a total area of 58,309 m<sup>2</sup>, became operational in 2023. Preparations are ongoing to start cell production at the facility in 2024. According to the "Capacity Report," prepared by the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) on February 21, 2023 and valid until February 24, 2025, the Company has the ability to produce 475 solar panels per hour at 90% efficiency.

Paving the way for reliable energy for every community, including the environment in which it lives and works, and offering technologies for carbon-free industries with its expertise in more than 20 countries, the Company has 1,161 employees and 11 Board Members as of the end of 2023.



## Our Fields of Activity

- Solar Panel and Cell Production and Sales
- Engineering & Project Design
- Electric Vehicle Charging Network Operation

## Our Local and Global Memberships

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



## Shareholding Structure and Subsidiaries

### CAPITAL STRUCTURE OF THE COMPANY

Name/Title of Shareholder	Capital Share (TRY)	Percentage of Shares (%)	Voting Rights (%)
Smart Holding A.Ş.	442,458,798.53	73.03	85.92
Publicly Traded	163,421,201.47	26.97	14.08
<b>TOTAL</b>	<b>605,880,000.00</b>	<b>100.00</b>	<b>100.00</b>

The Company has switched to the registered share capital system upon the CMB's permission dated 21.10.2021 and numbered E-29833736-I 10.03.03-12167 and has a registered capital ceiling of TRY 2,000,000,000.

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

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

On 21.07.2023, it was decided to increase the issued capital of the Company amounting to TRY 306,000,000 to TRY 605,880,000, all of which will be covered from internal resources, and to issue 98% bonus shares to the shareholders.

The Board of Directors of the Company decided to carry out a buyback program with a duration of 1 year to buy up to 1,000,000 shares with a maximum fund of TRY 75,000,000 being allocated in order to eliminate the negative effects that the price movements regarding the shares of our Company traded on Borsa İstanbul A.Ş. with the ticker SMRTG may have on our investors in the short term, to ensure price stability in the share value, to support healthy price formation and to protect the shareholders. Based on this decision, a total of 480,000 shares, equivalent to 0.079% of

the Company's capital as of the report date, were bought back.

Smart Holding A.Ş., the Company's partner, filed an application to convert 12,117,600 Smrtg shares that were not traded publicly on the stock exchange and were equivalent to 2% of the Company's capital into tradable shares on 27.09.2023, and as a result of the application, these shares were converted into publicly tradable shares on the Stock Exchange on 04.10.2023. Smart Holding A.Ş. announced on 09.10.2023 that 12,117,600 shares were sold to an international corporate investor based outside Türkiye.

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

Share Group	Capital Share (TRY)	Capital Share (%)
Group A Registered	138,600,000	22.88
Group B Bearer	467,280,000	77.12
<b>TOTAL</b>	<b>605,880,000</b>	<b>100.00</b>

Group A shareholders of the Company have 5 voting rights at the General Assembly Meeting and the privilege of nominating Board Members.

## TRADE REGISTRY INFORMATION

Trade Name	Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi
Date of Establishment	11.08.2014
Trade Registry Office	Istanbul
Trade Registry No.	934086-0
Head Office Address	Energy Plaza Rüzgarlıbahçe Mah. Feragat Sok. No: 2 Kat: 6 Beykoz/Istanbul
Tax Office and Tax Number	Beykoz V.D.M 7720708996

Subsidiary	Business Line	Percentage of Shares (%)	Country
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
Consortium of Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & IHK Holding A.Ş.	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukraine	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and 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

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

### Our Mission

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

### Our Vision

---

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

### Our Values

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

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

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

### Our Keys to Success

---

#### Perception of Quality

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

#### Value Engineering

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

#### Investing for Good

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





## Smart Solar Technologies Operational Map

# Creating value for the world through technological solutions.

### Countries of Operation

---

Germany  
Türkiye  
Austria  
Netherlands  
Spain  
Switzerland  
Ukraine\*  
Bulgaria  
Greece  
Romania

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

**PV Panel Production Capacity in 2023**  
2,900 MW

**Total Project Experience**  
500+ Projects

**Number of Employees**  
1,161







## Milestones



**The PV panel production facility, which is the first phase of the Solar Panel and Solar Cell Integrated Production Facility in Aliağa, Izmir, was commissioned in March. with a capacity of producing 1,200 MW panels.**

### 2014

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

### 2015

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

### 2016

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

### 2017

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

### 2018

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

### 2019

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

### 2020

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



## 2021

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

## 2022

- The Company was listed on Borsa İstanbul Stock Exchange.
- Smart Solar Technologies' subsidiary Smart GES Elektrik Üretim A.Ş. submitted the best offer and was awarded 100 MWe capacity in the Bor-1 YEKA GES-4 tender.
- Dilovası Solar Panel Production Facility became operational and production started.
- The total PV panel production capacity of Gebze and Dilovası Solar Panel Production Factories was increased to 1,700 MW.

## 2023

- The PV panel production facility, which is the first phase of the Solar Panel and Solar Cell Integrated Production Facility in Aliağa, İzmir, was commissioned in March. with a capacity of producing 1,200 MW panels.
- A collaboration agreement was signed with the Chinese state-owned corporation SUMEC Energy Holdings Co. in order to ensure supply security of solar panels, solar cells and other equipment and to create synergy in international markets.
- The Strategy Document covering the period 2023-2027 was shared with the public.
- The Company's first Global Reporting Initiative (GRI)-compliant Sustainability Report has been published.
- The Capital Markets Board (CMB) approved the Company's application for issuing debt instruments in Turkish Lira with various maturities up to 5 years in an amount not exceeding TRY 300 million, in one or more times, to be sold to qualified investors in the country, without public offering.

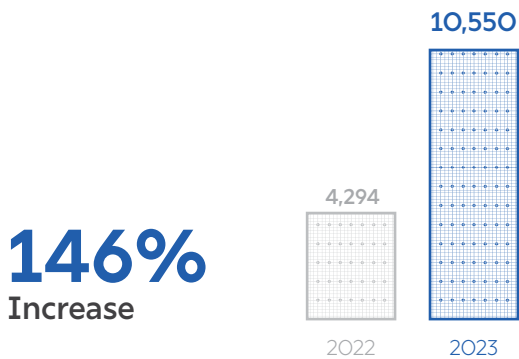
**The first Global Reporting Initiative (GRI)-compliant Sustainability Report has been published.**

## Financial and Operational Indicators

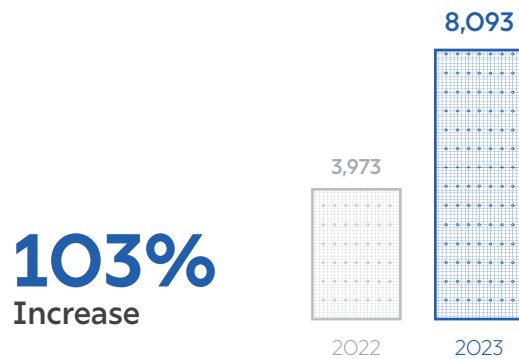
Sales  
increased to **TRY 8.1 billion.**

FINANCIAL INDICATORS (TRY Million)	2022	2023	Increase in %
Total Assets	4,294	10,550	145.7
Net Sales	3,973	8,093	103.7
Total Equity	1,432	2,128	48.6
EBITDA	553	1,856	235.6
EBITDA Margin (%)	13.9	22.9	

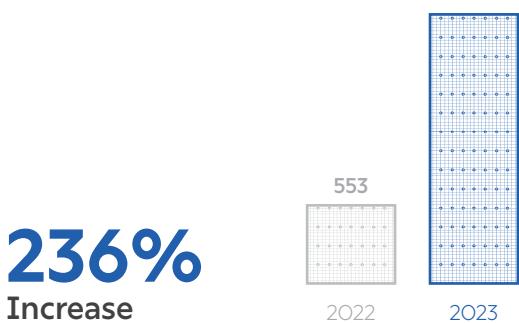
**Total Assets** (TRY Million)



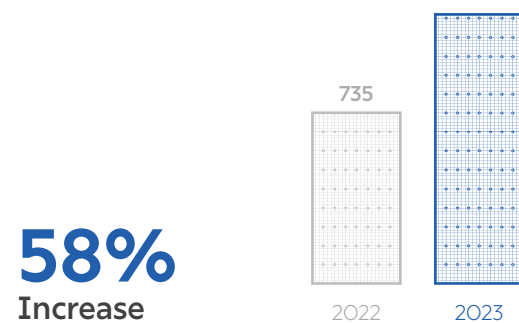
**Net Sales** (TRY Million)



**EBITDA** (TRY Million)



**Number of Employees** (Person)







## Stock Performance

# Approximately 1,500% return on stock based on IPO price

Smart Solar Technologies stocks started trading on March 24, 2022 with a price of TRY 14.00 under the ticker SMRTG.

On October 24, 2022, 100% bonus share distribution was realized.

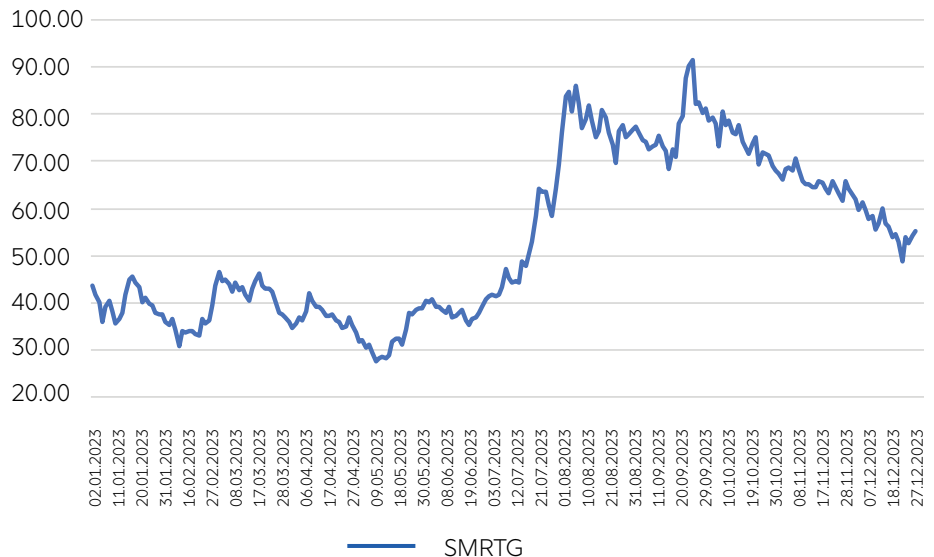
Distribution of free shares at a rate of 98% took place on July 28, 2023.

The stock was traded at a maximum price of TRY 99.20 (after separation).

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

The closing price on 31.12.2023 was realized as TRY 55.25, with approx. 1,500% returns based on the public offering price.

### SMRTG-01.01.2023-31.12.2023



# SMART GÜNEŞ TEKNOLOJİLERİ HALKA ARZ GONG TÖRENİ

Smart  
GÜNEŞ TEKNOLOJİLERİ

24.03.2022

BORSA  
İSTANBUL



## Shareholder Relations Unit

An "Investor Relations Department" was established to manage Smart Solar Technologies' relations with its shareholders. This duty is performed full-time by employees who hold the Capital Markets Activities Advanced Level License and the Corporate Governance Rating Specialist License and are members of the Corporate Governance Committee.

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

The company's free float rate is 26.97%. In this context, care is taken to fulfill all kinds of meeting and interview requests received directly from institutional and individual investors as well as analysts and to respond to all kinds of questions received via e-mail, etc. within the existing legal limits. In 2023, two analyst meetings were held, interviews were conducted with a total of 27 analysts, and a total of 425 questions and clarification requests received from individual investors via e-mail were replied/fulfilled in a timely manner.

The financial reports and statements of Smart Solar Technologies regarding the interim financial results of the Company for the year 2023 were published on the

corporate website and announced on the Public Disclosure Platform (KAP). In 2023, material event disclosures required by the legislation were also disclosed to the public through KAP. During the period, there were no lawsuits or court decisions requiring material event disclosures.

## Investor Relations Department:

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

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



## Donations and Aids, Our Sponsorships, Awards Received

# The Company joins the European Solar Manufacturing Council (ESMC)

**Fenerbahçe Alagöz Holding Women's Basketball Team, with the sponsor Smart Solar Technologies' company name appearing on the team shorts, became the champion in the Euroleague Women and ING Basketball Super League.**

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

Sponsorships in 2023 were as follows:

- Fenerbahçe Alagöz Holding Women's Basketball Team, with the sponsor Smart Solar Technologies' company name appearing on the team shorts, became the champion in the Euroleague Women and ING Basketball Super League.
- The name of Smart Solar Technologies will be featured on the front of the jerseys to be worn by Çayelispor players in all official competitions that the team will take part during the 2023-2024 season.
- The Smart Holding Çayelispor Women's Volleyball Team advanced to the Play-offs in the Women's Regional Volleyball League.
- The Company participated in the TESYEV run to support disabled students.

### Awards Won by Smart Solar Technologies in 2023:

- Third-time winner of the "Big Stars" award in the Deloitte Technology Fast 50 Türkiye 2023.
- "Women Empowered Board of Directors" Award of the Sabancı University 30% Club.
- "2023 Cloud Transformation Success Award."
- The Company received a Certificate of Appreciation from the Kocaeli Governorship for its aid to the earthquake zone.
- The Company won the "Respect for Humanity Award" in 2022 and 2023 at the Respect for Humanity Award ceremony organized by Kariyer.net.



# ULTRA LOW-CARBON SOLAR ALLIANCE

Not All Solar Panels Are Created Equal

## Donations Made in 2023:

- Smart Solar Technologies donated solar panels to Angel's Farm Sanctuary Türkiye Farm Animal Protection and Rescue Shelter, i.e. Türkiye's first and largest farm animal protection and rehabilitation farm.
- TRY 3 million was donated to the earthquake victims on behalf of Smart Solar Technologies, TRY 1 million on behalf of Smart EU, and TRY 2 million on behalf of Smart Holding. The company also sent food, clothing and all kinds of equipment worth more than TRY 2 million to the region.
- 8 panels were donated to GENSED.
- 14 panels were donated to Kütahya Kuşu Industrial Vocational High School.

## Collaborations and Memberships During the Period:

- Smart Solar Technologies has become a member of YEYKAD in order to support the employment of women in the energy sector.
- A new cooperation protocol was signed with Huawei Enterprise. Under this cooperation, solar panels and storage systems will be incorporated in a single solution package in many areas ranging from residences to industrial areas to increase availability of efficient, safe, high-quality and sustainable energy resources.
- Smart Solar Technologies participated in the Bulgarian-Turkish Business Forum, and Halil Demirdağ, Chairman of the Board of Directors of the Company, delivered a lecture on "Green Energy Investment Opportunities in EU" at the forum.
- The Business Development Manager Esra Canpolat has been elected as a Board Member of GENSED.

- Smart Solar Technologies signed an agreement with the Chinese state-owned corporation SUMEC Energy Holdings Co., Fortune Global 500 company with Tier 1 ranking that is the manufacturer of the Phono Solar banded Solar Panels and supplies and sells solar energy panels, machinery, equipment, know-how and raw materials.
- The Company joins the European Solar Manufacturing Council (ESMC).
- The Company is still a member of the Ultra Low-Carbon Solar Alliance.

**The "Respect for  
Humanity Award" was  
won between 2022 and  
2023.**

## Solar Energy Industry in Türkiye and the World

# Renewable energy sources will account for **80% of new energy production capacity** by 2030

**The International Energy Agency estimates that the global installed solar PV capacity will reach 7,639 GW by 2030 and 12,639 GW by 2050.**

### **Clean technologies will play a much bigger role in 2030**

According to the International Energy Agency's (IEA) World Energy Outlook (WEO) 2023 report, clean technologies will have even more significant in energy systems in 2030. The number of electric vehicles will increase by almost 10 times, solar energy will produce more electricity than the capacity of the entire US grid system, and the share of renewable energy sources in global electricity production will increase from 30% today to 50%.

All these estimates of increase are based solely on the current policy regulations of governments around the world. If countries fulfill their national energy and climate commitments on time and in full, it is predicted that progress in the field of clean energy will accelerate. However, even stronger measures are needed to keep alive the goal of limiting global warming to 1.5 degrees.

According to the WEO-2023 report, the energy demand of China, which has a major impact on global energy trends, is expected to peak in the middle of this decade. Along with economic slowdown and structural changes, growth in clean energy will reduce use of fossil fuels and associated emissions.

The report also highlights that solar energy has strong growth potential over the next 10 years. Renewable energy sources will account for 80% of new energy production capacity by 2030, with solar energy making up more than half of this expansion. However, while global solar panel production capacity is estimated to reach 1,200 GW per year, only 500 GW is expected to be produced in 2030. It is estimated that, if 800 GW of new solar power capacity is reached by the end of the decade, electricity production from coal-fired power plants in China will decrease by 20% and that electricity production from coal and gas fuels is predicted to fall by 25% in Latin America, Africa, Southeast Asia and the Middle East by 2030.

7,639 GW

Global installed solar PV capacity by 2030



While research shows that solar energy will become the fastest growing production technology in the green transformation of electricity production, the International Energy Agency estimates that the global installed solar PV capacity will reach 7,639 GW by 2030 and 12,639 GW by 2050. In addition, it is estimated that the share of solar in renewable energy installed capacity will reach 66% by 2050.

### **Solar energy investments are growing rapidly in the USA**

The solar energy industry, which has started to grow in the USA thanks to reduced financial and operational costs since 2015, has gained a significant momentum with the tax incentives provided by the Inflation Reduction Act (IRA) that came into force in 2022. With the incentives introduced in the IRA to support renewable energy investments, the installed capacity is expected to reach 200 GW between 2024-28.

On the other hand, the anti-dumping measures in place on solar panels and cells from China and 4 Southeast Asian countries cause the USA to continue to need imports to meet the increase in demand due to the IRA, which gives solar panel exporting countries, including Türkiye, the opportunity to gain market share in this large market.



## Solar Energy Industry in Türkiye and the World

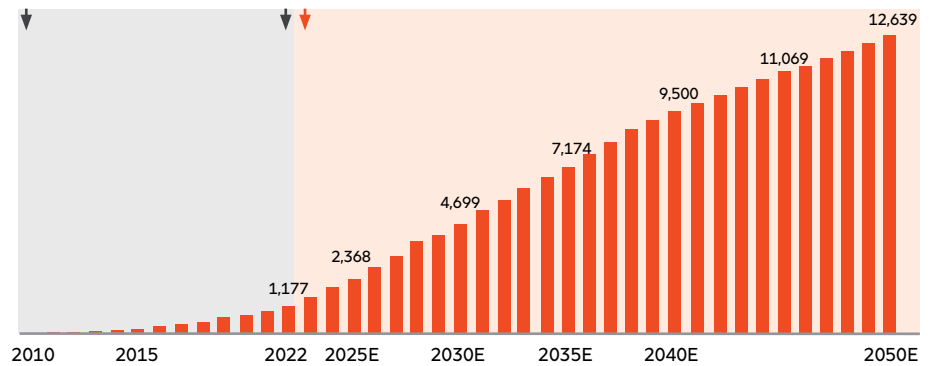
**In line with the environmental sustainability goals of the European Union (EU) and as one of the key elements of the European Green Deal, the process of transition to the Carbon Border Adjustment Mechanism (CBAM) started on October 1, 2023.**

### EU focuses on clean energy transformation

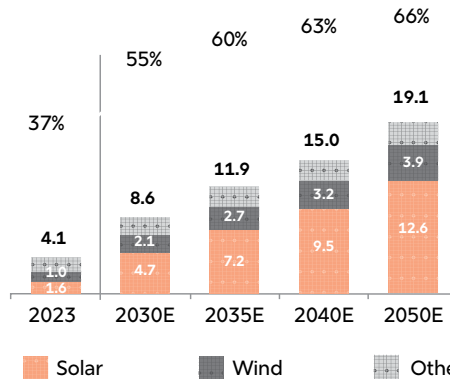
In line with the environmental sustainability goals of the European Union (EU) and as one of the key elements of the European Green Deal, the process of transition to the Carbon Border Adjustment Mechanism (CBAM) started on October 1, 2023. This mechanism aims to contribute to the EU's goal of achieving at least a 55% reduction in greenhouse gas emissions by 2030 by applying carbon pricing equivalent to the EU's Emissions Trading System (ETS) for goods imported from outside the EU.

Having moved to a new phase in its fight against global climate change with the CBAM, the EU is accelerating the installation of solar energy in response to the energy crisis as per the new policies and targets proposed in the Green Deal. In the EU, which has a similar growth potential as that of the USA in this field, the total installed solar energy capacity is expected to increase by more than 200 GW during the next 5 years.

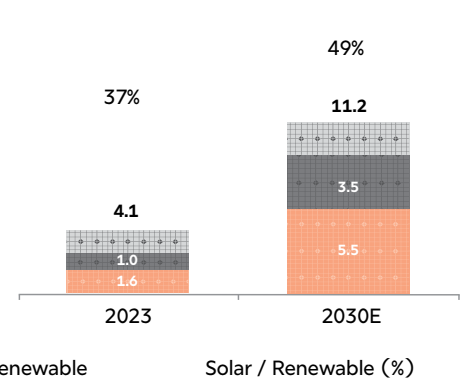
### Global Total Installed Solar Energy Capacity (GW)



### Installed Renewable Energy Capacity Estimates for the World (IRENA, TW)



### Installed Renewable Energy Capacity Estimates for the World (IEA, TW)



Source: BP Energy Outlook 2023

37%

Ratio of installed solar energy capacity to installed renewable energy capacity

### Electricity demand is increasing rapidly in Türkiye

“Türkiye’s National Energy Plan” published by the Ministry of Energy and Natural Resources (ETKB) in December 2022 pointed out Türkiye’s future electricity demand targets. In this context, it is estimated that electricity demand will increase by 3.5% on average and reach 510.5 TWh by 2025. The share of electrical energy in final energy consumption is expected to increase from 21.8% in 2020 to 24.9% in 2035.

### The share of solar energy in Türkiye’s installed capacity exceeded 10% for the first time

While the 9,631 MW installed solar power capacity at the end of 2022 accounted for only 9.3% of the total installed capacity in Türkiye, the installed capacity of SPPs reached 11,691 MW by the end of December 2023, representing 10.9% of the total installed capacity. Türkiye’s installed capacity increased by 3,047 MW from 104,003 MW in 2022 to 107,050 MW in 2023, and 67% of this increase came from the growth in solar power plants.

It is expected that the share of solar energy in installed capacity will continue to increase rapidly in the coming period. The sun is also the most prominent source in applications aimed at increasing renewable energy capacity.

### Development of Installed Renewable Energy Capacity in Türkiye

Source (MW)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Solar	310	833	3,421	5,063	5,995	6,667	7,816	9,425	11,691
Hydro	25,868	26,682	2,773	28,291	28,503	30,985	31,493	31,571	31,964
Wind	4,498	5,751	6,516	7,005	7,591	8,832	10,607	11,396	11,803
Geothermal	624	821	1,064	1,283	1,515	1,613	1,676	1,691	1,691
Biomass	345	467	575	739	1,163	1,485	2,035	2,309	2,450
<b>Total</b>	<b>31,645</b>	<b>34,554</b>	<b>14,349</b>	<b>42,381</b>	<b>44,767</b>	<b>49,582</b>	<b>53,627</b>	<b>56,392</b>	<b>59,599</b>

Source: TEİAŞ

Türkiye signed the Paris Agreement the previous year, committing to net zero emissions by 2053. Türkiye’s National Energy Plan, which is a road map for Türkiye’s transition to clean energy and reveals the distance to be recorded by 2035 towards net zero commitments, states that Türkiye’s installed power capacity will increase to 189.7 GW by 2035 and that the share of renewable

energy, which is currently at 53%, will reach 64.7% by 2035. According to this projection, the installed capacity of solar power plants is expected to increase to 52.9 GW.

The 12<sup>th</sup> Development Plan published in October 2023 states that the target is to increase the solar capacity from 9,425 MW in 2022 to 30,000 MW by 2028.

11,691  
MW

Türkiye’s installed  
solar energy  
capacity in 2023



## Solar Energy Industry in Türkiye and the World

### Installed Capacity Target Based on Türkiye's National Energy Plan

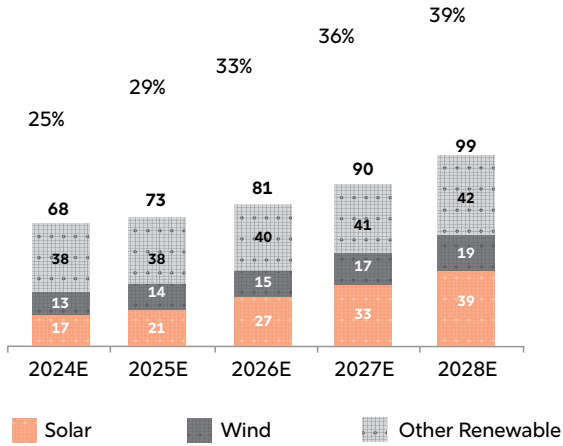
Installed Power (GW)	2035 (GW)	Share in Renewable Energy Resources (%)	Share in Grand Total (%)
Solar	52.9	43.1	27.9
Hydro	35.1	28.6	18.5
Wind	29.6	24.1	15.6
Geothermal and Biomass	5.1	4.2	2.7
Renewable Total	122.7	100.0	64.7
Source (GW)	2035 (GW)	Share in Total of Gas, Coal and Nuclear	Share in Grand Total (%)
Gas	35.5	53.0	18.7
Coal	24.3	36.3	12.8
Nuclear	7.2	10.7	3.8
<b>Grand Total</b>	<b>189.7</b>	<b>100.00</b>	<b>100.00</b>

Source: ETKB Türkiye's National Energy Plan, TSKB

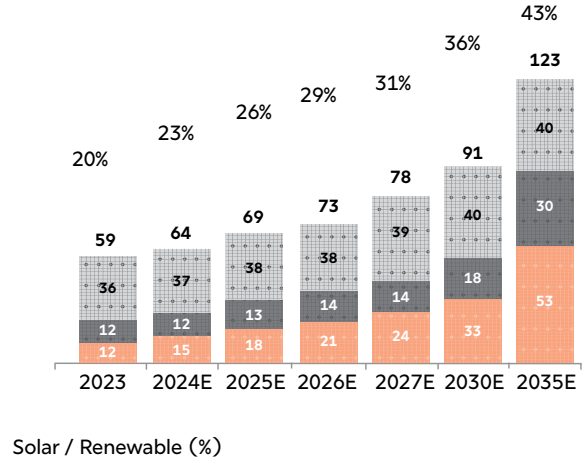


The 12<sup>th</sup> Development Plan published in October 2023 states that the target is to increase the solar capacity from 9,425 MW in 2022 to 30,000 MW by 2028.

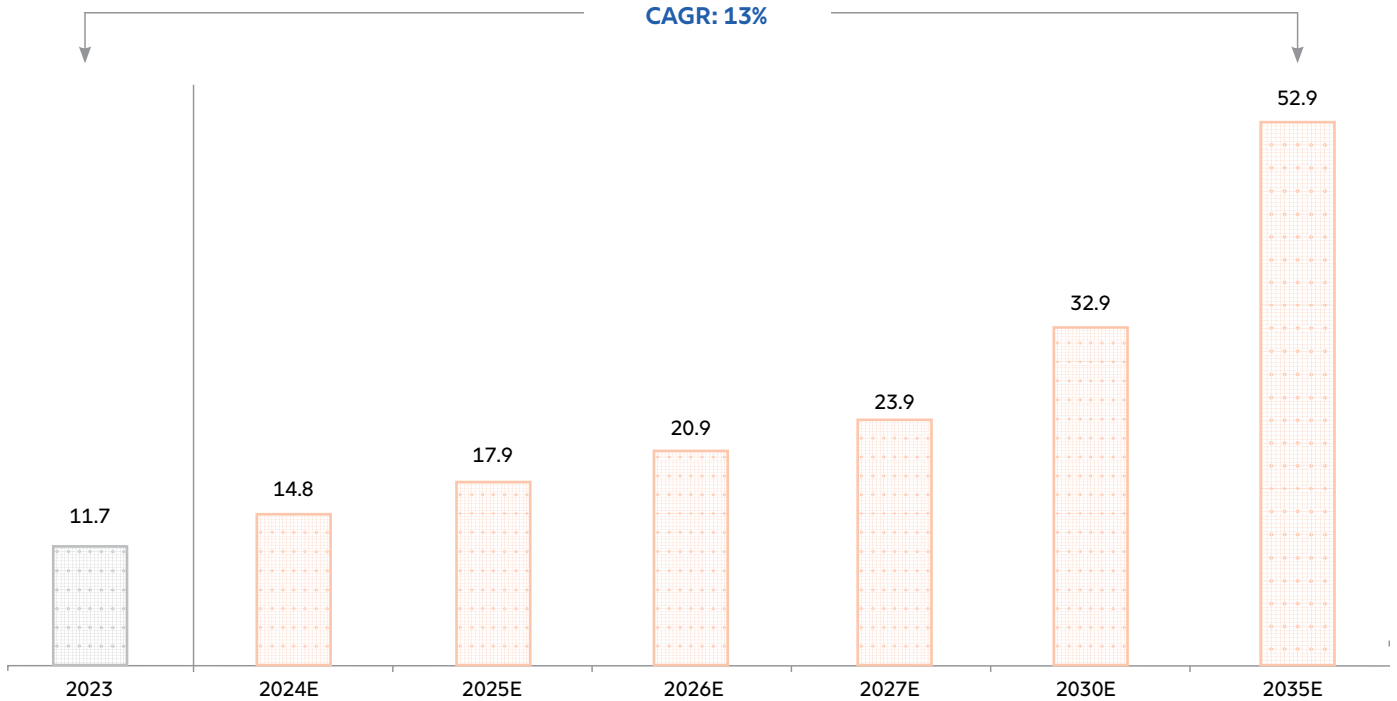
### Installed Renewable Energy Capacity Estimates for Türkiye (EIA, GW)



### Installed Renewable Energy Capacity Estimates for Türkiye (UEP, GW)



### Solar Energy Installed Power (GW) in UEP



## Production Facilities



### Gebze Solar Panel Production Facility

- 23,500 m<sup>2</sup> indoor area
- 1,200 MW production capacity
- 792,803 Total number of panels produced in 2023



### Dilovası Solar Panel Production Facility

- 10,000 m<sup>2</sup> indoor area
- 500 MW production capacity
- 57,692 Total number of panels produced in 2023



### Aliğa-I Solar Panel Production Facility

- 38,000 m<sup>2</sup> indoor area
- 1,200 MW production capacity
- 611,148 Total number of panels produced in 2023



### Aliğa-2 Cell Production Facility

- 75,000 m<sup>2</sup> indoor area
- 600 MW cell production capacity (first phase)



### We increased our production capacity and competencies

Smart Solar Technologies reinforced its competitive power by having a vertically integrated system structure with the solar energy panel factory with an indoor area of 23,500 m<sup>2</sup> and production capacity of 1,200 MW commissioned in Kocaeli, Gebze in 2017. The company has increased its production capacity with its production facility located in Dilovası İMES Organized Industrial Zone. This facility, which has an indoor area of 10,000 m<sup>2</sup> and a production capacity of 500 MW, was commissioned and started production in July 2022.

In March 2023, Smart Solar Energies commissioned a solar panel production facility that has 1,200 MW full-cell or 600 MW Half-Cut Cell capacity and an indoor area of 38,000 m<sup>2</sup> within a plot of 50,000 m<sup>2</sup> in Aliağa I-Izmir Aliağa Organized Industrial Zone. The company also continues its construction projects within the scope of Aliağa II-PV cell and panel investment on a total of 58,309 m<sup>2</sup> of land allocated. In this context, equipment installation works are continuing with the aim of commissioning the facility, which will produce 600 MW Mono Perc Cells, in 2024.

In Smart Solar Energies' production facilities offers capability to produce various products ranging from 108 cells to 156 cells (number of cells used in solar panels produced - more cells means higher power production), including monofacial (solar energy production from a single surface) and bifacial (energy production from two surfaces). Production in glass-backsheet or glass-glass configuration (represents the production of the panel back surface with glass or backsheet) is carried out,

and innovative approaches such as the multi busbar technology (more efficient electricity flow and increase in total efficiency by increasing electrical contact points), including 210 mm size square and rectangular cell technology and half-cut technology (allowing the cells to operate more efficiently by providing less resistance) are used. The solar panels produced have power specifications ranging from 400 to 635 Watts (these values depend on panel size, number of cells and the technology being used).

### Products demonstrating our superiority in innovation

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

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

Recently, the TOPCon technology has gradually begun to replace the PERC technology. TOPCon panels have physical differences compared to PERC panels, such as the number of busbars, and they are better suited to glass-glass production method due to the sensitivity of the technology. This causes differences in the production equipment used for PERC cell technology and the equipment used for TOPCon technology. The Aliağa factory commissioned in March 2023; the equipment which were purchased

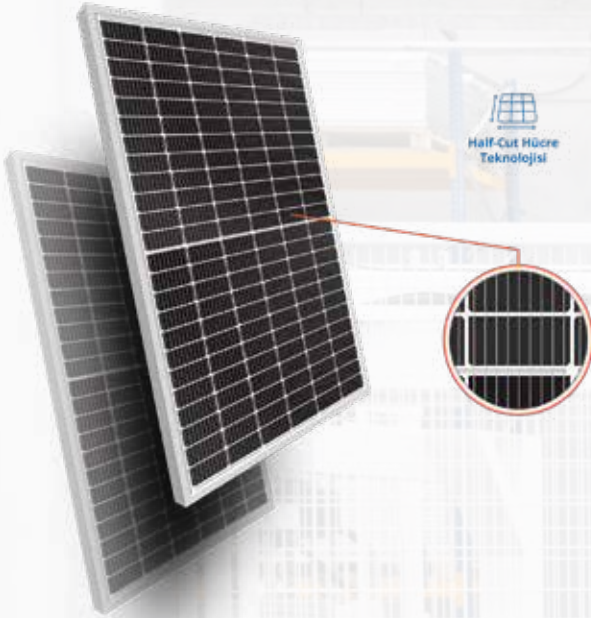
for renewal of old lines and arrived in the last quarter of the year, and the line which was put into operation following revision of the old lines in the Gebze facility at the beginning of 2024 are suitable for production with this technology. Smart Solar Technologies mainly produces M10 HC in its Aliağa production facility and M10 HC and M6 HC in its Gebze production facility.

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

**Smart Solar Technologies keeps panel production at optimum quality level as if the end user was itself.**

## Products

### SOLAR PANELS

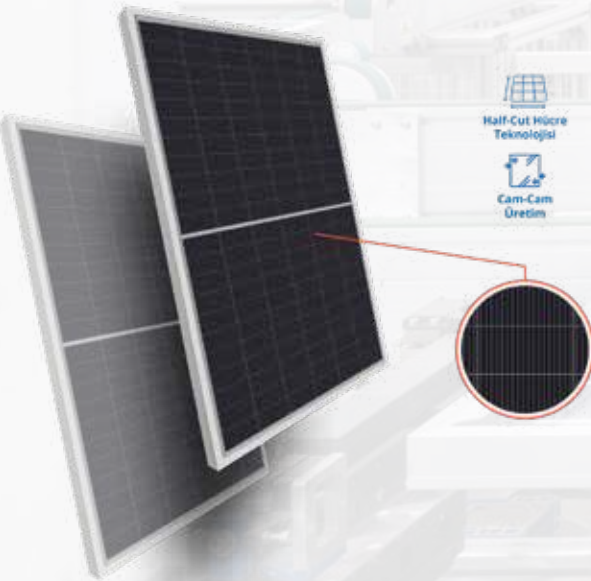


#### PERC – M10

- Monofacial- Bifacial (energy production with two surfaces)
- Production option with 156/144/132/120/108 cells
- Glass-Backsheet production
- Multi-Busbar technology (10BB)
- Half-cut Technology
- M10 cell technology
- Anti-PID

#### PERC – G12R

- Monofacial- Bifacial (energy production with two surfaces)
- Production with 132/120/108 cells
- Glass-Backsheet production
- Multi-Busbar technology (10BB)
- Half-cut Technology
- G12R (210 mm rectangular) cell technology
- Anti-PID



#### TOPCON – M10

- Bifacial (energy production with two surfaces)
- Production option with 156/144/132/120/108 cells
- Glass-glass production
- Multi-Busbar technology
- Half-cut Technology
- M10 cell technology
- Anti-PID

#### TOPCON – G12R

- Bifacial (energy production with two surfaces)
- Production with 132/120/108 cells
- Glass-glass production
- Multi-Busbar technology (16BB)
- Half-cut Technology
- G12R (210 mm rectangular) cell technology
- Anti-PID

## ELECTRIC CHARGERS



### AC

- 7-11-22 KW power options
- Residential and commercial use
- Wall mount and stand mount option
- Bluetooth / Wifi / 4G / Ethernet backend option
- RFID/App user authentication
- OCPP 1.6 JSON
- IEC 62196-2 Type-2 socket
- IK08 & IP55 indoor/outdoor durability
- Multiple protection for user safety
- 4.3 inch color touch screen

### DC 30 KW

- CCS2 Single socket
- Wall mount option
- Bluetooth / Wifi / 4G / Ethernet backend option
- RFID/App user authentication
- OCPP 1.6 JSON
- IK10 & IP54 indoor/outdoor durability
- Multiple protection for user safety
- 4.3 inch color touch screen
- 95% efficiency or more
- Power Factor > 0.98



### DC 60-240 KW

- CCS2 Double socket
- Wall mount option
- 4G / Ethernet backend option
- RFID/App user authentication
- OCPP 1.6 JSON
- IK10 & IP54 indoor/outdoor durability
- Multiple protection for user safety
- 7 inch color touch screen
- 95% efficiency or more
- Power Factor > 0.98

### DC 240-480 KW

- CCS2 4/8 socket option
- Dynamic Split Charging System
- 4G / Ethernet backend option
- OCPP 1.6 JSON
- IK10 & IP54 indoor/outdoor durability
- Multiple protection for user safety
- Boost mode providing high charging efficiency
- Faster charging with liquid-cooled charging gun option
- Use for electric vehicles, bus terminals, commercial fleets, etc.





## Marketing and Sales

# As of the end of 2023, the number of dealers is over 100

**Smart Solar Technologies is constantly expanding its geographical coverage by delivering solar panels of different standards, types and features to more and more countries.**

**Our strategies require us to be always close to our existing and potential customers and support them**

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

The company switched to the dealership system in 2022, and the number of dealers exceeded 100 as of the end of 2023 and continues to increase. The Company aims to provide high quality service to the end user at all points of the country and to create solar markets where all solar energy technology needs from A to Z will be met from a single center.

**We took action to expand our global sales and distribution network**

Smart Solar Technologies is constantly expanding its geographical coverage by delivering solar panels of different standards, types and features to more and more countries. In order to expand its geographical reach as per its foreign sales, marketing and investment strategy, the Company has established subsidiaries in Ukraine, Germany, Spain, Netherlands and Bulgaria. In 2023, a decision was made to establish a new company titled Smart Solar Technologies in Bulgaria

through Smart Global Enterprises & Trading BV based in the Netherlands, which is a wholly-owned subsidiary of the Company. During the period, Smart Solar Technologies signed a long-term cooperation agreement with Sumec Energy Holdings Co. Ltd., a state-owned Chinese corporation, in order to create a joint distribution and marketing channel for the Balkan countries.

**Quality & Control**

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

In 2023, with the intensification of both HC and MBB production and the increase in the number of quality team employees, new quality control processes were put in place and flux tests were initiated. Quality teams have been formed in production facilities, and laboratory testing capability has been brought to the desired levels.



### **Packaging**

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

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

The Company started power and current classification which provides to reach the optimum installation for the customers on-site in 2023 as well.

### **Logistics**

#### **Supply Logistics**

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

### **Distribution Logistics**

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

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

### **After-Sales Support**

#### **Shipment Process**

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

### **Order Tracking and Control**

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

### **Customer Satisfaction**

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

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

## Turnkey Installation Activities and Projects

# Turnkey SPP installation services

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

One of Smart Solar Technologies' main fields of activity with the mission of adding value to its customers and our country is the turnkey installation of solar power plants (SPP). The Company is the solution partner of commercial and retail users with turnkey installation services provided with a value engineering approach that focuses on optimum process efficiency.

#### Engineering & Project Design

Having an internal EPC team with industrial experience, Smart Solar Technologies provides project development, engineering, land selection, power plant component supply and turnkey SPP installation services for solar power plants. In this context, the engineering and project design team works in coordination with customers, equipment suppliers, private and public officials and manufacturers in order to meet customers' expectations and system requirements.

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

#### Engineering Services

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

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

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

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

The Company's main maintenance and repair services are as follows:

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

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





### Power Plant Components Supply

With its experience in the industry and well-established supplier relationships, Smart Solar Technologies provides the necessary products, technology components and services under the most competitive conditions in all the projects it works on. It also provides consultancy services for the necessary logistics organizations. The company follows the world's leading fairs, technology institutes and test laboratories for all system components and thus gains competence in solar panel technologies, inverters, transformers, low-loss electrical systems with the most efficient cabling. The Company's long-term relationships with suppliers enable it to offer reliable and high quality solutions that meet the needs of its customers during the procurement process at more competitive prices.

In addition to the solar panels produced by Smart Solar Technologies, the main equipment constituting the power plant components that the Company supplies to its customers are as follows:

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

Application areas of Smart Solar Technologies include field projects with high installed capacity, self-consumption-based roof and field projects, hybrid projects and storage-integrated SPPs.

These projects are carried out as licensed projects, including storage-integrated or YEKA (Renewable Energy Resource Areas) projects, and unlicensed projects in accordance with LÜY (Unlicensed Electricity Production Regulation).

The Company's main application areas in this context are as follows:

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

## Turnkey Installation Activities and Projects

**There are 25+ EPC projects that are completed or ongoing in 2023 with a total installed capacity of 400+ MWp.**

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

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

There are 25+ EPC projects that are completed or ongoing in 2023 with a total installed capacity of 400+ MWp. Smart Solar Technologies has implemented more than 100 projects since its establishment.

***Project development studies within the scope of unlicensed electricity production:***

- Smart Solar Technologies identifies lands that have high radiation and offer high efficiency in terms of solar power plant installation,
- Using the data of the land, it prepares a feasibility and detailed production analysis report specific to the company's own consumption,
- The Company files an application for an invitation letter for the connection agreement when the land is deemed suitable,
- In order to sign a connection agreement for the projects for which a call letter has been issued, the Company manages and carries out the process of obtaining a favorable decision from the Ministry of Environment, Urbanization and Climate Change confirming that the installation of a solar power plant on the land in question will not cause environmental damage, in accordance with the Environmental Impact Assessment Regulation,
- It manages and carries out the zoning processes of the relevant land (preparing geological survey reports, getting them approved by the relevant administration office, preparing zoning plans and all other processes in accordance with the legislation and regulations).

There are ongoing projects with a total capacity of 182 MWp carried out by the Company. These projects are planned to be put into operation in 2024.

***Project development studies carried out specifically for storage-integrated solar power plants:***

As of November 23, 2022, applications for storage-integrated solar power plants can be made through the Energy Market Regulatory Authority's application system until August 2023, and storage-integrated systems have taken their current place in the industry.

Smart Solar Technologies and its subsidiaries have received a preliminary license with 203 MWh storage power based on a Solar Power Plant with a Total of 316 MWp Mechanical Power, and the Environmental Impact Assessment processes have started. The company also has projects in the evaluation phase with a total mechanical power of 134 MWp and a solar power plant-based storage power of 103 MWh.

The total power capacity of the applications made by the Company on behalf of its customers is 530 MWp. 160 MWp of these have received a preliminary license and have 126 MWh storage power. Their Environmental Impact Assessment processes have started.

Smart Solar Technologies operates mainly in the regions the country with the highest radiation (Eastern Anatolia, Southeastern Anatolia and Central Anatolia) for the projects it develops both within the scope of the unlicensed electricity production regulation and within the scope of storage-integrated SPPs.

The company also carries out projects with a total power of 168 MWp within the scope of YEKA (Renewable Energy Resource Areas) projects. These projects include the G4-Bor-1 project with an installed capacity of 128 MWp in Niğde, which is one of the largest licensed projects in Türkiye.

100+

Number of projects implemented by Smart Solar Technologies since its establishment







## Electric Vehicle Charging Network Operation

# New generation fast charging technologies

**Solargize aims to continuously improve customer experience by working on new generation fast charging technologies and more efficient designs.**

Having started electric vehicle charging network operations through Solargize Yeşil Mobilite Enerji A.Ş. in 2023, Smart Solar Technologies offers high quality chargers to meet the needs of electric vehicles. The Company offers innovative products to its customers and produces solutions for a sustainable future as per its mission.

Positioning sustainability at the center of its business model, Smart Solar Technologies is improving its effectiveness in the fields of mobility and logistics, which are becoming increasingly more important in companies' carbon footprint management. The synergy between solar energy and electric vehicles helps the Company specialize in sustainability-focused projects and produce innovative solutions for future energy needs. Determined to make significant contributions to the future of sustainability and green energy in this dynamic sector, the Company commissioned the first charging stations in many provinces of Türkiye in 2023 through the Charging Network Operation License of SOLARGIZE, a company which is on a stable trend of growth.

### **Solargize grows by focusing on R&D and digitalization**

Solargize constantly invests in R&D activities to offer its customers the state-of-the-art products in both charging network operation and hardware supply processes. In 2023, the company took important steps to expand its existing product range and improve their performance. It aims to continuously improve customer experience by working on new generation fast charging technologies and more efficient designs. The customer base has expanded thanks to the launch of new products and effective marketing strategies. The company has also managed to maintain its profit margin through its efforts aimed at optimizing costs and increasing efficiency.





Solargize strengthened its marketing and sales strategies in 2023 and increased its online presence by allocating more resources to digital marketing activities. In addition, it has an active presence on social media platforms and reaches its target audience more effectively. The company also expanded the distribution network of its products by building on its collaborations with retail stores.

### **Sustainability drives how we conduct our business**

Adhering to the principles of sustainability and social responsibility, Solargize uses recyclable materials and focuses on improving energy efficiencies to reduce the environmental impact of its products. Additionally, it participates in various social responsibility projects to support local communities and actively try to improve the welfare of its employees.

Solargize achieved concrete successes in its first period of operation in line with its long-term goals thanks to its customer-oriented approach, quality products and effective business strategies, and will continue to focus on growth and innovation in the future. It will keep on investing in R&D activities to increase customer satisfaction and strengthen its leading position in the sector. The company also aims to grow on a global scale by expanding into international markets.

## Investments

# Contribution to the country's economy with the foreign currency inflow created

**Operating with an approach that always focuses on customer satisfaction with its value engineering concept, Smart Solar Technologies makes a significant contribution to the country's economy with the foreign currency inflow it creates through exports.**

### CELL AND PANEL INVESTMENTS

**We aim to increase our competencies through research studies of our R&D Center**

Smart Solar Technologies, one of Europe's leading integrated solar energy companies in the fields of turnkey installation services and PV module production, offers a wide range of solar energy solutions to commercial and retail users. Operating with an approach that always focuses on customer satisfaction with its value engineering concept, the Company also makes a significant contribution to the national economy with the foreign currency inflow it creates through exports. Smart Solar Technologies continues its R&D activities following its production investments with innovation at its center. Almost all R&D studies are carried out in production processes. Focusing mainly on increasing the efficiency of solar cells, the Company aims to establish an R&D center to increase the diversity of its projects.

**The first phase of the panel and cell production investment in the Aliağa facility has been completed**

Smart Solar Energies produces state-of-the-art, high quality products in the facilities it commissioned in Kocaeli Gebze in 2017 and in Dilovası in 2022. In 2023, the Company also started production in its Aliağa-I PV panel production facility located in Izmir Aliağa Organized Industrial Zone, built over a land of 50,000 m<sup>2</sup> and has an indoor area of 38,000 m<sup>2</sup>. Within the scope of the Aliağa II - PV cell and panel investment, a total of 58,309 m<sup>2</sup>

of land allocation covering 4 parcels was provided and the construction projects of the investments are ongoing. With the cell investment, the Company aims to achieve vertical integration, increase its export potential, strengthen its position in the Turkish market through domestic cell production and reach many countries in international markets. In March 2023, the facility with a solar panel production capacity of 600 MW Half-Cut Cell (Laser cut half-cell) was commissioned.

As the first phase of the solar cell production facility planned to be established in Aliağa, an order was placed for the machinery equipment required for 600 MW Mono Perc Cell Production in 2023, the machines were received and installation work started. The facility is planned to be put into operation following completion of assembly work and production trials during the first half of 2024. The Company's application for state support for Photovoltaic Solar Panel production investment in Aliağa (production of silicon ingots, wafers, cells and photovoltaic solar panels) was evaluated and approved under the "Project-Based State Support for Investments." This approval decision was published in the Official Gazette dated 15.10.2022 and numbered 31984 and also announced on the Public Disclosure Platform (KAP). Regarding the first phase of the investment to be made in this context, an Investment Committed Advance Loan (YTAK) of TRY 1.1 billion, from the Central Bank of the Republic of Türkiye, with a total repayment period of 10 years, including a grace period of 2 years for principal repayment, was



approved. Since the investment meets the domestic machinery usage criterion included in the YTAK usage criteria, a 25 basis point interest reduction was applied to the loan interest, resulting in a yearly interest rate of 9.25% for the loan.

#### **Investing in the future of energy**

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

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

A decision was made to establish a new company through Smart Global Enterprises & Trading BV based in the Netherlands, which is a wholly-owned subsidiary of Smart Solar Technologies, in order to establish solar panel production facilities with a production capacity of up to 3 GW in at least 2 regions in the USA. In addition, in order to carry out the activities planned by the Company in

the USA, a company titled "Smart Green Energy Technologies Inc." was established in the State of Delaware, USA, with a capital of USD 50 thousand. The locations for the facilities to be established in the USA have been shortlisted, and other legal processes concerning state supports and installation work are underway.

#### **YEKA-4 BOR-1 SPP INVESTMENT**

On 8 April 2022, the Company's wholly-owned subsidiary Smart GES Üretim A.Ş. submitted the best offer in the bid and won BOR-1 (100 MWe) tender for the allocation of solar-based renewable energy resource fields and connection capacities, which was published by T.R. Ministry of Energy and Natural Resources-General Directorate for Energy Affairs on the Official Gazette no. 31541 dated 14.07.2021. Based on this result, the Group included solar-based electricity generation into its activities. It also plans to establish a power plant with an installed capacity range of 128 MWp against the SPP capacity of 100 MWe. The power plant investment continues and the plant is expected to become operational in 2024.



## Investments

**Smart Solar Technologies and Smart Holding A.Ş. established Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş. with a capital of TRY 10 million.**

### MODERNIZATION INVESTMENTS

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

### OTHER INVESTMENTS

- In line with Smart Solar Technologies' long-term strategies, a decision was made to establish a new company titled Smart Solar Technologies in Bulgaria, which will engage in similar activities and carry out similar operations with the Company, through Smart Global Enterprises & Trading BV based in the Netherlands, which is a wholly-owned subsidiary of the Company, within the framework of establishing its operational capability and financial strength under a more efficient and financially stronger centralized roof structure abroad.
- A company titled "Smart Güneş Paneli Hücre Üretim Teknolojileri Anonim Şirketi," with a capital of TRY 50 million, was established and registered to carry out the solar panel cell production activities with Smart Solar Technologies.
- The paid-in capital of Smart GES Enerji Üretim A.Ş., a wholly-owned subsidiary of the Company, was increased by TRY 54 million from TRY 121 million to TRY 175 million.

- Within the scope of the Company's long-term strategic investment plans, sustainability targets, and efforts to create value and reduce costs through activities aimed at reaching zero carbon footprint:

In order to meet the electrical energy needs of the Gebze Factory, the Company has applied for a letter of invitation for a connection agreement of 4 kW AC on the plot purchased in the province of Kahramanmaraş in accordance with the Regulation on Unlicensed Electricity Production in Electricity Markets. The application was approved by the distribution company "Adıyaman Kahramanmaraş Elektrik Dağıtım A.Ş. (AKEDAŞ)", which then submitted the letter of invitation for the connection agreement to the Company. The solar power plant investment to be made by the Company is planned to produce more than 9.5 million kWh of electrical energy per year. This clean energy production will reduce operating costs by meeting 100% of the Gebze Factory's current annual total electricity consumption, and will also generate income as a result sales of the remaining excess consumption to the distribution company.

- The Company and Smart Holding A.Ş. established Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş. with a capital of TRY 10 million and completed its registration procedures. Smart Solar Technologies participated in the capital of the newly established company with a 70% share of the capital.







## Information Technologies

# Business is getting digitalized

### The Information Technologies Department of Smart Solar Technologies continued to prioritize work on assuring internal network security in 2023.

The Information Technologies teams of Smart Solar Technologies carry out activities and projects aimed at improving employee and customer experience, and sustainably digitalizing the entire business process, from production stage to final product. An Information Technologies strategy will be put in place to provide the technological ecosystem required for the Company to achieve its global business goals, with the power derived from the digitalization of all systems and processes and the accurate analysis of the resulting data.

The Information Technologies department continues its activities to transform data into value; digitalize processes in line with enterprise resource plans, organizational and operational business model; improve customer and employee experience; provide a modular agile infrastructure for Information Technologies (IT) and Production Technologies (OT); enhance business continuity by working within a holistic ecosystem architecture focused on cyber security, risk and compliance.

#### SAP S4/HANA RISE project

Work on the SAP S4/HANA RISE project started in March 2023. The project includes a total of eight modules, including Sales Distribution, Purchasing and Logistics, Production and Planning, Project Management, Human Resources, Accounting, Cost Accounting and Finance modules, and the development work is continuing on the following project items:

- Analysis and conceptual design,
- Adaptations and improvements,
- Integrations,
- Sprint 1 and 2 tests,
- Integration tests,

- User acceptance tests,
- Live migration processes,
- Project closing processes.

Transition processes will be carried out in 2024.

#### Cyber Security

The Information Technologies Department of Smart Solar Technologies continued to prioritize work on internal network security in 2023. For this purpose, the entire network structure of the Company has been isolated and divided into segments, and a gradual migration to VLAN (Virtual Local Area Network) structures have begun in order to prevent cyber attacks. This will ensure:

- Stricter security measures for sensitive data,
- High performance in internal network traffic,
- Simplified and highly efficient network management,
- Adaptable network technologies and increased data traffic.

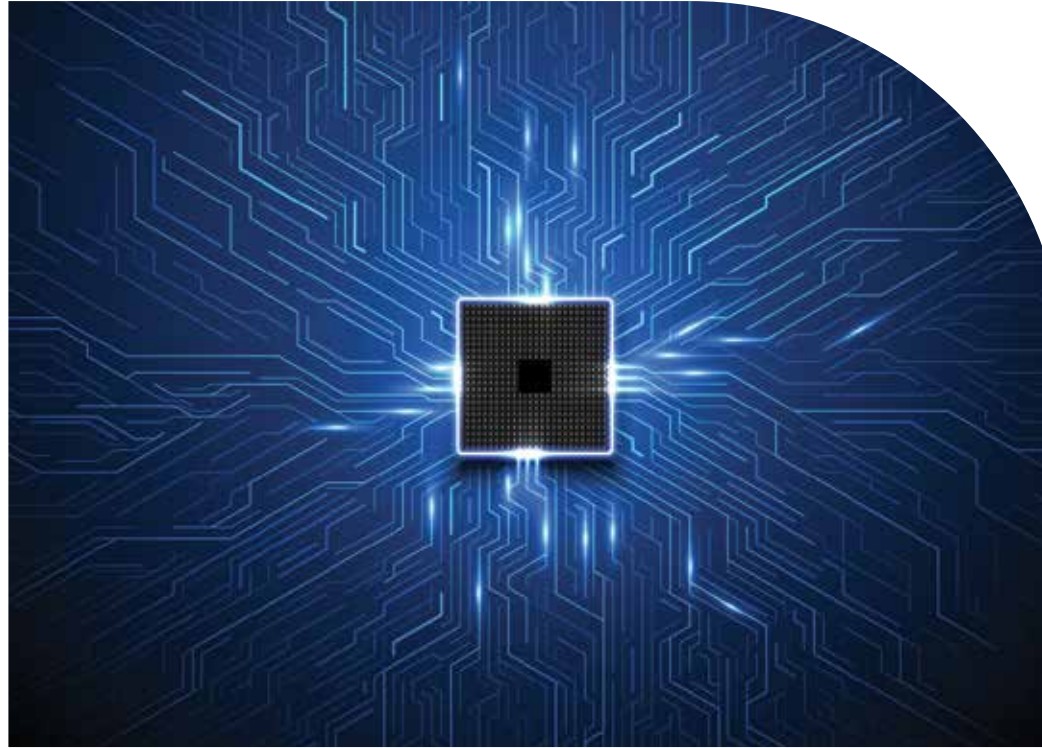
Due to the constantly growing organization of Smart Solar Technologies, Izmir Aliağa Panel Production Facility was included in the existing corporate IT and infrastructure systems with its current IT/OT systems and technologies, and panel production started at the facility. Accordingly, the number of panels produced in shifts and shipped as well as defective panels are instantly monitored via the "Production Information Portal" screens, which have been developed in-house, by collecting instant data through PLC/IoT devices used in production operations as well as various production software systems, and development work on reporting systems continues.

### Other Projects and Activities

- Upon the increase in the number of employees at the Holding premises (Headquarters), office expansion works were carried out in the plaza and office working environments equipped with up-to-date technologies and infrastructure were created.
- New logistics and warehouse areas were included in the Company's growing Supply Chain operations. Two warehouses with an indoor area of 3,200 and 10,000 m<sup>2</sup>, respectively, were rented in the Izmir Menemen region. The Warehouse Management Systems of these warehouses, which were incorporated into the existing Corporate IT Infrastructure by establishing an up-to-date technology infrastructure, were successfully put into operation.
- The server infrastructure in physical environments continues to be moved to Equinix data centers that provide Tier-4 level service at world standards regardless of location. This will ensure that the Company data will be stored in safer environments, maintaining availability and integrity of the information.
- Backup Internet connections are provided for uninterrupted and continuous communication in all locations of the Company, and High Availability service is provided with FW (Firewall) redundancy structure.

### Targeted Projects

- The systematization of enterprise resource planning (ERP) processes will continue. The human resources, supply chain, logistics, maintenance and repair, and quality management processes will be migrated to the SAP system and will undergo transformation. All technological solutions that will improve processes and increase productivity will be implemented by first analyzing, optimizing and reconstructing the relevant processes.
- Within the scope of the road map created for secure data collection by improving factory infrastructure and automation applications, necessary infrastructure and software updates will be made to ensure that the systems can provide healthy data. Production management and tracking systems will be integrated into enterprise resource planning and reporting infrastructures. With the analysis and improvement studies carried out, it is aimed to identify the technologies and suppliers of choice for all end-to-end processes in the factories and to create a model factory reference architecture. Efficiency and business continuity will be improved through digitalized infrastructure. Production processes will be planned, operations will be monitored and managed, data related to warehouse management processes will be transferred to digital environments and turned into value, and data will be visualized and reflected in effective decision-making systems.
- Within the scope of customer relationship management (CRM), application architectures will be created for corporate (B2B) and retail (B2C) customer channels in line with e-commerce strategies. In this context, value-oriented solutions that improve the experiences will be implemented together with Business Development, Sales, Marketing and Project development functions.
- Improvements in identity, device, application and infrastructure security will be continued through Cyber Security, Risk and Compliance activities.



Security infrastructures for data security will be developed and disseminated, and security architecture governance will be implemented in production environments.

- The existing Wi-Fi 5 wireless access devices that we currently use are planned to be replaced with devices featuring Wi-Fi 6 and IEEE 802.11ax technology for better system accessibility, user capacities, security and faster/more efficient processes.
- Disaster Recovery solutions are planned to be implemented against factors and disasters (human error, natural disasters and security vulnerabilities) that threaten the Company's business continuity.
- Document Management System solutions are planned to be incorporated into our business processes so that we can easily manage the entire life cycle of documents, improve the tracking of revisions, reviews and reading tasks and to expand corporate memory.

## Human Resources

# We have 1,161 employees as of the end of 2023

### Integrity, trust and teamwork are above anything else at Smart Solar Technologies.

#### Human Resources Policies and Practices

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

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

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

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

Smart Solar Technologies won the 2023 "Respect for Humanity Award" of Kariyer.net, participated in the Istanbul Metropolitan Municipality's Employment Fair & Summit, and was given a plaque due to being one of the companies that received the most applications at the fair. The Company also participated in the Istanbul Technical University Career Summit and the Gebze Technical University Here's Your Job Employment Fair and attracted great interest. Work has begun on the "Mastery-Compensation Program" to be carried out jointly with Özel Adem Ceylan Final Vocational Technical College, and the HR team has assumed the process ownership in the project.

**Training and Development:** Smart Solar Technologies is more than just a workplace for employees. It is an academy where employees add value to themselves in their career journeys. Therefore, all necessary training is created and provided within the Company in line with the needs of employees. In 2023, OHS trainings and many technical trainings were organized at the Gebze factory, in addition to General Orientation trainings, Basic First Aid trainings, Compulsory Electrical High Current Facilities (EKAT) trainings. Employees are also encouraged to participate in online and face-to-face trainings for their personal, professional and technical development. Furthermore, in line with needs analyses conducted, all employees are included in the trainings they request.

**Career Management:** "Internship Development Program" is a program where students who want to shape their career gain experience about business life. In this process, requests from the departments are evaluated in consideration of the Company's needs. Students who are found appropriate after the evaluation are included in the internship program. In 2023, 69 interns were included in the program.

**Performance Management System:** The review of the Performance Management System is ongoing and the system will be updated and implemented in the first quarter of 2024.



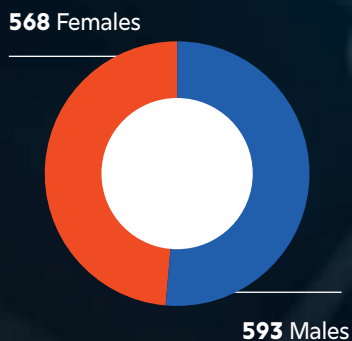
# Basics of Our HR Policy



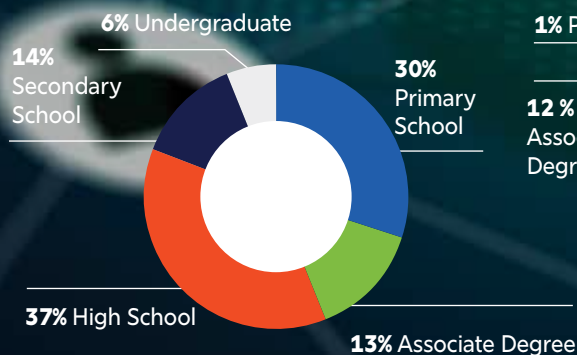
## Employee Profile

As of the end of 2023, Smart Solar Technologies has 1,161 employees with an age average of 34 years. In 2023, the recruitment of 110 white-collar and 394 blue-collar employees was completed.

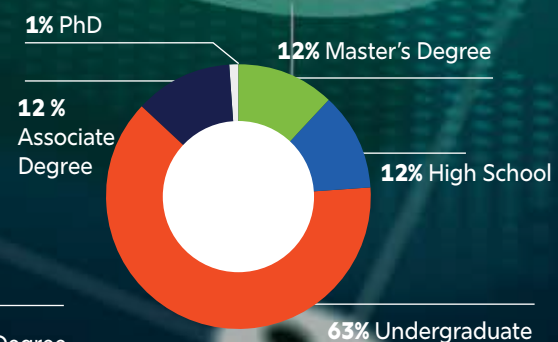
Gender Distribution



Education Status: Blue Collar



Education Status: White Collar



## Sustainability Governance

# Our aim is to produce solutions for **a more sustainable** **world in** the future

**What is important for us is to build a sustainable future by adopting sustainability values and to make it sustainable to create value with our high-tech products and services in the investment, engineering and production stages with solar technologies that we turn to.**

Sustainability cannot be achieved by simply adding the words “green” or “sustainability” to the discourse, becoming a member of certain initiatives or carrying out social responsibility projects; it is necessary to build sustainable structures in this way and to take systematic steps to ensure sustainability in real terms. It is possible to be successful in sustainability by integrating this phenomenon into your business model, strategy and governance system, measuring it with metric systems, reporting it, setting targets and ensuring continuous improvement, rather than knowing the subject on a basis of theoretical approaches and clichés. From this point of view, sustainability requires a long-term perspective in technical, social, financial and managerial dimensions and needs to be structured in the light of the dynamics of the sector in which each company operates.

As Smart Solar Technologies, while placing sustainability at the center of the company, we aim to structure our strategy, business conduct and governance processes by taking into account the entire production and supply chain as well. We thus aim to achieve a sustainable management system by internalizing the concept of sustainability in all aspects and integrating it into our business model. What is important for us is to build a sustainable future together with all our stakeholders in our sector by adopting sustainability values and to make it sustainable to create value with our high-tech products and services in the investment, engineering and production stages with solar technologies that we

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

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

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

**Hülya KURT – Sustainability  
Committee Chairwoman**







## Sustainability Policy

# Adopting an environmentally friendly and sustainable approach in all our activities

**We became a member of the Business World and Sustainable Development Association (SKD Türkiye) in 2023 and continue our sustainability journey without slowing down.**

We published our first Sustainability report and strategy document in 2023. We continue to calculate our greenhouse gas emissions starting from 2021 onwards in accordance with ISO 14064-1:2018, and announced our target of net carbon zero by 2040 in both our strategy document and sustainability report. Accordingly, we are working to create a sustainable supply chain, and have also started the process of migrating sustainability processes to the SAP platform. Efforts are underway to obtain LEED-Green Building certification for our Aliağa Solar Cell & Solar Panel Integrated Production Facility in Izmir. LEED Certification is a green building certification that stands for leadership in energy and environmental design. As a company operating in the renewable energy sector, our goal is to demonstrate an environmentally friendly and sustainable approach in all of our activities.

We became a member of the Business World and Sustainable Development Association (SKD Türkiye) in 2023 and continue our sustainability journey without slowing down. We have embraced the UN Global Compact commitments and following up on the relevant process.

The activities planned to be carried out in 2024 for establishing a sustainable environmental management culture according to ISO 14001 Environmental Management System, our Environment and Climate Change Policy, and all regulations published by the Ministry of Environment, Urbanization and Climate Change are as follows:

- Completing the first CDP (Carbon Disclosure Project) reporting
- Being listed in the BIST Sustainability Index
- Filing an application for inclusion in the Bloomberg Gender Equality Index
- Filing an application for Equal Opportunities Certificate
- Obtaining the first ESG rating from the International Rating Company

Apart from these goals, the Smart Solar family also plans to carry out the following activities in 2024 within the scope of our environmental approach.

- Organizing year-round training programs, induction and on-the-job training to ensure all employees adopt the Environmental Management culture,
- Posting information posters at various points across the factory, starting from the factory entrance gate, to raise awareness about Environmental Management among everyone who enters the factory,
- Planning waste management activities to eliminate and prevent waste primarily at its source,



- Ensuring different types of waste are collected and sorted at the source,
- Creating waste collection areas and improving existing ones,
- Implementing waste-free office concept by, for example, removing under-desk trash bins and using reusable materials instead of disposable materials, first at offices and then in other areas,
- Contributing to energy and resource efficiency studies by monitoring electricity, water and wastewater data,
- Creating required action lists by assessing environmental aspects and risks,
- Implementing Waste Management System throughout the factory and ensuring that everyone contributes to the system,
- Conducting training and drills on potential environmental emergencies,
- Carrying out social responsibility projects to increase environmental awareness (afforestation, school projects, waste recycling activities with employees, etc.).

An Environmental and Social Impact Assessment study was conducted for the same production facility, and the resulting reports were published on the website. Details of the study are available at <https://www.smartsolar.com.tr/en/aliaga-package.html>.

The Environmental and Social Impact Assessment (ESIA) study has been started for the YEKA project, which is under construction in Niğde Bor, and is being continued at the same with the project. Upon completion of the ESIA study, relevant reports will be shared publicly.

Work has been initiated to establish a Responsible Supply Chain structure:

In 2023, Smart Solar Technologies adopted a more environmentally friendly and ethical approach in order to lay the foundations of a sustainable supply chain strategy. As per our sustainable supply chain strategy, we published our supply chain policy and supplier code of conduct in order to share the Company's vision and clearly convey our expectations from suppliers.

In 2024, Smart Solar Technologies will require full compliance with supplier code of conduct and polysilicon traceability requirements to ensure greater transparency in supply chain processes and to implement responsible purchasing practices. For this purpose, supplier audits will be carried out and necessary actions will be taken to identify and correct any non-compliance.

Smart Solar Technologies will carry out various trainings and projects to support suppliers in their efforts to achieve full compliance with these new requirements and help them overcome any difficulties that may arise during the process. This is seen as an opportunity to promote the adoption of sustainable practices at all levels of the supply chain and to play a pioneering role in the industry.

Smart Solar Technologies intend to collaborate with companies that have a similar vision on sustainability in order to achieve common goals. In this context, audits on all first-degree suppliers aim to create a more effective and reliable business framework in the field of sustainability. This journey will not only improve supply chain processes, but also inspire other companies in the industry to set out on a journey for a sustainable future.

## Board of Directors



**Halil Demirdağ**  
**Chairman**

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

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



**Hakan Akkoç**  
**Vice Chairman**

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



**Havva Köroğlu**  
**Vice Chairman**

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

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

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





**Borge Karagülle**  
**Vice Chairman**

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



**İhsan Şafak Balta**  
**Board Member**

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



**Filiz Avşar Aktaş**  
**Board Member**

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

## Board of Directors



### **Cem Nuri Tezel** **Board Member**

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

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

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

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



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

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



### **Hülya Kurt** **Independent Board Member**

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



### **Meliha Seyhan**

#### **Independent Board Member**

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

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

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



### **Bilgün Gürkan**

#### **Independent Board Member**

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

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

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

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



## Senior Management



**Murat Mert**  
**EPC Vice President**

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



**Dr. Papatya Ceylan Sözbir**  
**Vice Chairwoman of Technology Development**

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



#### **Aykut Koray Özçelik**

##### **Vice President, Chief Operating Officer**

Aykut Koray Özçelik started his education at Gazi Anatolian High School in 1996 and successfully graduated from Istanbul Technical University, Department of Mechanical Engineering in 2000. He continued his education and completed his master's degree at UCLA in 2001 and at Istanbul Technical University Executive MBA Department in 2003. He started his professional career as a field engineer at Yüksel İnşaat in the 2001-2002 period. Then, he worked as an investment and business development manager at Assan Alüminyum from 2002 to 2008. During this period, he played an important role in identifying and implementing the company's growth strategies. He worked in the Project Finance Loans department at Akbank TAŞ between 2008 and 2014. Here, he gained experience in the financial field and improved his skills in managing the financing of projects. He worked as Strategy and Business Development Manager at Kibar Holding between 2014 and 2017. During this period, he directed the Holding's expansion and diversification strategies and started initiatives in new business areas. He returned to Assan Alüminyum and worked there between 2017 and 2023, serving first as investment director, then as investment and operational excellence director, and finally as Deputy General Manager - Chief Operating Officer in charge of investments, operational excellence and technical services. During this process, he took leadership in setting the company's capacity increase strategies and implementing investment decisions. During this period, he especially managed intensive investment programs designed to increase foil production capacity. Additionally, he played a key role in executing the company's digital transformation, production excellence and culture transformation projects. He has been serving as Vice President, Chief Operating Officer at Smart Solar Technologies since October 2023. In this role, he directly reports to the Chairman of the Board and contributes to the strategic direction of the company.



#### **Osman Şahin**

##### **Sales and Channel Management Director**

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

## Assessment of the Board of Directors

### ASSESSMENT OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

The Company continues analyzing and prioritizing market risks, using methodologies in compliance with its strategic objectives, in order to reach its operational and financial profitability targets.

Operationally, the Company carries no foreign exchange risk. However, the project financing loans used for investments are in foreign currency, which can lead to foreign exchange losses. It determines targets to find financing sources for projects to bring FX-based EBITDA with higher profit margins.

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

Our Company's 2023 year-end revenue increased by 104% compared to the previous year and amounted to TRY 8.1 Billion. Capacity increases in production and services, productivity growth, increased interest in renewable energy and solar energy in our country and across the world, and increased reputation and competency of our Company in Türkiye and abroad are among the main reasons for the increase in our Company's revenues over the years. In parallel, gross profitability also increased. As of the end of 2023, it reached TRY 1.85 million with an increase of 205% compared to the previous period.



As a result of successful and effective management of activities and operations, our Company's profit before interest, depreciation and tax (EBITDA) increased by 235% by the end of 2023, reaching TRY 1.86 billion (2022: TRY 553.7 million).

2023 year-end operating profit before financing expenses increased by 270% to TRY 1.79 million compared to 2022 year-end. Despite higher financing expenses associated with investments, the consolidated net income increased by 1,385% to TRY 1.04 Million at the end of 2023, following a successful and efficient operational and financial performance. Similarly, consolidated net profit attributable to the parent company increased by 1,053% to TRY 1.02 billion at the end of 2023.

Our Company generally needs cash to meet its operating capital needs and to finance its investments on capacity increase in line with its strategy and aims to finance this capital need mainly with cash generated from its operations and foreign financing that is aligned with the Company's strategy. As of December 31, 2023, the ratio of our Company's total financial borrowings to its total assets was 35.2% (December 31, 2022: 11.8%).

Our Company will maintain its successful financial and operational performance by increasing its investments and carrying out more effective management of operational capital.

## ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMMITTEES

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

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

It is aimed to inform the Board of Directors that the internal audit activities by Smart Holding Internal Audit Department and the activities of the Company and its subsidiaries are carried out in line with laws, relevant legislation and internal strategies, policies and procedures, and to express opinions on the efficiency and sufficiency of internal control and risk management systems. The audit studies, it is aimed to develop business processes and create added value for the Company by presenting opinions and recommendations for taking regulatory and preventive measures, protecting corporate assets, increasing operational efficiency and establishing systematic developments. The risk-based annual internal audit plan, which is prepared based on the risk assessment results from an internal audit perspective and updated at regular intervals, is submitted to the Audit Committee and the Board of Directors for approval. Upon approval, the audit activities included in the annual audit plan are carried out in accordance with international audit standards and requirements. The results of the audit activities carried out during the year are presented to the Board of Directors and the Audit Committee, which consists of independent members.

## Statements of Independence

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

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

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

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

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

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

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

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

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

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

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

I hereby declare the above-mentioned matters.

**Hülya Kurt**

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

- a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,
- b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company’s audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,
- c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,
- d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,
- e) I am considered a resident in Türkiye according to the Income Tax Law no.193 dated 31/12/1960,
- f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company’s operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,
- h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

I hereby declare the above-mentioned matters.

**Prof. Dr. Mustafa Kemal Yılmaz**



## Statements of Independence

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

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

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

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

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

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

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

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

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

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

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

I hereby declare the above-mentioned matters.

**Meliha Seyhan**

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

- a) There is no relation of employment in executive positions to assume material roles and responsibilities for the past five years between the Company, Subsidiaries where the Company holds control or significant power over management or Partners that hold significant power in the Company and the legal entities where such Partners hold control over management, and me, my wife, and up to second-degree relatives by kinship and marriage; that no capital or voting rights or privileged shares more than 5% were held collectively or individually or no material trade relations were established,
- b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company’s audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,
- c) I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,
- d) I do not work on a full-time basis at public agencies and institutions after my appointment as a member except for the lecturer position at universities in line with applicable laws,
- e) I am considered a resident in Türkiye according to the Income Tax Law no.193 dated 31/12/1960,
- f) I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to the Company’s operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,
- h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

I hereby declare the above-mentioned matters.

**Bilgün Gürkan**

# Corporate Governance Principles Compliance Report

## Corporate Governance Principles Compliance Report

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

**1.3.11.** While there is no article in the Articles of Association regulating the participation of stakeholders in the General Assembly, our employees also attended the 2022 Ordinary General Assembly Meeting together with the shareholders, and the General Assembly was broadcast live.

**1.4.2.** Within the Company's Articles of Association, shareholders holding registered Group A shares have the privilege to nominate candidates for the Board of Directors (election of ½ of the Board members among the candidates nominated by Group A shareholders) and to vote (5 voting rights per share in the General

Assembly of the Company) at the Ordinary and Extraordinary General Assembly meetings. All other shares have 1 voting right. There is no consideration for the removal of these privileges at this stage.

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

**4.2.5.** While there is no provision in the Articles of Association regarding the clear separation of the powers of the Chairman of the Board of Directors and the Chief Executive Officer/General Manager, the Chairman of the Board of Directors and the General Manager Responsible for Production of the Company are separate individuals.

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

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

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

## SECTION I SHAREHOLDERS

### Investor Relations Unit

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

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

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

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

### Exercise of the Shareholders' Right to Access Information

The Company's free float rate is 26.97%. In this context, care is taken to fulfill all kinds of meeting and interview requests received directly from institutional and individual investors as well as analysts and to respond to all kinds of questions received via e-mail, etc. within the existing legal limits. In 2023, two analyst meetings were held, interviews with a total of 27 analysts were conducted, and a total of 425 questions and clarification requests received from individual investors via e-mail were fulfilled in a timely manner.

The financial reports and statements regarding the financial results of our Company for the year 2023 were published on our website and announced on KAP.



In 2023, material event disclosures required by the legislation were also disclosed to the public through KAP. During the period, there were no lawsuits or court decisions requiring material event disclosures.

The request for the appointment of a special auditor is not regulated as a right in the Company's Articles of Association, and there was no request for the appointment of a special auditor in 2023.

### General Assembly Meeting

The Ordinary General Assembly Meeting was held on 24.07.2023 at 10:30 a.m. and was also broadcast live via the electronic general assembly system "e-gks." Attendance rate to the meeting was realized as 77%. As stipulated by the relevant legislation and provisions of the articles of association, the invitation to the General Assembly meeting was made 3 weeks prior to the meeting date via the Trade Registry Gazette, KAP and our corporate website, together with the information form that will enable shareholders to access all information in a transparent manner and the samples of power of attorney for those who will represent themselves by proxy at the General Assembly meeting. No additional agenda proposals were submitted for the meeting. Board members, authorized persons who are responsible for preparing the financial statements and auditors were present at the meeting to provide necessary information and to answer questions.

At the General Assembly meeting, the chairman of the meeting paid attention to the issue of conveying the topics on the agenda in an impartial and detailed manner, with a clear and understandable method. Shareholders were given the opportunity to express their opinions and ask questions under equal conditions, and all questions asked by shareholders at the general assembly meeting and not covered by trade secrets were answered directly. At the meeting, it was decided not to distribute the 2022 profit due to existing investments, and the amendment to the

Articles of Association regarding the increase of the registered capital ceiling from TRY 400,000,000 to TRY 2,000,000,000 was approved. With a separate agenda item, the General Assembly was informed about the donations and aid made in 2022 and the donations and aid made in 2023 due to the earthquake. Unanimity was achieved in all agenda items where voting was held at the General Assembly.

### Voting Rights and Minority Rights

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

### Dividends

The Company's dividend distribution policy was approved at the General Assembly Meeting held on 10.06.2022. Accordingly, as its Dividend Distribution Policy, the Company adopted distribution of minimum 25% of its distributable period profit calculated within the framework of Capital Markets Board regulations in cash and/or bonus shares. As long as the relevant regulations and financial possibilities allow, this policy is reviewed by the Board of Directors considering market expectations, national and global economic conditions, the Company's growth, investment and financing policies, profitability and cash position. Any changes to the Policy are also submitted for the approval of the shareholders at the first General Assembly meeting after the change and published on the Company's website. At the General Assembly Meeting, it was decided not to distribute the profit for 2022 due to existing investments.

### Share Transfer

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

## SECTION II DISCLOSURE AND TRANSPARENCY

### Disclosure Policy

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

### Company Website

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

### Annual Report

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

## Corporate Governance Principles Compliance Report

### SECTION III STAKEHOLDERS

#### Informing Stakeholders

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

#### Participation of Stakeholders in Management

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

In order to ensure the participation of personnel at various levels in the management of the Company, management meetings are held with departmental representation, with the participation of department managers and senior executives, and opinions are exchanged on relevant issues at these meetings. The opinions, demands and expectations of

employees, customer and suppliers are communicated to the Senior Management at these meetings. The decisions taken are implemented by the departments.

#### Human Resources Policy and Ethical Rules

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

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

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

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

### SECTION IV BOARD OF DIRECTORS

#### Formation and Structure of the Board of Directors

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

There are 4 independent members on the Board of Directors and each independent member has a written statement of independence. The members of the Board of Directors consist of individuals with a high level of knowledge and skills, competent in financial matters, qualified, with a certain level of experience and background, in accordance with the criteria set forth in the CMB's Corporate Governance Principles. The necessary and appropriate opinions have been received from the Capital Markets Board regarding the independent board members of our company.

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

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

#### Board of Directors Operating Principles

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

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

In 2023, a total of 11 Board of Directors meetings were held and all decisions were taken unanimously by the participating members. Average rate of attendance at board meetings is 90%.

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

#### Financial Rights

In 2023, the total gross amount of salaries and similar benefits paid to the Group's Board Chairman and Vice Chairmen, and other executives in the current period is TRY 14,508,129. A performance-based rewarding system is not applied in determining the financial rights provided to the Board members. The Company does not lend any funds or extend any loans to the Board members or executives, grant any personal loans through a third party, or extend any guarantees such as sureties in their favor.



## Corporate Governance Principles Compliance Report

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

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

### AUDIT COMMITTEE

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

principles, taking into account the opinions of the Company's management and independent auditors. The Committee's duties and responsibilities include:

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

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

#### Audit Committee

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

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal

and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly, if deemed necessary. In four meetings held during 2023, the Audit Committee received information about periodically conducted audit activities, decided whether to expand or narrow the scope of audit activities and made resolutions on amendments to the annual plan. The Committee also provided support to the Board of Directors during the selection of the independent audit firm.

### CORPORATE GOVERNANCE COMMITTEE

Corporate Governance Committee;

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

The Corporate Governance Committee convenes as often as required by the duties assigned to it. In 2023, the Committee oversaw the Company's compliance with the Corporate Governance Principles set forth in the Communiqué on the Determination and Implementation of the Corporate Governance Principles; investigated the reasons for non-compliance with certain principles; identified the incompatibilities resulting from incomplete compliance; took remedial measures.

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

#### Corporate Governance Committee

Mustafa Kemal Yılmaz	Chairman
Meliha Seyhan	Member
Bilgün Gürkan	Member
Hülya Kurt	Member
Alper Yücel	Member

#### EARLY DETECTION OF RISK COMMITTEE

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

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

#### Early Detection of Risk Committee

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

#### SUSTAINABILITY COMMITTEE

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

#### Sustainability Committee

Hülya Kurt	Chairwoman
Mustafa Kemal Yılmaz	Member
Filiz Avşar Aktaş	Member

As Smart Solar Technologies, while placing sustainability at the center of the company, we aim to structure our strategy, business conduct and governance processes by taking into account the entire production and supply chain as well. We thus aim to achieve a sustainable management system by internalizing the concept of sustainability

in all aspects and integrating it into our business model. What is important for us is to build a sustainable future together with all our stakeholders in our sector by adopting sustainability values and to make it sustainable to create value with our high-tech products and services in the investment, engineering and production stages with solar technologies that we turn to. In this regard, the 2022 Sustainability Report, which is the first Sustainability Report of our Company, was published on 05.09.2023. The Company's "Sustainability Principles Compliance Report" for 2023 was published on the Public Disclosure Platform on 02.05.2024.

#### POLICIES AND CODE OF ETHICS

The policies and principles of the Company determined by the Board of Directors are available in English and Turkish under the Corporate Governance heading at [www.smartsolar.com/tr](http://www.smartsolar.com/tr).

The Company's "Corporate Governance Compliance Report" and "Corporate Governance Information Form" for the year 2023 were published on the Public Disclosure Platform ([www.kap.org.tr](http://www.kap.org.tr)) on 02.05.2024, in accordance with the CMB's decision dated 10.01.2019 and numbered 2/49. The relevant report and information form can be accessed by selecting the company name, notification type and subject (Corporate Governance Compliance Report) from the detailed query field from the notification inquiries tab.

## Sustainability Principles Compliance Report

Sustainability Compliance Report	COMPLIANCE STATUS					
	Yes	Partial	No	Not applicable		
<b>A. GENERAL PRINCIPLES</b>						
<b>A1. Strategy, Policy, and Goals</b>						
A1.1. The Board of Directors determines environmental, social and governance (ESG) priority issues, risks and opportunities.	X				The Smart Solar Technologies Sustainability Committee was established on April 7, 2022, to carry out environmental, social, and corporate governance studies within the Sustainability Principles Compliance Framework announced by the Board. The committee is responsible for creating necessary policies, executing and monitoring these policies, and ensuring that all activities align with the Company's Sustainability Principles Compliance Framework. As the first step of this strategy, the Smart Sustainability Management System (SYS) project was launched to establish sustainability as the Company's business model and to integrate it comprehensively into all Company processes. As part of this study, Sustainability-ESG gap analysis and stakeholder analysis were conducted to evaluate the current situation of the Company from an ESG perspective. Smart Solar Technologies' Sustainability Policy has been prepared based on the priorities and focus areas of the Company and all stakeholders in the value chain. The Company Sustainability policy was published in 2022 and studies continue within this scope.	<a href="https://www.smartsolar.com.tr/pdf/Smart-Gunes-Teknolojileri-Surdurulebilirlik-politikasi2.pdf">https://www.smartsolar.com.tr/pdf/Smart-Gunes-Teknolojileri-Surdurulebilirlik-politikasi2.pdf</a>
A1.1. The Board of Directors establishes ESG policies (For example: Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) and declares to the public.	X				Company policies have been created within the scope of the Sustainability Management System (SYS) project and published on the Company's corporate website.	<a href="https://www.smartsolar.com.tr/pdf/Smart-Gunes-Teknolojileri-Surdurulebilirlik-politikasi2.pdf">https://www.smartsolar.com.tr/pdf/Smart-Gunes-Teknolojileri-Surdurulebilirlik-politikasi2.pdf</a> <a href="https://www.smartsolar.com.tr/sirket-politikalari.html">https://www.smartsolar.com.tr/sirket-politikalari.html</a>
A1.2. The short and long term goals in line with ESG policies are declared to the public.	X				Macro targets are included in the company strategy document. It was shared with the public along with the sustainability report prepared for 2022.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
<b>A2. Implementation / Monitoring</b>						
A2.1. The committees and/or units responsible for the implementation of ESG policies as well as the highest-level person in charge of ESG issues and their duties are determined and publicly disclosed.	X				The Smart Solar Technologies Sustainability Committee was established on April 7, 2022, to carry out environmental, social, and corporate governance studies within the Sustainability Principles Compliance Framework announced by the Board. The committee is responsible for creating necessary policies, executing and monitoring these policies, and ensuring that all activities align with the Company's Sustainability Principles Compliance Framework. The Smart Sustainability Committee, consisting of a chairman and two members, meets regularly to discuss the work carried out in this context and reports its findings directly to the Board of Directors. More detailed information can be found in the relevant section of the Company's corporate website and in the 2022 sustainability report.	<a href="https://www.smartsolar.com.tr/komiteler.html">https://www.smartsolar.com.tr/komiteler.html</a> <a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
A2.1. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X				The Sustainability Committee meets periodically and meeting minutes are regularly shared with the Board of Directors.	-
A2.2. Implementation and action plans in line with the ESG targets are formed and declared to the public.		X			Draft implementation and action plans have been created within the scope of the Sustainability Management System (SYS) project. However, the final results have not been shared with the public yet.	
A2.3. The scope of ESG Key Performance Indicators (KPI) and relevant indicators are announced on a yearly basis."		X			The Sustainability Management System (SYS) project has just been completed, and work continues to determine the Key Performance Indicators (KPIs) within the scope of the outputs of this project.	



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	Yes	Partial	No	Not applicable		
A2.4. Activities that improve sustainability performance in business processes, products, and services have been disclosed to the public.	X				Within the scope of the Sustainability Management System (SYS) project: Activities have been carried out on activities to improve the sustainability performance of business processes, products and services. Will be shared with the public along with the sustainability report prepared for 2023.	-
<b>A3. Reporting</b>						
A3.1. Information regarding the performance of the Incorporation in terms of sustainability performance, targets and activities are included correctly and adequately in the annual report.	X				As of 2021, sustainability is included as a separate heading in company activity reports. The sustainability report, which includes data on sustainability performance for 2022, was published for the first time in 2023.	<a href="http://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a> <a href="https://www.smartsolar.com.tr/pdf/smart-gunes-2021-faaliyet-raporu.pdf">https://www.smartsolar.com.tr/pdf/smart-gunes-2021-faaliyet-raporu.pdf</a> <a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
A3.2. Information about its activities on which of the United Nations (UN) 2030 Sustainable Development Goals are related to has been disclosed to the public by the Incorporation.	X				The annual report 2022 includes information about which of the UN 2030 Sustainable Development Goals the activities are related to. Relevant information is also included in the sustainability report 2022.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
A3.3. Information about the important lawsuits filed and/or concluded in ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.				X	There is no litigation regarding the mentioned issues.	
<b>A4. Verification</b>						
A4.1. ESG Key Performance metrics of the Incorporation have been verified and publicly disclosed by an independent third party organization.		X			Work continues to determine the Company's ESG Key Performance Indicators. Afterwards, it is planned to verify the information by a third party person/institution.	-
<b>B. ENVIRONMENTAL PRINCIPLES</b>						
B1. The Company has disclosed its policies and practices in the field of environmental management, action plans, environmental management systems (known with ISO 14001 standard), and programs to the public.	X				The Environment and Climate Change Policy implemented by the Company outlines how efforts to reduce environmental impact and prevent climate change will be managed. In line with the principles stated in the policy, studies are carried out in line with the targets in order to monitor environmental performance, use resources efficiently, reduce carbon footprint, reduce the effects of risks related to the environment and climate change, and ensure compliance with legal requirements. Detailed information about Smart Solar Technologies' Environment and Climate Change Policy can be accessed on the Company's website. The company's environmental management approach and practices in this field were included in the sustainability report 2022 and shared with the public.	<a href="https://www.smartsolar.com.tr/pdf/cevre-ve-iklim-degisikligi-politikasi.pdf">https://www.smartsolar.com.tr/pdf/cevre-ve-iklim-degisikligi-politikasi.pdf</a>
B2. The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	X				In the 2022 Sustainability Report, information about the scope, reporting period, reporting date, data collection process, and reporting conditions of the report is included.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>

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Sustainability Compliance Report	COMPLIANCE STATUS					
	Yes	Partial	No	Not applicable		
B4. Environmental targets included in the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.		X			A CPG study has been initiated within the company but has not been completed yet. Within the scope of the study, it is planned to define performance indicators related to environmental targets for managers of relevant units and share them with the public.	
B5. How priority environmental issues are integrated into business targets and strategies has been disclosed to the public.	X				Within the scope of the Sustainability Management System (SYS) project, a current situation analysis, sector analysis, prioritization study, gap analysis, and draft action plan were conducted. In line with the outputs of these studies, the company's environmental policy has been determined. In the coming period, it is planned to implement the targets and strategies determined within the scope of the studies carried out. How priority environmental issues are integrated into business targets and strategies has been disclosed to the public with the sustainability report 2022.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
B7. How environmental issues are managed and integrated into business targets and strategies throughout the company's value chain, including the operational process, suppliers and customers has been disclosed to the public.		X			Environmental sustainability within the Company is an important component of its sustainability strategy. In line with its vision and mission, the Company aims to contribute to the sustainable development of Türkiye by focusing on minimizing its environmental impacts and protecting the ecosystem. Studies are being carried out to establish a Responsible Supply Chain structure according to the requirements revealed in the gap analysis study conducted within the scope of the Sustainability Management System (SYS) project. Supplier mapping has been carried out, supplier risk assessments and supplier information trainings are provided. Inspections will be carried out within the scope of the supplier code of conduct, which includes requirements for compliance with environmental issues.	
B8. Whether the environment organizations and non-governmental organizations are involved in the policy-making processes or not, and the collaborations with these institutions and organizations have been disclosed to the public.	X				The company is actively engaged in policy-making processes on environmental issues as a member of various associations, institutions, and working groups operating in different fields such as the Ministry of Environment, Urbanization and Climate, Turkish Industrialists and Businessmen Association (TUSIAD), Sustainable Development Association (SKD), German-Turkish Chamber of Commerce and Industry (AHK), Foreign Economic Relations Board (DEİK), Istanbul Chamber of Commerce (ITO), International Solar Energy Association Türkiye Community (GÜNDER), and Solar Energy Industrialists and Industry Association (GENSED). The full list of the Company's memberships can be found in the annual report and on our corporate website.	<a href="https://www.smartsolar.com.tr/uyelikler.html">https://www.smartsolar.com.tr/uyelikler.html</a> <a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
B9. In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), comparable information on its environmental impacts are disclosed to the public.		X			Taking 2021 as the base year, Scope-1, Scope-2 and Scope-3 greenhouse gas emissions were calculated for 2021 and the calculation was verified by TÜV Austria. Thus, ISO 14064-1 certification has been completed. Greenhouse gas emission calculation and verification has been made for 2022. Greenhouse gas emission calculations are also made for 2023, and the relevant results are planned to be shared in the 2023 Sustainability Report. Projects are being developed on other issues in line with the outputs of the prioritization study and gap analysis carried out within the scope of the SYS project. Data on these issues was shared under the title "Environmental Approach" in the sustainability report 2022.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
B10. Standards, protocols, methodologies, and reference year details used to collect and calculate data are disclosed to the public.	X				Taking 2021 as the base year, Scope-1, Scope-2 and Scope-3 greenhouse gas emissions were calculated for 2021 and the calculation was verified by TÜV Austria.	-
B11. The status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years has been described.		X			Taking 2021 as the base year, Scope-1, Scope-2 and Scope-3 greenhouse gas emissions were calculated for 2021 and the calculation was verified. Greenhouse gas emission calculation and verification has been made for 2022. The 2023 greenhouse gas emission calculation process continues. It is planned to share the relevant results in the Sustainability Report 2023.	

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	Yes	Partial	No	Not applicable		
B12. Short and long-term targets to reduce environmental impact are set and these targets are announced together with information on their progress in relation to the goals set in the past years.		X			Regular improvements are made for waste management and efficient use of resources in order to minimize the negative environmental impacts resulting from the Company's activities. The Sustainability Management System (SYS) project has just been completed within the Company and has started to be implemented in the company. Since there were no publicly disclosed targets in previous years, there is no data for comparison yet.	
B13. The strategy and actions to combat the climate crisis are announced.	X				The Company's business model consists of a set of principles aimed at sustainability, environment and preventing climate change. Due to the field of activity, energy production with solar, a renewable energy source, is supported as an alternative to fossil fuels and thus contributes to reducing climate change. Within the scope of the Sustainability Management System (SYS) project, a gap analysis was carried out and draft targets/actions on climate were determined and the Climate Policy was shared with the public. The Company's Environment and Climate Change Policy has been published on the corporate website. The Company creates its sustainability strategy with the aim of becoming a net zero Company by 2040. The "Sustainability Roadmap" determined in this direction was shared in the sustainability report 2022.	<a href="https://www.kap.org.tr/tr/Bildirim/1141510">https://www.kap.org.tr/tr/Bildirim/1141510</a>
B14. In order to prevent or minimize the potential negative impact of products and/or services on the environment, programs or procedures have been established and disclosed to the public.	X				The company has a membership in PV Cycle. Work on the Ecolabel continues.	-
B14. Actions for reducing greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) are taken and these actions have been disclosed to the public.		X			A gap analysis was conducted within the scope of the Sustainability Management System (SYS) project and the project to establish the Responsible Supply Chain structure in line with the draft targets/actions was started. Once all work is completed, it will be shared with third parties.	
B15. The environmental benefits / profits and cost savings provided by projects and initiatives carried out to reduce environmental impact are announced.	X				Due to the field of activity, we contribute to energy production with solar, which is a renewable energy source, as an alternative to fossil fuels. In this way, it serves the goals of closing the country's current account deficit and reducing carbon emissions determined by the Paris agreement.	-
B16. The total energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling) data are announced as Scope-1 and Scope-2.	X				The relevant data were calculated in the ISO 14064-1 certification study and verified by TÜV Austria.	-
B17. Information on electricity, heat, steam and cooling generated and consumed in the reporting year is provided.		X			The disclosure was made with the publication of the Sustainability Report for 2022. With the IREC certification for 2022, data on electricity consumption / carbon neutralization was shared. Data for 2023 will be shared in the Sustainability Report 2023.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
B18. Efforts to increase the use of renewable energy and transition to zero or low-carbon electricity have been made and disclosed to the public.	X				Work on IREC certification has been carried out and the certification process for 2022 has been completed. It was shared with the public in the annual report 2022.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
B19. The renewable generation of energy and the usage data are announced.		X			Work on IREC certification has been carried out and the certification process for 2022 has been completed. It was shared with the public in the annual report 2022. The IREC certification process for 2023 continues.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>



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	Yes	Partial	No	Not applicable		
B20. Energy efficiency projects are realized and the amount of energy consumption and emission reduction gained by means of these studies are announced.		X			Within our Solar Panel production facilities, there are production sections conditioned for heat and ventilation. No conventional fuel is used in our factories, and production is provided by electrical energy. Carbon emissions resulting from consumed electrical energy are eliminated by the amount of clean electrical energy produced by the company's Solar Power Plant investments. Not disclosed to the public.	
B21. The amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures are reported.				X	No water is used due to the Company's production processes.	
B22. Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).			X		Legal regulatory processes regarding the carbon pricing system in Türkiye have not been completed. Therefore, the Company's activities are not included in any carbon pricing system. Once the legal regulatory processes for the relevant system are completed, the system can be implemented.	
B23. The carbon credit information accumulated or purchased during the reporting period is announced.	X				As of 2021, transactions are carried out through the I-REC carbon certificate system. It was shared with the public in the annual report 2022.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
B24. If carbon pricing is applied in the company, details are disclosed.				X	Carbon pricing is not applied within the partnership.	
B25. Platforms where the Company discloses environmental information is announced.	X				The Company's first Sustainability Report has been published for 2022. The preparation process for the Sustainability Report 2023 continues. It is planned to conduct CDP reporting and receive an Environmental, Social and Governance (ESG) Risk Note from an international organization in 2024. This information was shared with the public within the scope of the "Sustainability Road Map" in the sustainability report 2022.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
<b>C. SOCIAL PRINCIPLES</b>						
<b>C1. Human Rights and Labor Rights</b>						
C1.1. Corporate Human Rights and Labor Rights Policy is established in which full compliance with the legal framework and legislation regulating the human rights and business life in Türkiye, ILO Conventions that are ratified by Türkiye and the Universal Declaration of Human Rights is committed. Roles and responsibilities associated with the implementation of the policy are determined and announced.	X				The Human Rights Policy, based on human rights documents adopted on national and international platforms, and prepared in accordance with the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and national legal texts, is published on the corporate website.	<a href="https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf">https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf</a>
C1.2. Considering the supply and value chain effects, the Company includes fair workforce, improvement of labor standards, women's employment and inclusion (such as nondiscrimination on women, men, gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policy regarding the labor rights.	X				Within the scope of its sustainability goals and activities, and guided by its Human Rights Policy based on human rights documents adopted on national and international platforms, the Company aims to create an egalitarian, inclusive, modern, and fair working environment that respects human rights. This policy aligns with the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and national legal texts. The company provides equal opportunities to all its employees regardless of age, gender, belief, ethnicity or any other personal characteristic, and does not allow discrimination or any practices that suggest discrimination. Smart Güneş Technologies' publicly available Supplier Code of Conduct, Supply Chain Policy and Human Rights Policy can be accessed on the corporate website.	<a href="https://www.smartsolar.com.tr/pdf/Tedarik-zinciri-politikasi.pdf">https://www.smartsolar.com.tr/pdf/Tedarik-zinciri-politikasi.pdf</a> <a href="https://www.smartsolar.com.tr/pdf/tedarikci-davranis-kurallari.pdf">https://www.smartsolar.com.tr/pdf/tedarikci-davranis-kurallari.pdf</a> <a href="https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf">https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf</a>

Sustainability Compliance Report	COMPLIANCE STATUS					
	Yes	Partial	No	Not applicable		
C1.3. Precautions taken throughout the value chain regarding the consideration of specific economic, environmental, and social factors such as low-income groups, women, or minority rights/opportunities have been disclosed to the public.	X				<p>While the company actively assumes responsibility for protecting and supporting the environment in all its activities, it also invests in the future through its human rights policy, human resources practices, ethical principles, supply chain policies, and corporate social responsibility initiatives. These efforts include raising public awareness about sustainability.</p> <p>The company takes a proactive and collaborative role to create value for all its stakeholders through social responsibility activities. The company's female employee rate is 50%, and it supports young people to become employed and contribute to the economy in line with the cooperation protocols made with vocational and technical high schools in the regions where it operates. The company prioritizes employing local people in the regions where it operates, thus contributing to regional development. Smart Güneş Technologies was entitled to receive the "Respect Human Rights" Workplace Respectful for Human Rights" certificate valid for 2023-2024, as a result of the inspection carried out by the Respect Human Rights Organization at the Company's Gebze factory in June 2022. Relevant certificates and policies can be accessed through the Company's corporate website. The Company's Equality, Inclusion and Diversity Policy is being prepared and will be published in the sustainability report 2023.</p>	<a href="https://www.smartsolar.com.tr/sirket-politikalar.html">https://www.smartsolar.com.tr/sirket-politikalar.html</a>  <a href="https://www.smartsolar.com.tr/hakimizda.html">https://www.smartsolar.com.tr/hakimizda.html</a>
C1.4. Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor are reported.	X				<p>In compliance with the International Labor Organization (ILO) and the Turkish Labor Law No. 4857, the company respects the human rights of its employees in all its activities, especially the avoidance of child labor and the prevention of forced labor. Human Rights Policy, Human Resources Policy, Remuneration Policy and Ethical Principles Policy are published on the Company's corporate website. An Employee Handbook has also been prepared within the company, and it is planned to be published in 2024.</p>	<a href="https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf">https://www.smartsolar.com.tr/pdf/insan-haklari-politikasi_onayli.pdf</a>
C1.5. Investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management issues are included in employee rights policy.	X				<p>The Company's Human Resources Policy, Remuneration Policy and Ethical Principles Policy have been shared transparently with all stakeholders through the corporate website. Within the framework of these policies, practices are carried out to recruit qualified employees to the Company and to ensure and increase the loyalty of employees who embrace a high performance culture and are open to development. For this purpose, all candidates are treated equally during the recruitment process, and the recruitment process is implemented only if they have the appropriate competencies for the position. Continuous learning and development of employees is supported by prioritizing their personal and professional development. As mentioned in the remuneration policy, the Company aims to have a fair and competitive remuneration policy in the sector and within this scope; equality of opportunity, diversity and inclusion are encouraged in the corporate culture. An Employee Handbook has also been prepared, and it is planned to be published in 2024.</p>	<a href="http://www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf">www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf</a>  <a href="http://www.smartsolar.com.tr/pdf/insan-kaynaklari-politikasi.pdf">www.smartsolar.com.tr/pdf/insan-kaynaklari-politikasi.pdf</a>  <a href="https://www.smartsolar.com.tr/PDF/ucretlendirme-politikasi.pdf">https://www.smartsolar.com.tr/PDF/ucretlendirme-politikasi.pdf</a>
C1.5. Dispute resolution processes are determined by creating mechanisms for employee complaints and dispute.	X				<p>The company has a complaint and suggestion procedure. There are suggestion and complaint boxes in the work areas. Suggestions and complaints are reviewed monthly. General complaints, suggestions and demands of employees are met by organizing an employee satisfaction survey. Information about suggestion and complaint mechanisms is included in the Human Resources Policy on the corporate website.</p>	<a href="https://www.smartsolar.com.tr/pdf/insan-kaynaklari-politikasi.pdf">https://www.smartsolar.com.tr/pdf/insan-kaynaklari-politikasi.pdf</a>

## Sustainability Principles Compliance Report

Sustainability Compliance Report	COMPLIANCE STATUS					
	Yes	Partial	No	Not applicable		
C1.5. The activities carried out to ensure employee satisfaction during the reporting period are announced.	X				The company sees high employee motivation as an important driving force for employees to add value to business processes, and various actions are taken regularly to measure and increase employee motivation. Two different processes are carried out during the year: employee satisfaction surveys and events to increase the motivation of employees by measuring their satisfaction and loyalty. The aim of the Employee Satisfaction Survey is to measure employee commitment, to analyze motivation and commitment, to evaluate the effects of satisfaction factors that drive loyalty within the business, to understand the most important factors affecting loyalty and to determine future actions. Action plans are created according to the satisfaction level of the survey results. Relevant studies will be disclosed to the public with the sustainability report 2023.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
C1.6. Occupational health and safety policies are established and declared to the public.	X				Company Occupational Health and Safety (OHS) Policy is published on the corporate website.	<a href="https://www.smartsolar.com.tr/pdf/is-sagligi-ve-guvenligi-politikasi.pdf">https://www.smartsolar.com.tr/pdf/is-sagligi-ve-guvenligi-politikasi.pdf</a>
C1.6. The occupational accidents, measures taken to maintain health, and accident statistics are announced.	X				All practices and accident statistics regarding OHS performance are published in the annual report on an annual basis. Relevant data was also shared with the public in the first Sustainability Report published for 2022.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a> <a href="https://www.smartsolar.com.tr/pdf/smart-gunes-2021-faaliyet-raporu.pdf">https://www.smartsolar.com.tr/pdf/smart-gunes-2021-faaliyet-raporu.pdf</a> <a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>
C1.7. Protection of personal data and data security policies are established and disclosed to the public.	X				The company's articles regarding Information Confidentiality and Information Technology Security have been published on the company's corporate website within the scope of the Business Ethics Rules. Information Security Policy preparation process continues. It is planned to be published in 2024.	<a href="https://www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf">www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf</a>
C1.8. Ethical policy is established and declared to the public.	X				Ethical Principles Policy is published on the Company's corporate website.	<a href="https://www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf">www.smartsolar.com.tr/pdf/is-etigi-kurallari.pdf</a>
C1.9. Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.	X				The company published its annual reports for 2021 and 2022 on its corporate website.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
C1.10. -Informative meetings and training programs on ESG policies and practices are provided to employees.	X				Within the scope of the SYS project, a face-to-face and online training program was organized by a third-party organization for employees at all levels on ESG policies and practices.	<a href="https://www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf">www.smartsolar.com.tr/pdf/SMA_FRAT_2022_MTB_UZUN_uyg_37_SPREADS_HIGH.pdf</a>
<b>C2. Stakeholders, International Standards and Initiatives</b>						
C2.1. A customer satisfaction policy regarding the management and resolution of customer complaints is established and announced.		X			The company regularly conducts customer satisfaction surveys, and in the light of the notifications received, measures are taken and changes are made to increase customer satisfaction. These efforts progress under three main headings: quality documentation, monthly reporting in projects, and OHS (Occupational Health and Safety) actions and measures. Not disclosed to the public.	
C2.2. Information on stakeholders communication (with which stakeholders, on what issue and how often) is announced.	X				The company shared details about the communication methods carried out with stakeholders through the Information Policy published on its corporate website.	<a href="https://www.smartsolar.com.tr/pdf/SMART-BILGILENDIRME-POLITIKASI.pdf">https://www.smartsolar.com.tr/pdf/SMART-BILGILENDIRME-POLITIKASI.pdf</a>
C2.3. International reporting standards adopted for the reportings are disclosed.	X				Our Sustainability Reports have been published in accordance with GRI (Global Reporting Initiative) standards since 2022.	<a href="https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf">https://smartsolar.com.tr/pdf/Surdurulebilirlik-Raporu.pdf</a>



Sustainability Compliance Report	COMPLIANCE STATUS					
	Yes	Partial	No	Not applicable		
C2.4. Principles, signatory and member international organizations, committees and principles on sustainability and adopted by the Company are disclosed.	X				There is a membership list with relevant memberships on the Company's corporate website.	<a href="https://www.smartsolar.com.tr/uyelikler.html">https://www.smartsolar.com.tr/uyelikler.html</a>
C2.5. Improvements and activities are conducted in order to be listed in the sustainability indices of Borsa Istanbul and/or international index providers.	X				Work in this direction has been initiated within the Company within the scope of the Sustainability Management System (SYS) Project. Work to be included in the sustainability indices of Borsa Istanbul and international index providers is carried out by the Sustainability Committee.	-
<b>D. CORPORATE GOVERNANCE PRINCIPLES</b>						
D1. Stakeholders were consulted in determining measures and strategies in the field of sustainability.		X			One of the main objectives of the company is to support the creation of a climate-friendly, sustainable development-based ecosystem with low-carbon energy technologies and R&D-oriented products and services. The Company's business model consists of a set of principles aimed at sustainability environment and preventing climate change. The Environment and Climate Change Policy, which aims to continuously improve efforts in this direction, has been published on the Company's corporate website.	<a href="http://www.smartsolar.com.tr/pdf/cevre-ve-iklim-degisikligi-politikasi.pdf">www.smartsolar.com.tr/pdf/cevre-ve-iklim-degisikligi-politikasi.pdf</a>
D2. Efforts have been made to increase awareness about sustainability and its importance through social responsibility projects, awareness-raising activities, and trainings.	X				While the company assumes active responsibility in protecting and supporting the environment in all its activities, it also invests in the future in order to raise public awareness about sustainability. The Company takes a proactive and collaborative role to create value for all its stakeholders through social responsibility activities. The Company supports social projects that increase the health, education and social welfare of disadvantaged groups such as women, children, youth and the disabled. Discrimination within and outside the institution due to language, religion, race, sect, color, gender, political opinion, age, physical disability and similar reasons is not tolerated. With the "Smart Solar Academy" project launched in 2020, collaborations are made with vocational schools and non-governmental organizations, and informative awareness projects are carried out on climate crisis, renewable energy resources, solar energy and technology, and circular economy. Basic Sustainability Training is provided to all new staff as part of the Company orientation program.	<a href="http://www.smartsolar.com.tr/pdf/Kurumsal-Sosyal-Sorumluluk-politikasi.pdf">www.smartsolar.com.tr/pdf/Kurumsal-Sosyal-Sorumluluk-politikasi.pdf</a> <a href="https://www.smartsolar.com.tr/smartakademi.html">https://www.smartsolar.com.tr/smartakademi.html</a>

## Internal Audit Activities

### INTERNAL AUDIT

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

### Scope of Internal Audit Activity

The scope of Internal Audit activity includes;

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

## Risk Management Activities

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

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

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

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

Risk Engineering services are periodically received from independent auditing organizations for production facilities. This way, existing risks are assessed from the perspective of an outsider, and preventive actions to be taken for any detected findings are identified and included in the corporate risk inventory.

The financial risk management activities of Smart Solar Technologies for 2023 are as follows;

In line with the interest rate risk and financial risk management practices, care is taken to make a balanced distribution between the Company's borrowings with fixed and variable interest rates. In this context, hedging strategies and interest

rate expectations are regularly reviewed and evaluated. Care is taken to use financial instruments with the most appropriate costs by analyzing the alternatives offered by banks and financial institutions in accordance with market conditions.

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

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

## Research and Development Activities

Smart Solar Technologies carries out almost all of its R&D studies in production processes. Upon completing the first phase of its panel and cell production investment in Aliğa in 2023, Smart Solar Technologies aims to establish an R&D center in order to increase the diversity of its project portfolio. Focusing on R&D studies on solar cells along with its cell facility investment, Smart Solar Technologies has started the CETP (Clean Energy Transition Partnership) project together with many large European laboratories/companies such as Fraunhofer and Nines PV in the third quarter of 2023. In December 2023, the Company also received its first patent titled "Distance-controlled nano composite material that increases photovoltaic cell efficiency."

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

Within the scope of the share buyback program limited to a maximum of 1,000,000 shares and a maximum amount of TRY 75,000,000 for a period of 1 year, which was initiated by the decision of our Company's Board of Directors dated 15.02.2023, 480,000 shares (0.08% of the capital) (including 147,000 shares corresponding to the free capital increase dated 26.07.2023 at a rate of 98%) were bought back until the day this report was prepared and a total of TRY 21,427,570 was paid for these shares. With the Board decision dated 15.02.2024, our Company's Board of Directors has decided to extend the buyback program for 1 more year with the maximum amount of shares and maximum total amount in TRY remaining the same.

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

There is no such lawsuit.



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

None.

## Repurchased Own Shares by the Company

Our Company's Board of Directors decided to carry out a buyback program with a duration of 1 year starting from 15.02.2023 to buy up to 1,000,000 shares with a maximum fund of TRY 75,000,000 being allocated in order to eliminate the negative effects that the price movements regarding the shares of our Company traded on Borsa Istanbul A.Ş. with the ticker SMRTG may have on our investors in the short term, to ensure price stability in the share value, to support healthy price formation and to protect the shareholders. Based on this decision, a total of 457,000 shares, equivalent to 0.0754% of the Company's capital as of 31.12.2023, were bought back (taking into account the free capital increase dated 28.07.2023 at a rate of 98%). The buyback program in question was extended for 1 more year on 15.02.2024.

## Rating Notes

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

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

## Dividend Distribution Policy

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

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

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

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

## Amendments to Legislation in 2023

The following changes were made regarding the energy market with the Organized Industrial Zones Law No. 7451 and the Law on Amendments to Certain Laws, published in the Official Gazette No. 32159 on April 10, 2023.

With the amendment made to **Article 18 of the relevant Law** and to the last sentence of the 10<sup>th</sup> Paragraph of Article 7 of the Electricity Market Law No. 6446, it has been provided that the legal entities that undertake to establish an electricity storage facility and in return can establish SPP and WPP up to the installed capacity of such storage facility will be subject to the provisions in Article 6/B in addition to the provisions in Article 6 of the Law No. 5346 on the Utilization of Renewable Energy Resources for the Purpose of Generating Electricity. The provisions in Article 6/B are as follows:

If the mechanical and/or electro-mechanical parts used in the generation facilities that start to operate before 30/6/2021 and are based on renewable energy resources within the scope of the Law no. 5346 are produced domestically; the prices specified in the Schedule (2) attached to this Law shall be added to the prices specified in Schedule (1), for a period of five years, starting from the commencement of operation dates for the electricity generated in these facilities and supplied to the transmission or distribution system. The procedures and principles regarding the domestic contribution prices to be applied in Turkish Lira to be applicable to generation facilities using domestic parts, that have a YEK Certificate and will become operational after 30/6/2021 and to unlicensed generation facilities to be established in order to meet the needs of its consumption facility; the updates to these prices, the period to be applied and other procedures and principles regarding implementation will be designated and announced by the President.

### **Tax Procedure Law General Communiqué (Serial No.: 554):**

In accordance with the Tax Procedural Law General Communiqué No. 554 published in the Official Gazette No. 32380 dated 25 November 2023 and paragraph (B) of the 298<sup>th</sup> article of the Tax Procedural Law No. 213, the adjustment rate is calculated in October (including October) of the year in which the adjustment will be determined in as the average price increase rate in the Domestic Producer Price Index of the Turkish Statistical Institute compared to the same period of the previous year, and this rate must be announced in the Official Gazette by the Ministry of Treasury and Finance. In accordance with this provision, the revaluation rate has been determined as 58.46% (fifty-eight point forty-six) for 2023. On the other hand, it has been notified that the previously published Communiqués on this subject are also in force.

### **Presidential Decree No. 7346:**

With the Presidential Decree No. 7346 published in the Official Gazette No. 32241 dated 07.07.2023, the "Decision Amending the Decision Regarding the Determination of Value Added Tax Rates to be Applied to Goods and Services" was put into effect. With the said Decision, the rate "18%" specified in the subparagraph (a) and the rate "8%" specified in the subparagraph (c) of the first paragraph of article 1 of the Decision Regarding the Determination of Value Added Tax Rates to be Applied to Goods and Services, which was put into effect by the Council of Ministers Decision No. 2007/13033 dated 24.12.2007, have been replaced with "20%" and "10%", respectively.

### **Determination of Interest Rates to be Applied in Rediscount and Advance Transactions:**

With the Official Gazette No. 32408 dated 23.12.2023, the Central Bank of the Republic of Türkiye has announced that the interest rate to be applied in rediscount transactions for bills with a maximum of 3 months remaining until maturity is 43.25% annually, and the interest rate to be applied in advance transactions is 44.35% annually, with these rates entering into force on the date of publication.

### **Significant Amendments to Legislation Regarding the Charging Service Business Line During the Period**

Within the scope of Article 30 of the Charging Services Regulation published in the Official Gazette dated 02.04.2022 and numbered 31797, the free access platform named "Şarj@TR", which shows the open charging stations of all charging network operators to the public in all charging networks, was made available to users by the Energy Market Regulatory Authority on 24.04.2023.

With the changes in subparagraph (a) of paragraph 4 of the Additional Article 5 of the Electricity Market Law No. 6446 introduced by the Law Amending the Organized Industrial Zones Law No. 7451 and the Certain Laws published in the Official Gazette No. 32159 dated 10.04.2023, the Market Regulatory Authority is granted authorization to set special requirements, including commercial and technical obligations, for license termination and license cancellation.



With the 6<sup>th</sup> paragraph added to the Additional Article 5 of the Electricity Market Law No. 6446 as introduced by the Law Amending the Organized Industrial Zones Law No. 7451 and Certain Laws published in the Official Gazette No. 32159 dated 10.04.2023, a legal entity whose charging network operator license has been revoked, the partners with 10% or more shares in this legal entity, and the chairman and members of the board of directors of this legal entity, including those who have resigned within one year before the license cancellation date, shall be prohibited from obtaining a license, applying for a license, having a direct or indirect share in the legal entities applying for a license, and serving on the boards of directors of such legal entities for three years following the license cancellation.

The Regulation Amending the Charging Service Regulation was published in the Official Gazette dated 28.07.2023 and numbered 32262. 6<sup>th</sup> paragraph of Article 32 of the Regulation prohibits a legal entity whose charging network operator license has been revoked, the partners with 10% or more shares in this legal entity, and the chairman and members of the board of directors of this legal entity, including those who have resigned within one year before the license cancellation date, from obtaining a license, applying for a license, having a direct or indirect share in the legal entities applying for a license, and serving on the boards of directors of such legal entities for three years following the license cancellation. In addition, temporary Article 3 has been added to the relevant Regulation, and the period for charging network operation license holders to establish a charging network within the scope of the license obligation in accordance with the Regulation has been extended until 31.01.2024.

The Regulation Amending the Regulation on Business Opening and Working Licenses was published in the Official Gazette dated 29.07.2023 and numbered 32263. In this context, non-detached charging stations operating within other workplaces and public residences can start operations with an operating certificate. The relevant document will be issued by metropolitan municipalities in metropolitan cities.

The Regulation Amending the Charging Service Regulation was published in the Official Gazette dated 09.08.2023 and numbered 32274. In this context, with the relevant amendment, the date of submitting the documents required for adding a charging station to the charging network to the Authority has been extended to 31.07.2024.

The Regulation Amending the Regulation on Renewable Energy Resource Guarantee Certificate in the Electricity Market and the Energy Market Regulatory Authority's decision dated 10.08.2023 and numbered 12006 were published in the Official Gazette dated 17.08.2023 and numbered 32282. With the relevant regulations, charging network operators have been given the opportunity to participate in the Renewable Energy Resources Guarantee System. In addition, charging network operators are obliged to disclose and redeem their YEK-G documents to the users receiving charging services from green charging stations.

The Communiqué Amending the Communiqué on Workplace Hazard Classes Regarding Occupational Health and Safety was published in the Official Gazette dated 11.08.2023 and numbered 32276. In this context, charging station activities for electric vehicles are classified as "hazardous."

The Regulation Amending the Charging Service Regulation was published in the Official Gazette dated 17.08.2023 and numbered 32282. In this context, charging network businesses are given the opportunity to establish green charging stations. Green charging stations are defined as stations where the electrical energy used in the charging services is produced from renewable sources and is redeemed with the YEK-G certificate.

The Communiqué Amending the Tax Procedure Law General Communiqué (Serial No.: 509) was published in the Official Gazette dated 07.10.2023 and numbered 32332 (Serial No.: 550). Within the scope of the relevant amendment communiqué, taxpayers who have a charging network operator license are obliged to issue and transmit electronic documents (e-invoice, e-Archive Invoice), regardless of the amount of the invoice obligation. The effective date of the relevant regulation is 02.01.2024.

The Communiqué Amending the Tax Procedure Law General Communiqué (Serial No.: 551.) was published in the Official Gazette dated 07.10.2023 and numbered 32332. The relevant Communiqué states that invoice for the charging service provided to electric vehicles should be issued at the time of delivery. However, an exception has been made for issuing invoices every 7 days under certain conditions. In addition, charging network operators are obliged to instantly report information regarding the charging services performed at the charging station and the information contained in the invoice to the Revenue Administration Technology systems electronically. The effective date of the invoice regulations is 02.01.2024, and the system integration obligation entered into force on the publication date of the relevant Communiqué.

## Amendments to the Articles of Association

The attached amendment text amending Article 6 "Capital" of the Company's Articles of Association to increase the registered capital ceiling from TRY 400,000,000 (four hundred million Turkish Liras) to TRY 2,000,000,000 (two billion Turkish Liras) was approved at the General Assembly Meeting dated 27.04.2023.

OLD TEXT	NEW TEXT
<p>Capital:</p> <p>Article 6-</p> <p>The Company adopted the registered capital system in accordance with the Capital Market Law no. 6362 and started to use this system with the Capital Markets Board authorization no. 54/1545 dated 21/10/2021.</p> <p>The Company's registered capital ceiling is TRY 2,000,000,000.00 (Two billion Turkish lira), divided into 2,000,000,000 (Two billion) shares, each having a nominal value of TRY 1 (one Turkish lira).</p> <p>The registered capital ceiling authorized by the Capital Markets Board is valid between 2023 and 2027 (for 5 years). Even if the registered share capital ceiling is not reached by the end of 2027, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining a permission from the Capital Markets Board of Türkiye for the previously authorized ceiling, or a new ceiling amount. Capital cannot be increased through a board of directors resolution in the event that it is unable to obtain this authorization.</p> <p>The issued capital of the Company is TRY 306,000,000.00 (Three Hundred Six Million Turkish Lira), and this capital consists of 70,000,000 (Seventy Million) Group (A) registered, 236,000,000 (Two Hundred Thirty Six Million) Group (B) bearer shares, each with a nominal value of TRY 1 (one Turkish Lira).</p> <p>The issued capital in question has been paid in full, free from collusion.</p> <p>The shares representing the capital are registered and accounted for as per the principles of dematerialization. The Company's capital may be increased or decreased when necessary, within the framework of the Turkish Commercial Code, Capital Markets Law and other relevant legislation.</p> <p>As per the provisions of the Capital Markets Law, the Board of Directors is authorized to raise the issued capital up to the registered capital ceiling by issuing new shares and to take a resolution for restricting the rights of privileged shareholders, limiting the new share purchase right of shareholders and issuing shares at a premium or at a discount to the nominal value. In capital increases, Group (A) shares will be issued in exchange for Group (A) shares, and Group (B) shares will be issued in exchange for Group (B) shares, to represent the increased capital. In case the shareholders' right to purchase new shares is restricted, the shares to be issued will be Group (B) shares. The power to restrict the right to purchase new shares cannot be used in such a way that an inequality among the shareholders is created.</p> <p>New shares cannot be issued unless the issued shares are completely sold and paid for, or unsold shares are cancelled. Bonus shares issued in bonus capital increases are distributed to the existing shares on the date of the increase, in proportion to their shares: Group A shares to Group A shares, Group B shares to Group B shares.</p> <p>All shares may be transferred freely in line with the provisions of the Turkish Commercial Code, Capital Markets Law and other relevant legislation.</p>	<p>Capital:</p> <p>Article 6-</p> <p>The Company adopted the registered capital system in accordance with the Capital Market Law no. 6362 and started to use this system with the Capital Markets Board authorization no. 54/1545 dated 21/10/2021.</p> <p>The Company's registered capital ceiling is TRY 2,000,000,000.00 (Two billion Turkish lira), divided into 2,000,000,000 (Two billion) shares, each having a nominal value of TRY 1 (one Turkish lira).</p> <p>The registered capital ceiling authorized by the Capital Markets Board is valid between 2023 and 2027 (for 5 years). Even if the registered share capital ceiling is not reached by the end of 2027, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining a permission from the Capital Markets Board of Türkiye for the previously authorized ceiling, or a new ceiling amount. Capital cannot be increased through a board of directors resolution in the event that it is unable to obtain this authorization.</p> <p><b>The issued capital of the Company is TRY 605,880,000.00 (Six Hundred Five Million Eight Hundred and Eighty Thousand Turkish Lira), and this capital consists of 138,600,000 (One Hundred and Thirty Eight Million Six Hundred Thousand) Group (A) registered, 467,280,000 (Four Hundred and Sixty Seven Million Two Hundred and Eighty Thousand) Group (B) bearer shares, each with a nominal value of TRY 1 (one Turkish Lira).</b></p> <p>The issued capital in question has been paid in full, free from collusion.</p> <p>The shares representing the capital are registered and accounted for as per the principles of dematerialization. The Company's capital may be increased or decreased when necessary, within the framework of the Turkish Commercial Code, Capital Markets Law and other relevant legislation.</p> <p>As per the provisions of the Capital Markets Law, the Board of Directors is authorized to raise the issued capital up to the registered capital ceiling by issuing new shares and to take a resolution for restricting the rights of privileged shareholders, limiting the new share purchase right of shareholders and issuing shares at a premium or at a discount to the nominal value. In capital increases, Group (A) shares will be issued in exchange for Group (A) shares, and Group (B) shares will be issued in exchange for Group (B) shares, to represent the increased capital. In case the shareholders' right to purchase new shares is restricted, the shares to be issued will be Group (B) shares. The power to restrict the right to purchase new shares cannot be used in such a way that an inequality among the shareholders is created.</p> <p>New shares cannot be issued unless the issued shares are completely sold and paid for, or unsold shares are cancelled. Bonus shares issued in bonus capital increases are distributed to the existing shares on the date of the increase, in proportion to their shares: Group A shares to Group A shares, Group B shares to Group B shares.</p> <p>All shares may be transferred freely in line with the provisions of the Turkish Commercial Code, Capital Markets Law and other relevant legislation.</p>

## Information Related to the Private Audit and Public Audit Conducted in 2023

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

## Other Matters

### Total Number of Employees of Our Company

As of 31.12.2023, the total number of employees is 1,161 (31 December 2022: 735). A Collective Labor Agreement is in place for our company's production facilities.

### Debt Instrument Issuance

The Capital Markets Board (CMB) approved our Company's application for issuing debt instruments in Turkish Lira with various maturities up to 5 (five) years in an amount not exceeding TRY 300,000,000, in one or more times, to be sold to qualified investors in the country, without public offering. Within this context, the Company's debt instrument with ISIN code TRFSMARK2414 with a nominal value of TRY 250,000,000, a maturity of 364 days and a coupon payment of 49.0% annual fixed interest every 3 months, 10 November 2023 as maturity start date and 8 November 2024 as redemption date, was issued. Subsequently, the Company's debt instrument with ISIN code TRFSMAR72410 with a nominal value of TRY 50,000,000, a maturity of 180 days and 51% annual simple interest without coupon payment, 11 January 2024 as maturity start date and 9 July 2024 as redemption date, was issued.

Based on our Company's decision to issue debt instruments in Turkish Lira with various maturities up to 5 (five) years in an amount not exceeding TRY 1,000,000,000 (one billion Turkish Lira), in one or more times, to be sold to qualified investors in the country, without public offering, the necessary permission application was made to the Capital Markets Board on 01.02.2024.





(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







## INDEPENDENT AUDITOR'S REPORT

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

**Eren Bağımsız Denetim 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 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
<b>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies”</b>	
<p>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.</p> <p>According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power.</p> <p>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.</p> <p>The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29 “Financial reporting in hyperinflationary economies”:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management,</li> <li>• Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29,</li> <li>• 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,</li> <li>• 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,</li> <li>• Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation,</li> <li>• Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the recoverability of TAS 29.</p>



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





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



The key audit matter	How the matter was addressed in our audit
<b>Inventories</b>	
<p>There is a risk of impairment of inventories in the financial statements dated 31 December 2023 due to macroeconomic factors.</p> <p>However, the calculation of the provision for inventory also includes management estimations and assumptions. These estimates and assumptions include the evaluation of inventories sold for macroeconomic reasons and the evaluation of the provision for inventories that have not moved for a certain period and are damaged. For these reasons, provision for inventory is an important issue for our audit.</p> <p>Explanations on the Group's accounting policies and amounts related to inventory impairment are given in Note 2.6 and Note 8.</p>	<p>During our audit, the following procedures have been applied regarding the impairment of inventories.</p> <ul style="list-style-type: none"> <li>i) Understanding and evaluating the appropriateness of the accounting policy related to the impairment of inventory,</li> <li>ii) Discussing with the company management the changing customer demand, the qualitative characteristics of the inventories and the risk of macroeconomic factors and comparing the inventory turnover rate with the previous year,</li> <li>iii) Observing whether there are inactive or damaged inventories in the year-end stock counts,</li> <li>iv) Sample testing of selling prices deducted from the discounts used in the net realizable value calculation.</li> <li>v) Assessment of the necessity for an inventory impairment.</li> </ul> <p>As a result of the audit procedures we have applied, we have not had any significant findings regarding the inventory impairment.</p>



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



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

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

### Consolidated Statement of Financial Position as of 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.)

ASSETS	Notes	Audited Current period 31 December 2023	Audited Prior Period 31 December 2022
<b>Current Assets</b>			
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
<b>TOTAL CURRENT ASSETS</b>		<b>7.124.476.057</b>	<b>3.641.419.864</b>
<b>Non-current Assets</b>			
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	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3.426.215.406</b>	<b>652.843.925</b>
<b>TOTAL ASSETS</b>		<b>10.550.691.463</b>	<b>4.294.263.789</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**

## Consolidated Statement of Financial Position as of 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.)

LIABILITIES	Notes	Audited Current period 31 December 2023	Audited Prior Period 31 December 2022
<b>Current Liabilities</b>			
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
<b>TOTAL CURRENT LIABILITIES</b>		<b>6.395.534.877</b>	<b>2.667.816.199</b>
<b>Non-current liabilities</b>			
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
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.026.797.599</b>	<b>194.299.153</b>
<b>Shareholders' Equity</b>		<b>2.122.985.875</b>	<b>1.442.281.054</b>
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
<b>Non-controlling interest</b>		<b>5.373.112</b>	<b>(10.132.617)</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>2.128.358.987</b>	<b>1.432.148.437</b>
<b>TOTAL LIABILITIES</b>		<b>10.550.691.463</b>	<b>4.294.263.789</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

# Statement of Profit or Loss and Other Comprehensive Income 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.)

	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)
<b>GROSS PROFIT</b>		<b>1.847.285.363</b>	<b>606.339.883</b>
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)
<b>OPERATING PROFIT / (LOSS)</b>		<b>1.704.169.168</b>	<b>477.396.355</b>
Gains from investment activities	25	100.059.645	19.769.306
Expected credit loss according to TFRS 9		(14.143.668)	(13.964.820)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES</b>		<b>1.790.085.145</b>	<b>483.200.841</b>
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)
<b>PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>960.627.163</b>	<b>112.669.866</b>
<b>Tax income / (expense) from continuing Operations</b>			
Current period tax expense	18	(69.512.923)	(16.798.456)
Deferred tax (expense) / income	18	146.302.515	(26.034.749)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>1.037.416.755</b>	<b>69.836.661</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>1.037.416.755</b>	<b>69.836.661</b>
<b>Attributable to:</b>			
Non-controlling interest		14.433.505	(18.879.924)
Equity holder of the parent		1.022.983.250	88.716.585
<b>Earnings per share</b>	27	<b>2,51</b>	<b>0,19</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>			
<b>Items that will not to be reclassified to profit or loss</b>			
- Gain / (loss) arising from defined benefit plans		(4.887.847)	1.150.479
<b>Taxes on items that will not to be reclassified to profit or loss</b>			
- Deferred tax (expense) / income		1.221.962	(230.095)
<b>Items that will be reclassified to profit or loss</b>			
- Currency translation differences		(167.293)	(2.313.997)
- Cash flow hedging		(408.370.911)	30.328.354
<b>Taxes on items that will be reclassified to profit or loss</b>			
- Deferred tax (expense) / income		95.515.298	(7.240.944)
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>		<b>(316.688.791)</b>	<b>21.693.797</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>720.727.964</b>	<b>91.530.458</b>
<b>Attributable to:</b>			
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.)

	Paid-in capital	Adjustment to share capital	Repurchased Shares	Share premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Gain/(loss) on remeasurements of defined benefit plans	Accumulated other comprehensive income that will be reclassified in profit or loss			Retained earnings				Attributable to equity holders of the parent	Non-controlling interest	Total equity
							Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period					
Balance as of 1 January																
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 capital increase	178,500,000	140,142,088	-	-	-	920,384	23,087,410	(2,313,997)	-	-	88,716,585	110,410,382	(18,879,924)	91,530,458		
Increase due to share-based transactions	-	-	-	-	-	-	-	-	-	(90,910,645)	-	56,201,922	-	56,201,922		
Balance as of 31 December	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	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.)

		Audited	Audited
	Dipnot	31 Aralık 2023	31 Aralık 2022
<b>A. Cash flows from operating activities</b>		<b>(638.738.522)</b>	<b>(267.611.633)</b>
Profit for the period		1.037.416.755	69.836.661
<b>Adjustments to reconcile net profit/loss to net cash:</b>		<b>471.761.633</b>	<b>5.264.144</b>
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
<b>Adjustments related to other increase / (decrease) in working capital</b>		<b>(2.060.770.020)</b>	<b>(327.782.761)</b>
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)
<b>Cash inflow (outflow) from other operations</b>		<b>(87.146.890)</b>	<b>(14.929.677)</b>
Taxes paid		(82.366.997)	(14.310.976)
Payments under provisions for employee benefits		(4.779.893)	(618.701)
<b>B. Cash flows from investing activities</b>		<b>(1.495.300.715)</b>	<b>(298.849.807)</b>
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)
<b>C. Cash flows from financing activities</b>		<b>2.480.534.286</b>	<b>923.200.387</b>
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 leaseings	14	279.110.522	203.827.888
Cash outflows from leaseings	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
<b>Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)</b>		<b>346.495.049</b>	<b>356.738.947</b>
<b>D. Inflation impact on cash and cash equivalents</b>		<b>(155.609.083)</b>	<b>(25.134.562)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>		<b>395.846.957</b>	<b>64.242.572</b>
<b>Cash and cash equivalents at the end of the year (A+B+C+D+E)</b>	3	<b>586.732.923</b>	<b>395.846.957</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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023, unless otherwise stated.)

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

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

#### The Main Field of Group.

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

As of 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 Aliğa Organize Sanayi Bölgesi (ALOSBİ) Aliğa/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. & İHK Holding A.Ş. Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart 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. & İHK Holding A.Ş. Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye



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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023, unless otherwise stated.)

### 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.

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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023, unless otherwise stated.)

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

#### 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.

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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL)  
as of 31 December 2023, unless otherwise stated.)

### 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.

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

### Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL)  
as of 31 December 2023, unless otherwise stated.)

#### 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.



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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL)  
as of 31 December 2023, unless otherwise stated.)

## 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:

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**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.

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# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

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## 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")/IFRS 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.

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# Footnotes to the Consolidated Financial Statements

## Dated 1 January - 31 December 2023

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### 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.



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

### New and Revised Turkish Accounting 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.

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## 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 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 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.

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

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## 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:

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

#### Right – of - use assets

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

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

- Amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- 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.

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

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

#### Intangible assets and related amortization

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

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

The useful lives of intangible assets are as follows:

	<u>Year</u>
Rights	3-15

#### 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.



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## 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.

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

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

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

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

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

##### b) Other financial liabilities

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

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

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

##### Leases

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

##### As a lessee

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

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

##### 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.

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## 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.

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

# Footnotes to the Consolidated Financial Statements

## Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023, unless otherwise stated.)

### 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



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## 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.

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## 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
<b>EBITDA</b>	<b>1.856.708.766</b>	<b>553.729.668</b>

### 2.7. Significant Accounting Assessments, Estimates and Assumptions

The preparation of the financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. The Group makes predictions and assumptions about the future. Due to their nature, accounting estimates may not result in exactly the same amounts as the actual results. Some estimates and assumptions that may cause significant adjustments in the carrying values of assets and liabilities in the upcoming financial reporting period are given below.

*Provisions for doubtful trade receivables:* The provision for doubtful receivables reflects the amounts that the management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the date of the consolidated financial statements until the approval date of the consolidated financial statements and the renegotiated conditions are also taken into. In addition, the "simplified approach" defined in TFRS 9 has been preferred within the scope of the impairment calculations of trade receivables that are accounted at amortized cost in the consolidated financial statements and that do not contain a significant financing component (with a maturity of less than one year). With this approach, the Group measures the provision for impairment on trade receivables at an amount equal to "lifetime expected credit losses", unless the trade receivables are impaired for certain reasons (excluding realized impairment losses)

*Provision for employee benefit:* Employment termination benefits pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties

*Lawsuit provisions:* The probability of loss of ongoing lawsuits and the consequences that will be endured if they are lost are evaluated in line with the opinions of the Group's legal advisors. The Group management makes its best estimates using the data in hand and estimates the provision it deems necessary

*Deferred tax:* The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TFRS and Tax Law.

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### Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

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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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
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
	<b>586.732.923</b>	<b>395.846.957</b>

(\*) 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.

<b>31 December 2023</b>	<b>Interest Rate (%)</b>	<b>TL Equivalent</b>
TL deposits	42%	99.587.497
<b>Toplam</b>		<b>99.587.497</b>
<b>31 December 2022</b>	<b>Interest Rate (%)</b>	<b>TL Equivalent</b>
TL deposits	5%-12%	6.387.243
<b>Toplam</b>		<b>6.387.243</b>

#### 4. FINANCIAL INVESTMENTS

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

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

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

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

## Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

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**5. TRADE RECEIVABLES AND PAYABLES**

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

<b>Short-term trade receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables	2.297.405.005	1.255.612.161
Notes receivables	140.965.995	180.207.524
Allowance for expected credit 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)
	<b>2.409.466.743</b>	<b>1.411.498.232</b>

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

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Balance at beginning of the period</b>	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)
<b>End of the period</b>	<b>61.060.733</b>	<b>42.103.409</b>

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Balance at beginning of the period</b>	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)
<b>End of the period</b>	<b>28.904.257</b>	<b>24.321.453</b>

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

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

(\*) 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.



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# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

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### 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
	<b>122.478.084</b>	<b>261.326.908</b>
	Other Receivables	
	31 December 2023	31 December 2022
Smart Holding A.Ş.	24.327.428	-
	<b>24.327.428</b>	<b>-</b>
	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	-
	<b>89.530.844</b>	<b>18.007.726</b>
	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	-
	<b>542.674.721</b>	<b>140.459.208</b>

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**6. RELATED PARTIES (Continued)**

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	1.318.186.95	1.165.353.88
			5	5
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
	<b>163.992.550</b>	<b>606.146.410</b>	<b>2.718.804.38</b>	<b>1.616.619.44</b>
			<b>5</b>	<b>6</b>

	Interest Income	
	2023	2022
Smart Holding A.Ş.	64.124.261	-
	<b>64.124.261</b>	<b>-</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 17.883.533 TL. (31 December 2022: 11.101.408 TL)

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**7. OTHER RECEIVABLES AND PAYABLES**

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

<b><u>Short term other receivables</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
VAT return receivables	359.117.087	32.470.118
Deposits and guarantees given	1.054.269	1.250.220
	<b><u>360.171.356</u></b>	<b><u>33.720.338</u></b>
<b><u>Long term other receivables</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Deposits and guarantees given	4.213.155	3.997.223
	<b><u>4.213.155</u></b>	<b><u>3.997.223</u></b>
<b><u>Short term other payables</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Tax structuring liabilities (*)	2.543.772	19.872.349
	<b><u>2.543.772</u></b>	<b><u>19.872.349</u></b>

(\*) On 23 August 2021, within the scope of the Law No. 7326, the Corporate Tax base for the previous period was increased, and the amounts in the payment plan for the said base increase are included in the tax structuring liabilities.

**8. INVENTORIES**

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

	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
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)
	<b><u>1.972.834.463</u></b>	<b><u>780.942.940</u></b>

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.

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**9. PREPAID EXPENSES VE DEFERRED 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 December 2023</u></b>	<b><u>31 December 2022</u></b>
Advances given to suppliers (*)	1.130.484.925	506.941.935
Prepaid expenses	35.228.620	33.950.425
	<b><u>1.165.713.546</u></b>	<b><u>540.892.368</u></b>

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

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

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

<b><u>Deferred Incomes</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Advances received (*)	2.045.336.050	1.044.514.580
	<b><u>2.045.336.050</u></b>	<b><u>1.044.514.580</u></b>

(\*) 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:

<b><u>Other current assets</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
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	-
	<b><u>131.043.353</u></b>	<b><u>110.520.667</u></b>

<b><u>Other short-term liabilities</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Prepaid taxes and dues	65.188.252	8.073.908
Accrued expenses	-	3.307.021
	<b><u>65.188.252</u></b>	<b><u>11.380.929</u></b>



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### 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
<b>Cost</b>				
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
	<b>689.402.406</b>	<b>1.482.588.231</b>	<b>(1.108.780)</b>	<b>2.170.881.857</b>
<b>Accumulated depreciation</b>				
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	(9.500.044)	(7.057.246)	-	(16.557.290)
Leasehold improvements	(45.718.024)	(8.355.074)	-	(54.073.098)
	<b>(162.705.932)</b>	<b>(82.077.568)</b>	<b>759.438</b>	<b>(244.024.062)</b>
<b>Net book value</b>	<b>526.696.474</b>			<b>1.926.857.795</b>

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
<b>Cost</b>				
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
	<b>393.324.847</b>	<b>296.083.077</b>	<b>(5.518)</b>	<b>689.402.406</b>
<b>Accumulated depreciation</b>				
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)
	<b>(130.662.247)</b>	<b>(32.045.468)</b>	<b>1.783</b>	<b>(162.705.932)</b>
<b>Net book value</b>	<b>262.662.600</b>			<b>526.696.474</b>

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

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**11. PROPERTY, PLANT AND EQUIPMENTS (Continued)**

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

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

**12. INTANGIBLE FIXED ASSETS**

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

	<b>1 January 2023</b>	<b>Additions</b>	<b>31 December 2023</b>
<b>Cost</b>			
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	-	-	-
	<b>12.135.341</b>	<b>13.061.826</b>	<b>25.197.167</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>31 December 2023</b>
Rights	(3.288.386)	(2.610.451)	(5.898.837)
Other intangible fixed assets			
	<b>(3.288.386)</b>	<b>(2.610.451)</b>	<b>(5.898.837)</b>
<b>Net book value</b>	<b>8.846.955</b>		<b>19.298.330</b>

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

	<b>1 January 2022</b>	<b>Additions</b>	<b>31 December 2022</b>
<b>Cost</b>			
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	-	-	-
	<b>9.364.879</b>	<b>2.770.462</b>	<b>12.135.341</b>
<b>Accumulated depreciation</b>		<b>Current year charge</b>	<b>31 December 2022</b>
Rights	(2.292.945)	(995.441)	(3.288.386)
Other intangible fixed assets			
	<b>(2.292.945)</b>	<b>(995.441)</b>	<b>(3.288.386)</b>
<b>Net book value</b>	<b>7.071.934</b>		<b>8.846.955</b>

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**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
<b>As of 1 January 2023</b>	<b>102.388.488</b>	<b>10.914.785</b>	<b>113.303.273</b>
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)
<b>As of 31 December 2022</b>	<b>192.595.923</b>	<b>7.834.779</b>	<b>200.430.702</b>
	Buildings	Vehicles	Total
<b>As of 1 January 2022</b>	<b>11.629.056</b>	<b>8.882.120</b>	<b>20.511.176</b>
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)
<b>As of 31 December 2021</b>	<b>102.388.488</b>	<b>10.914.785</b>	<b>113.303.273</b>

**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
<b>Short-term borrowings</b>	<b>1.542.134.057</b>	<b>428.453.459</b>
Short-term portion of long-term borrowings	307.369.545	1.011.169
<b>Short-term portion of long-term borrowings</b>	<b>307.369.545</b>	<b>1.011.169</b>
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
<b>Long-term borrowings</b>	<b>2.014.144.308</b>	<b>179.904.422</b>
<b>Total financial borrowings</b>	<b>3.863.647.910</b>	<b>609.369.050</b>

(\*) 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%.

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**14. FINANCIAL BORROWING (Continued)**

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

	<u>Interest Rate</u>	<u>31 December 2023</u>
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
		<b><u>3.122.080.707</u></b>
	<u>Interest Rate</u>	<u>31 December 2022</u>
TL bank borrowings	%7,50 - %25,25	179.268.945
USD bank borrowings	%8,50 - %12,50	147.891.200
		<b><u>327.160.145</u></b>

**15. EMPLOYEE BENEFITS**
**Severance pay provision**

Under the Turkish Legislations, the Company and its subsidiaries which located in Turkey, is required to pay termination benefits to each employee, who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, who retires after completing 25 years for man and 20 years for women of service and reaches the retirement age (58 for women and 60 for men). Due to the amendment of the legislation as of 8 September 1999, there are certain transitional obligations regarding the length of service due to retirement.

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 30-day salary as of 31 December 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.

	<u>31 December 2023</u>	<u>31 December 2022</u>
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.



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#### 15. EMPLOYEE BENEFITS (Continued)

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

<u>Long-term provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Severance pay provision	12.653.291	7.799.113
	<u>12.653.291</u>	<u>7.799.113</u>

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

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
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)
<b>Balance at the end of the period</b>	<u><b>12.653.291</b></u>	<u><b>7.799.113</b></u>

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

<u>Short-term provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for unused vacation liability	7.229.163	3.566.610
	<u>7.229.163</u>	<u>3.566.610</u>

Movement of unused vacation provisions as follows:

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
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)
<b>Balance at the end of the period</b>	<u><b>7.229.163</b></u>	<u><b>3.566.610</b></u>

(\*) Unused vacation provision expenses for the relevant periods are included in personnel expenses.

#### 16. COMMITMENTS , CONTINGENT ASSETS AND LIABILITIES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Lawsuit provisions	1.557.320	1.516.679
	<u>1.557.320</u>	<u>1.516.679</u>

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

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
<b>Beginning of the Term</b>	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)
<b>Balance at the end of the period</b>	<u><b>1.557.320</b></u>	<u><b>1.516.679</b></u>

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**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	-	-
	<u>2.750.291.182</u>	<u>863.366.692</u>

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	-
<b>Total</b>	<u>2.750.291.182</u>	<u>863.366.692</u>

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.

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### 17. EMPLOYEE BENEFITS OBLIGATIONS

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Social Security deductions to be paid	31.257.017	10.779.035
Due to personnel	35.926.017	400.761
	<u>67.183.034</u>	<u>11.179.796</u>

### 18. INCOME TAX

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current tax expense	(69.512.923)	(16.798.456)
Prepaid taxes and funds	89.466.813	15.000.480
	<u>19.953.890</u>	<u>(1.797.976)</u>
	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Deferred tax assets / liabilities	146.302.515	(26.034.749)
	<u>146.302.515</u>	<u>(26.034.749)</u>

#### 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.

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### 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 Aliaga 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.



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### 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.

#### Deferred tax assets and liabilities:

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the Consolidated financial statements and the amounts considered in the legal tax base calculation. Deferred tax liability or assets are reflected in the accompanying Consolidated financial statements by considering the tax rates that are expected to be valid in the future periods when the temporary differences will disappear. In reflecting the deferred tax asset to the consolidated financial statements, the developments in the sector in which it operates, taxable profit estimates in the future, it considers factors such as the general economic and political situation in Turkey and/or the international general economic and political situation that may affect the Group. The Group considers factors such as developments in the sector in which it operates, taxable profit estimates in the future, general economic and political situation in Turkey and/or international general economic and political situation that may affect the Group while reflecting the deferred tax asset to the consolidated financial statements. The Group estimates that it will generate sufficient taxable profits in the future.

#### Recognized deferred tax assets and liabilities

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

	31 December 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
<b>Deferred tax assets</b>	<b>236.444.157</b>	<b>(6.595.618)</b>
Deferred tax assets	295.205.585	62.486.680
Deferred tax liabilities	(58.761.428)	(69.082.298)
<b>Deferred tax assets</b>	<b>236.444.157</b>	<b>(6.595.618)</b>

(\*) 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.

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**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
<b>Deferred tax assets</b>	(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
<b>Deferred tax assets</b>	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
<b>Profit/(loss) for before taxation</b>	960.627.163	112.669.866
Corporation tax rate	%25,00	%23,00
<b>Calculated tax using the Company's domestic tax rate</b>	<b>(240.156.791)</b>	<b>(25.914.069)</b>
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
<b>Tax (expense) / income</b>	<b>76.789.592</b>	<b>(42.833.205)</b>

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#### 19. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

##### Share Capital

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

	31 December 2023	Share %	31 December 2022	Share %
<u>Shareholders</u>	TL		TL	
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
<b>Total paid-in capital</b>	<b>605.880.000</b>	<b>100</b>	<b>306.000.000</b>	<b>100</b>
Adjustment to share capital (*)	515.663.848		438.752.523	
	<b>1.121.543.848</b>	<b>100</b>	<b>744.752.523</b>	<b>100</b>

(\*) 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
<b>Issued capital</b>	<b>100,00</b>	<b>605.880.000</b>

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/IFRS are as follows:

	Adjustment to share capital	Share premiums	Reserves on retained earnings (*)
According to TAS/IFRS 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	<b>(44.371.986)</b>	<b>(35.044.608)</b>	<b>19.067.532</b>

(\*) 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/IFRS financial statements..

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**20. REVENUE AND COST OF SALES**

Revenue for the periods are as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Domestic Sales	8.010.320.296	3.621.613.092
Export Sales	256.956.594	462.323.831
<b>Gross Sales (*)</b>	<b>8.267.276.890</b>	<b>4.083.936.923</b>
Sales Returns (-)	(163.431.381)	(61.873.681)
Sales Discounts (-)	(10.588.477)	(48.774.488)
<b>Net Sales</b>	<b>8.093.257.032</b>	<b>3.973.288.754</b>
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)
<b>Gross Profit</b>	<b>1.847.285.363</b>	<b>606.339.883</b>

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>8.267.276.890</b>	<b>4.083.936.923</b>

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

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>235.094.208</b>	<b>88.821.850</b>



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**22. GENERAL ADMINISTRATIVE EXPENSES**

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>316.918.824</b>	<b>102.242.657</b>

(\*) 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:

	<b>2023</b>	<b>2022</b>
Independent audit fee for the reporting period	650.000	350.000
Amount of other assurance services	-	75.000
	<b>650.000</b>	<b>425.000</b>

*Fees excluding VAT are declared according to contract amounts.*

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**23. EXPENSES BY NATURE**

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>6.797.984.701</b>	<b>3.558.013.378</b>

**24. OTHER OPERATING INCOME AND EXPENSES**

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

<b><u>Other operating income</u></b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>916.900.708</b>	<b>300.063.973</b>
<b><u>Other operating expenses</u></b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b>508.003.871</b>	<b>237.942.994</b>

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

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**25. GAINS FROM INVESTMENT ACTIVITIES**

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b><u>Gains from investment activities</u></b>		
Fx protected TL Deposits interest and currency income	100.059.645	19.769.306
	<b><u>100.059.645</u></b>	<b><u>19.769.306</u></b>

**26. FINANCIAL INCOME AND EXPENSES**

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

<b>Finance income</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Interest income	136.465.600	15.724.331
	<b><u>136.465.600</u></b>	<b><u>15.724.331</u></b>
<b>Finance expenses</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
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
	<b><u>841.713.311</u></b>	<b><u>127.517.930</u></b>

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

<b>Net monetary positions gains (losses)</b>	<b>1 Ocak- 31 December 2023</b>	<b>1 Ocak- 31 December 2022</b>
Net monetary positions gains (losses)	124.210.271	258.737.376
	<b><u>124.210.271</u></b>	<b><u>258.737.376</u></b>

**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.

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
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

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#### 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)
<b>Net debt</b>	<b>3.034.691.560</b>	<b>124.858.365</b>
Total equity	2.128.358.987	1.432.148.437
<b>Net debt to equity ratio</b>	<b>1,43</b>	<b>0,09</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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**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				Cash at Banks	Financial Investments
	Trade receivables		Trade receivables			
	Related Party	Third Party	Related Party	Third Party		
31 December 2023						
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.	-	-	-	-	-	-

31 December 2022	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Trade receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	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.	-	-	-	-	-	-

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

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

**Liquidity risk**

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

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

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

Contractual maturity	31 December 2023					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
<b>Non derivative financial liabilities</b>	<b>6.223.185.366</b>	<b>7.850.750.931</b>	<b>856.413.619</b>	<b>3.372.424.137</b>	<b>2.326.836.721</b>	<b>1.295.076.454</b>
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	-	-	-
<b>31 December 2022</b>						
Contractual maturity	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
<b>Non derivative financial liabilities</b>	<b>1.773.764.051</b>	<b>1.834.107.934</b>	<b>452.377.874</b>	<b>1.156.385.758</b>	<b>225.344.302</b>	<b>-</b>
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	-	-	-

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### 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
<b>4 Current assets (1+2+3)</b>	<b>3.588.719.963</b>	<b>101.687.818</b>	<b>18.272.717</b>	<b>1.959.719.002</b>	<b>92.489.785</b>	<b>11.553.468</b>
5 Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-	-	-
7 Other	997.475.881	33.883.725	-	-	-	-
<b>8 Non- Current assets (5+6+7)</b>	<b>997.475.881</b>	<b>33.883.725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Total assets (4+8)</b>	<b>4.586.195.844</b>	<b>135.571.543</b>	<b>18.272.717</b>	<b>1.959.719.002</b>	<b>92.489.785</b>	<b>11.553.468</b>
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
<b>13 Current liabilities (10+11+12)</b>	<b>5.179.443.542</b>	<b>156.326.682</b>	<b>17.441.653</b>	<b>2.254.108.535</b>	<b>114.450.522</b>	<b>5.519.125</b>
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	-	-	-	-	-	-
<b>17 Non-Current liabilities (14+15+16)</b>	<b>672.952.429</b>	<b>16.011.659</b>	<b>6.151.756</b>	<b>101.450.922</b>	<b>49.531</b>	<b>5.033.505</b>
<b>18 Total liabilities (13+17)</b>	<b>5.852.395.971</b>	<b>172.338.341</b>	<b>23.593.409</b>	<b>2.355.559.457</b>	<b>114.500.053</b>	<b>10.552.630</b>
<b>19 Net asset / liability position of off-balance sheet derivatives</b>	<b>1.928.956.943</b>	<b>42.804.431</b>	<b>20.427.384</b>	<b>318.771.118</b>	<b>8.564.430</b>	<b>7.928.687</b>
<b>20 Net foreign currency asset / (liability) position (9-18+19)</b>	<b>662.756.816</b>	<b>6.037.633</b>	<b>15.106.692</b>	<b>(77.069.337)</b>	<b>(13.445.838)</b>	<b>8.929.525</b>
<b>21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1.633.670.765)</b>	<b>(33.738.202)</b>	<b>(19.449.438)</b>	<b>192.665.017</b>	<b>13.664.377</b>	<b>(3.028.321)</b>

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

## Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL)  
as of 31 December 2023, unless otherwise stated.)

**29. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS  
(Continued)**
**Foreign currency risk (Continued)**
*Sensitivity analysis*

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

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

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

**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	-
<b>Financial instruments with variable interest rates</b>		
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.



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

# Footnotes to the Consolidated Financial Statements Dated 1 January - 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 31 December 2023, unless otherwise stated.)

### 30. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

	Not	31 December 2023		31 December 2022	
		Book value	Fair value	Book value	Fair value
<b>Financial assets</b>					
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
<b>Total financial assets</b>		<b>3.778.517.373</b>	<b>3.749.613.116</b>	<b>2.219.374.839</b>	<b>2.195.053.386</b>
<b>Financial liabilities</b>					
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
<b>Total financial liabilities</b>		<b>6.290.368.400</b>	<b>6.290.368.400</b>	<b>1.784.943.847</b>	<b>1.763.538.133</b>
<b>Net</b>		<b>(2.511.851.027)</b>	<b>(2.540.755.284)</b>	<b>434.430.992</b>	<b>431.515.253</b>

### 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%).

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