

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

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

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**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Condensed Consolidated Statements of Financial Position as of 30 September 2023  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Non-Audited	Audited
		Current period	Prior period
		30 September 2023	31 December 2022
<b>Current Assets</b>			
Cash and cash equivalents	3	674.976.616	240.237.874
Financial investments	4	272.088.837	53.809.648
Trade receivables		2.967.818.020	1.096.230.630
- <i>Due from related parties</i>	6	53.910.237	158.598.215
- <i>Due from third parties</i>	5	2.913.907.783	937.632.415
Other receivables		191.656.696	20.464.733
- <i>Other receivables from related parties</i>	6	163.986.693	-
- <i>Other receivables from third parties</i>		27.670.003	20.464.733
Inventories		2.220.574.367	470.460.958
Prepaid expenses		785.021.209	336.669.343
- <i>Due from related parties</i>	6	17.897.097	10.928.814
- <i>Prepaid expenses, third parties</i>	7	767.124.112	325.740.529
Current income tax assets		10.296.529	-
Other current assets		248.465.587	67.074.534
<b>TOTAL CURRENT ASSETS</b>		<b>7.370.897.861</b>	<b>2.284.947.720</b>
<b>Non-current Assets</b>			
Other receivables		3.683.082	2.425.898
- <i>Other receivables from third parties</i>		3.683.082	2.425.898
Right of use assets	9	141.118.385	59.089.241
Property plant and equipment	8	1.132.849.504	232.257.235
Intangible assets		39.355.380	3.608.443
Prepaid expenses		1.182.151.016	-
- <i>Prepaid expenses, third parties</i>	7	1.182.151.016	-
Deferred tax assets	12	148.225.481	13.339.732
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2.647.382.848</b>	<b>310.720.549</b>
<b>TOTAL ASSETS</b>		<b>10.018.280.709</b>	<b>2.595.668.269</b>

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Condensed Consolidated Statements of Financial Position as of 30 September 2023  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Non-Audited	Audited
		Current period	Prior period
		30 September 2023	31 December 2022
<b>Current Liabilities</b>			
Short-term borrowings	10	578.767.448	241.625.450
Short-term portion of long-term borrowings	10	648.938.762	613.674
Lease liabilities	10	33.307.128	18.401.175
- Lease transactions from related parties		9.944.455	7.365.697
- Lease transactions from third parties		23.362.673	11.035.478
Trade payables		2.108.537.006	694.606.049
- Due to related parties	6	486.477.543	85.244.110
- Trade payables third parties	5	1.622.059.463	609.361.939
Employee benefits obligations		43.035.498	6.784.972
Other Payables		4.817.156	12.060.446
- Other payables from third parties		4.817.156	12.060.446
Deferred income		3.491.036.325	714.911.561
- Deferred income from third parties	7	3.491.036.325	714.911.561
Current income tax liabilities		1.246.796	1.091.184
Provisions		7.276.390	3.085.027
- Provisions for employee benefits		5.679.038	2.164.561
- Other short-term provisions		1.597.352	920.466
Other current liabilities		14.659.794	6.907.034
<b>TOTAL CURRENT LIABILITIES</b>		<b>6.931.622.303</b>	<b>1.700.086.572</b>
<b>Non-current liabilities</b>			
Long-term borrowings	10	1.670.052.978	64.585.212
Lease liabilities	10	120.771.739	44.598.034
- Lease transactions from related parties		44.048.939	40.460.841
- Lease transactions from third parties		76.722.800	4.137.193
Long-term provisions		15.145.476	4.733.249
- Long-term provisions for employee benefits		15.145.476	4.733.249
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1.805.970.193</b>	<b>113.916.495</b>
<b>Shareholders' Equity</b>			
Paid-in capital	13	605.880.000	306.000.000
Treasury Shares (-)		(10.286.598)	-
Share premiums		133.782.358	209.782.358
Accumulated other comprehensive income not to be reclassified in profit or loss		10.041.358	14.289.803
- Gain on revaluation of property, plant and equipment		12.025.739	13.731.226
- Gain/(Loss) on remeasurements of the defined benefit plans		(1.984.381)	558.577
Accumulated other comprehensive income that will be reclassified in profit or loss		(213.370.946)	(27.368.132)
- Foreign currency translation differences		(4.138.241)	(1.723.746)
- Gain / (loss) of hedging reserve		(209.232.705)	(25.644.386)
Reserves on retained earnings		30.009.839	9.744.338
Prior years' profit		28.743.136	23.125.490
Net income for the period		693.735.193	248.057.660
<b>Non-controlling interest</b>		<b>2.153.873</b>	<b>(1.966.315)</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>1.280.688.213</b>	<b>781.665.202</b>
<b>TOTAL LIABILITIES</b>		<b>10.018.280.709</b>	<b>2.595.668.269</b>

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries**  
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the  
Periods of 1 January-30 September 2023 and 2022  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		Non Audited 1 January – 30 September 2023	Non Audited 1 January- 30 September 2022	Non Audited 1 July- 30 September 2023	Non Audited 1 July – 30 September 2022
<b>PROFIT OR LOSS:</b>	<b>Notes</b>				
Revenue	14	4.303.442.812	1.180.964.646	2.297.847.962	558.540.289
Cost of sales (-)	14	(3.157.727.959)	(987.423.135)	(1.559.842.818)	(467.271.742)
<b>GROSS PROFIT</b>		<b>1.145.714.853</b>	<b>193.541.511</b>	<b>738.005.144</b>	<b>91.268.547</b>
General administrative expense (-)	16	(171.306.690)	(37.879.224)	(90.014.586)	(19.103.522)
Selling, marketing and distribution expense (-)	15	(116.867.431)	(29.341.139)	(58.106.086)	(17.588.688)
Other operating income	18	612.884.880	75.238.799	26.869.582	29.654.807
Other operating expense (-)	18	(652.268.791)	(45.085.269)	(338.300.086)	(23.215.201)
<b>OPERATING PROFIT / (LOSS)</b>		<b>818.156.821</b>	<b>156.474.678</b>	<b>278.453.968</b>	<b>61.015.943</b>
Gains from investment activities	21	98.706.914	7.627.659	26.504.330	7.627.659
Expected credit loss according to TFRS 9		(10.076.526)	(5.155.037)	(206.112)	(2.869.457)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES</b>		<b>906.787.209</b>	<b>158.947.300</b>	<b>304.752.186</b>	<b>65.774.145</b>
Financial income	19	34.196.404	6.708.832	24.124.292	2.379.854
Financial expenses (-)	19	(267.902.146)	(41.858.728)	(75.577.246)	(17.308.946)
<b>PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>673.081.467</b>	<b>123.797.404</b>	<b>253.299.232</b>	<b>50.845.053</b>
<b>Tax Income / (Expense) from Continuing Operations</b>					
Current period tax expense		(53.671.031)	(7.421.437)	(17.199.149)	(3.519.156)
Deferred tax (expense) / income	12	78.444.945	13.213.424	35.375.880	7.341.742
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>697.855.381</b>	<b>129.589.391</b>	<b>271.475.963</b>	<b>54.667.639</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>697.855.381</b>	<b>129.589.391</b>	<b>271.475.963</b>	<b>54.667.639</b>
<b>Attributable to:</b>					
Non-controlling interest		4.120.188	(7.912.166)	(993.724)	(3.413.492)
Equity holder of the parent		693.735.193	137.501.557	272.469.687	58.081.131
		<b>697.855.381</b>	<b>129.589.391</b>	<b>271.475.963</b>	<b>54.667.639</b>
<i>Earnings per share</i>	<i>20</i>	<i>1,15</i>	<i>0,95</i>	<i>0,45</i>	<i>0,38</i>
<b>Items that will not to be reclassified to profit or loss</b>					
- Gain / (loss) arising from defined benefit plans		(3.302.542)	(362.721)	(1.947.389)	(81.550)
<b>Taxes on items that will not to be reclassified to profit or loss</b>					
- Deferred tax income	12	759.585	72.544	447.900	16.310
<b>Items that will be reclassified to profit or loss</b>					
- Currency translation differences		(2.414.495)	(1.903.640)	(104.360)	(77.858)
- Cash flow hedging		(239.269.539)	(9.195.079)	13.670.350	(5.732.603)
<b>Taxes on items that will be reclassified to profit or loss</b>					
- Deferred tax income	12	55.681.219	1.608.809	11.125.877	1.203.847
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>		<b>(188.545.772)</b>	<b>(9.780.087)</b>	<b>23.192.378</b>	<b>(4.671.854)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>509.309.609</b>	<b>119.809.304</b>	<b>294.668.341</b>	<b>49.995.785</b>
<b>Attributable to:</b>					
Equity holder of the parent		505.189.421	127.721.470	295.662.065	53.409.277
Non-controlling interest		4.120.188	(7.912.166)	(993.724)	(3.413.492)

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

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

Condensed Consolidated Statement of Changes in Equity for the Periods of 1 January-30 September 2023 and 2022

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

	Paid-in Capital	Treasury Shares	Share premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
				Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period			
<b>Balances as of 1 January 2022</b>	<b>127.500.000</b>	-	-	<b>(629.877)</b>	<b>15.736.667</b>	<b>(31.732.872)</b>	<b>(1.285.506)</b>	<b>5.978.453</b>	<b>(2.122.664)</b>	<b>80.008.598</b>	<b>193.452.799</b>	<b>7.158.763</b>	<b>200.611.562</b>
Transfers	-	-	-	-	(1.484.803)	-	-	3.765.885	77.727.516	(80.008.598)	-	-	-
Total comprehensive income	-	-	-	(290.177)	-	(7.586.270)	(1.903.640)	-	-	137.501.557	127.721.470	(7.912.166)	<b>119.809.304</b>
Capital increase	25.500.000	-	-	-	-	-	-	-	-	-	25.500.000	-	<b>25.500.000</b>
Increase Due to Share Based Transactions	-	-	309.782.358	-	-	-	-	-	-	-	309.782.358	-	<b>309.782.358</b>
<b>Balances as of 30 September 2022</b>	<b>153.000.000</b>	-	<b>309.782.358</b>	<b>(920.054)</b>	<b>14.251.864</b>	<b>(39.319.142)</b>	<b>(3.189.146)</b>	<b>9.744.338</b>	<b>75.604.852</b>	<b>137.501.557</b>	<b>656.456.627</b>	<b>(753.403)</b>	<b>655.703.224</b>
<b>Balances as of 1 January 2023</b>	<b>306.000.000</b>	-	<b>209.782.358</b>	<b>558.577</b>	<b>13.731.226</b>	<b>(25.644.386)</b>	<b>(1.723.746)</b>	<b>9.744.338</b>	<b>23.125.490</b>	<b>248.057.660</b>	<b>783.631.517</b>	<b>(1.966.315)</b>	<b>781.665.202</b>
Transfers	-	-	-	-	(1.705.487)	-	-	9.978.903	239.784.244	(248.057.660)	-	-	-
Total comprehensive income	-	-	-	(2.542.958)	-	(183.588.319)	(2.414.495)	-	-	693.735.193	505.189.421	4.120.188	509.309.609
Capital increase (*)	299.880.000	-	(76.000.000)	-	-	-	-	-	(223.880.000)	-	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(10.286.598)	-	-	-	-	-	10.286.598	(10.286.598)	-	(10.286.598)	-	(10.286.598)
<b>Balances as of 30 September 2023</b>	<b>605.880.000</b>	<b>(10.286.598)</b>	<b>133.782.358</b>	<b>(1.984.381)</b>	<b>12.025.739</b>	<b>(209.232.705)</b>	<b>(4.138.241)</b>	<b>30.009.839</b>	<b>28.743.136</b>	<b>693.735.193</b>	<b>1.278.534.340</b>	<b>2.153.873</b>	<b>1.280.688.213</b>

(\*) 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 Statement of Cash Flows for the Periods of 1 January-30 September 2023 and 2022  
Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	Non Audited 30 September 2023	Non Audited 30 September 2022
<b>A. Cash flows from operating activities</b>		<b>(815.280.858)</b>	<b>(370.620.628)</b>
Profit for the period		697.855.381	129.589.391
<b>Adjustments to reconcile net profit/loss to net cash:</b>		<b>58.116.206</b>	<b>52.870.135</b>
Adjustments related to depreciation and amortization expenses	8	54.331.773	21.100.577
Adjustments related to provision for employee benefits		10.624.164	3.586.194
Adjustments related to interest expenses		89.634.521	23.052.362
Adjustments related to interest incomes		(34.196.404)	(6.708.832)
Adjustments for fair value losses / (gains) of financial assets		(98.706.914)	(7.627.659)
Adjustments related to expected provision losses		10.076.526	5.155.037
Adjustments related to tax income/(expense)		(24.773.914)	(5.791.987)
Adjustments related to unrealized currency translation differences		51.126.454	20.104.443
<b>Adjustments related to other increase / (decrease) in working capital</b>		<b>(1.496.290.708)</b>	<b>(547.650.860)</b>
Decrease/(increase) in financial investments		(119.572.275)	(78.987.916)
Decrease/(increase) in inventories		(1.750.113.409)	(257.813.694)
Decrease/(increase) in trade receivables from third parties		(1.986.351.894)	(356.482.703)
Decrease/(increase) in trade receivables from related parties		104.687.978	(30.233.285)
Decrease/(increase) in other operating receivables from related parties		(163.986.693)	62.708.571
Decrease / (increase) in other operating receivables from third parties		(8.462.454)	(16.381.306)
Increase in trade payables to third parties		1.012.697.524	61.686.725
Decrease / (increase) in other operating payables to third parties		(7.243.290)	(5.238.088)
(Decrease) / increase in trade payables to related parties		401.233.433	642.514
(Decrease) / increase in deferred incomes		2.776.124.764	299.881.153
Decrease / (increase) in other assets related to operations		(145.140.527)	(25.012.694)
(Decrease) increase in other liabilities related to operations		20.339.017	(15.517.821)
Decreases / (increase) in prepaid expenses		(1.630.502.882)	(186.902.316)
<b>Cash inflow (outflow) from other operations</b>		<b>(74.961.737)</b>	<b>(5.429.294)</b>
Taxes paid		(71.819.992)	(5.053.807)
Payments under provisions for employee benefits		(3.141.745)	(375.487)
<b>B. Cash flows from investing activities</b>		<b>(963.492.539)</b>	<b>(55.189.152)</b>
Proceeds from sale of property, plant and equipment and intangible assets	8	104.966	2.267
Purchases of property, plant and equipment	8	(925.890.526)	(53.952.721)
Purchases of intangible assets		(37.706.979)	(1.238.698)
<b>C. Cash flows from financing activities</b>		<b>2.213.512.139</b>	<b>532.696.704</b>
Cash inflows from borrowings		2.711.687.206	452.888.389
Cash outflows from borrowings		(468.522.721)	(256.528.444)
Cash inflows from leasings		161.724.958	44.160.424
Cash outflows from leasings		(107.524.663)	(23.033.093)
Payment of obligations under finance liability		(18.127.926)	(6.766.827)
Cash outflows from acquisition of treasury shares		(10.286.598)	-
Cash inflows from the sale of the entity's own shares and other equity instruments		-	309.782.358
Capital increase	13	-	25.500.000
Interest paid		(89.634.521)	(20.014.935)
Interest received		34.196.404	6.708.832
<b>Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)</b>		<b>434.738.742</b>	<b>106.886.924</b>
<b>D. Cash and cash equivalents at the beginning of the year</b>		<b>240.237.874</b>	<b>23.734.489</b>
<b>Cash and cash equivalents at the end of the year (A+B+C+D)</b>		<b>674.976.616</b>	<b>130.621.413</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**  
Notes To the Condensed Consolidated Financial Statements as of 30 September 2023  
(Amounts expressed in TL unless otherwise indicated.)

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

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

The Main Field of Group:

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

As of 30.09.2023, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 30.09.2023, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki, 3200 Caddesi No:3207, 41400 Gebze/Kocaeli, Çerkeşli OSB Mah. İMES 10.Cad. N 3 Dilovası/Kocaeli and Uzunburun Mevkii Aliğa Organize Sanayi Bölgesi (ALOSBİ).

As of 30 September 2023, 31 December 2022 the total number of personnel employed by the Group is 1.156, 735 respectively.

**The subsidiaries**

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

**30 September 2023**

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

**31 December 2022**

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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2023

(Amounts expressed in TL unless otherwise indicated.)

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### **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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2023

(Amounts expressed in TL unless otherwise indicated.)

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

#### Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.

The company was established on 08.08.2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 50% of the company. To carry out all kinds of transactions related to all kinds of products, semi-finished products and raw materials; Establishing various facilities for buying, selling, importing, exporting these goods, dealing with the full trade of these goods and packaging these goods, operating these enterprises, having them operated by third parties or renting and leasing, For the installation of photovoltaic solar power plants Opening and establishing warehouses, showrooms and offices for the purchase and sale of all kinds of necessary materials, establishment of relevant service units to serve companies engaged in electrical energy production, distribution, retail and wholesale, managing and selling turnkey projects for the electrical energy sector and/or include power grids and power generation facilities for sale; systems used for remote monitoring and control of all kinds of data processing and telecommunication devices and systems; was established to market, import and export software. However, there is no personnel working in the company, and its administration and accounting is entirely under the control of Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. it says. In addition, Smart Enerji carries out the Company's customer portfolio and new customer acquisitions, and Sumec is not involved in these matters. For this reason, it has been consolidated using the full consolidation method in the accompanying financial statements.

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

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

#### Icarus Solar GmbH

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

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

**Smart Solar Technology Gmbh**

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

**Smart Solar Ukraine**

The company was established in Ukraine in 2019. Smart Güneş Enerji Teknolojileri Ar-Ge Üretim Sanayi ve Ticaret A.Ş. owns 100% of the company. It was established to provide turnkey installation and engineering services in countries in Eastern Europe.

**Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi**

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

**Smart Gunes Tecnologias Renovables 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.

**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:

**30 September 2023**

<b>Company Title</b>	<b>Main Activity</b>	<b>Share Owned (%)</b>	<b>Country of Establishment</b>
KES Adi Ortaklığı	Energy Transmission Line	33,33	Türkiye

KES Adi Ortaklığı

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

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

### **2.1. Basis of presentation**

#### **Accounting policies**

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II. No:14.1. “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/IFRS”) 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 - 30 September 2023 were approved at the Board of Directors meeting dated 9 November 2023. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

#### **Comparative Information and Correction of Prior Financial Statements**

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

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

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards (“TFRS”) will apply TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2022. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements for the period ended September 30, 2023 in accordance with TAS 29.

#### **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.

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

**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.

**Going concern**

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures, joint activities and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

**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. Statement of Compliance to TAS**

The Group prepared the accompanying consolidated financial statements as of 30 September 2023 in accordance with Communiqué Serial II, No: 14,1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by Capital Markets Board (CMB), including the compulsory explanations.

**2.3. Changes in Accounting Policies**

Significant changes in the accounting policies are applied to prior periods and financial statements of prior periods are restated. The accounting policies applied in the preparation of the consolidated financial statements as of 30 September 2023 are consistent with those applied in the preparation of the consolidated financial statements of 31 December 2022.

**2.4. Amendments in Turkish Financial Reporting Standards (“TFRS”)**

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of 30 September 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Financial Reporting Standards (“TFRS”) and TFRS interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**2.4 Amendments in Turkish Financial Reporting Standards (“TFRS”)(Continued)**

**Standards, amendments, and interpretations applicable as of 30 September 2023:**

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

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

**TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**Amendment to TAS 12 -International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**2.4. Amendments in Turkish Financial Reporting Standards (“TFRS”)(Continued)**

**Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023**

**TAS 1 (Amendments) Classification of Liabilities as Short or Long Term;** The purpose of these changes is to ensure consistent application of the requirements of the standard by assisting companies in the decision-making process regarding whether debts and other liabilities that do not have a specific maturity in the statement of financial position should be classified as short-term (expected to be paid within one year) or long-term. These changes to TAS 1 will be postponed by one year and will be implemented in annual accounting periods starting on or after January 1, 2024, but early application is also allowed. The possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated..

**TAS 1 (Amendments) Long-Term Liabilities Including Credit Agreement Conditions;** The amendments to IAS 1 explain how the conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability. These changes to TAS 1 will be implemented in annual accounting periods starting on or after January 1, 2024, but early application is also allowed. The possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated.

**TFRS 16 (Amendments) Lease Obligation in Sale and Leaseback Transactions;** These amendments to TFRS 16 explain how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in TFRS 15 to be recognized as sales. These changes to TFRS 16 will be applied in annual accounting periods starting on or after January 1, 2024, but early application is also allowed. The possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated.

**TAS 7 and TFRS 7 (Amendments) Supplier Financing Agreements;** The amendments to TAS 7 and TFRS 7 add road signs asking businesses to provide qualitative and quantitative information about supplier financing agreements and disclosure requirements to existing disclosure requirements. The changes are effective for annual accounting periods beginning on or after January 1, 2024. The possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated

**TFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. 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 possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated.

**TFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The possible effects of these standards, changes and improvements on the Group's summary consolidated financial position and performance are evaluated.

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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2023

(Amounts expressed in TL unless otherwise indicated.)

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

#### 2.5 Summary of significant accounting policies

Condensed consolidated interim financial statements for the period ended 30 September 2023 have been prepared in accordance with TAS 34 for the preparation of interim financial statements of TFRS. In addition, the interim condensed consolidated financial statements for the year ended 30 September 2023 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2022.

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

#### Consolidation Principles

##### *Full Consolidation:*

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

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

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

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

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

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

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

#### Related Parties

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

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

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



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

Notes To the Condensed Consolidated Financial Statements as of 30 September 2023

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

#### 2.5. Summary of significant accounting policies (Continued)

##### Related Parties(Continued)

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

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

##### Trade Receivables and Allowance for Doubtful Receivables

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

##### *Impairment*

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

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

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

As of 30 September 2023, the Group's property, plant and equipment are presented at acquisition cost less accumulated depreciation and permanent value losses. The lands are not subject to depreciation.

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

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

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Notes To the Condensed Consolidated Financial Statements as of 30 September 2023  
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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.5. Summary of significant accounting policies (Continued)**

**Transactions in foreign currency**

Foreign currency transactions are accounted for at the current exchange rates at the date of the transaction. Active and passive accounts recorded in foreign currency are revalued based on the exchange rates at the end of the period. The foreign exchange gains and losses are recognized in the income statement. The periods-end rates used for USD, EURO, BGN and UAH are shown below:

	30 September 2023		31 December 2022	
	Buying	Selling	Buying	Selling
USD	27,3767 TL	27,4260 TL	18,6983 TL	18,7320 TL
EUR	29,0305 TL	29,0828 TL	19,9349 TL	19,9708 TL
BGN	14,7596 TL	14,9527 TL	10,1354 TL	10.2680 TL
UAH	0,7419 TL	0,7419 TL	0,5092 TL	0,5092 TL

**EBITDA**

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

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

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July - 30 September 2022
Operating profit	818.156.821	156.474.678	278.453.968	61.015.943
Depreciation and amortization expenses (Note 8)	54.331.773	21.100.577	19.946.795	9.342.467
Vacation and termination expenses	10.624.164	3.586.194	4.839.975	1.994.212
<b>EBITDA</b>	<b>883.112.758</b>	<b>181.161.449</b>	<b>303.240.738</b>	<b>72.352.622</b>

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Notes To the Condensed Consolidated Financial Statements as of 30 September 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:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Cash on hand	117.180	51.759
Cash at banks	674.859.436	240.186.115
- Demand deposit	526.943.786	236.309.724
- Time deposit	147.915.650	3.876.391
	<u>674.976.616</u>	<u>240.237.874</u>

**4. FINANCIAL INVESTMENTS**

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

<b>Short-Term Financial Investments</b>	<u>30 September 2023</u>	<u>31 December 2022</u>
Fx protected TL Deposits (*)	272.088.837	53.809.648
	<u>272.088.837</u>	<u>53.809.648</u>

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

**5. TRADE RECEIVABLES AND PAYABLES**

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

<b>Short-term trade receivables</b>	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade receivables	1.971.878.850	843.025.806
Notes receivables	966.866.048	109.367.198
Expected credit loss (-)	(24.837.115)	(14.760.589)
Doubtful receivables	32.224.508	25.552.384
Allowance for doubtful receivables (-) (*)	(32.224.508)	(25.552.384)
	<u>2.913.907.783</u>	<u>937.632.415</u>

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

	<u>1 January- 30 September 2023</u>	<u>1 January- 30 September 2022</u>
<b>Balance at beginning of the period</b>	25.552.384	19.530.075
Current year additions / (Provisions no longer required)	6.672.124	2.768.675
<b>End of the period</b>	<u>32.224.508</u>	<u>22.298.750</u>

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

	<u>1 January- 30 September 2023</u>	<u>1 January- 30 September 2022</u>
<b>Balance at beginning of the period</b>	14.760.589	6.285.398
Current year additions / (Provisions no longer required)	10.076.526	5.155.037
<b>End of the period</b>	<u>24.837.115</u>	<u>11.440.435</u>

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

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Short-term trade payables</b>		
Trade payables	1.257.946.016	472.945.982
Notes payables	364.113.447	136.415.957
	<b>1.622.059.463</b>	<b>609.361.939</b>

**6. RELATED PARTIES**

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

	<b>Trade Receivables</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
Smart Yeka Enerji Üretim A.Ş.	13.304.126	28.306.652
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	8.138.092	8.614.423
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.741.171	6.506.854
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	6.312.520	11.593.663
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	6.176.321	11.432.560
Smart Energy Ukraine	5.041.785	3.462.134
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	3.772.100	4.302.867
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.443.785	1.931.984
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	1.901.152	808.748
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	67.573	275
Smart Energy Group AD (Bulgaria)	11.612	7.169
Smart Holding A.Ş.	-	56.108.778
Smart Verde Yenilenebilir Enerji A.Ş.	-	25.522.108
	<b>53.910.237</b>	<b>158.598.215</b>
	<b>Other Receivables</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
Smart Holding A.Ş.	163.986.693	-
	<b>163.986.693</b>	<b>-</b>
	<b>Prepaid Expenses</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
KES Adi Ortaklığı	10.644.200	-
Sumec Energy Holdings Co. Ltd.	7.252.897	10.928.814
	<b>17.897.097</b>	<b>10.928.814</b>
	<b>Short-term Trade Payables</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
Smart Energy Group AD (Bulgaria)	457.336.814	76.210.086
Smart Verde Yenilenebilir Enerji A.Ş.	20.876.483	8.774.379
Smart Holding A.Ş.	7.224.092	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	380.154	259.645
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	-
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	-
	<b>486.477.543</b>	<b>85.244.110</b>

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**6. RELATED PARTIES (Continued)**

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

	Sales		Purchases	
	September 2023	September 2022	September 2023	September 2022
Smart Solar EOOD (Bulgaria)	93.853.055	-	107.532	-
Sumec Energy Holdings Co. Ltd.	3.437.550	3.198.601	865.445.538	472.581.862
Smart Verde Yenilenebilir Enerji A.Ş.	743.135	70.036.474	18.220.554	9.993.537
Smart Energy Group AD (Bulgaria)	-	122.976.025	680.374.796	54.571.246
Smart Holding A.Ş.	-	18.008.614	106.383.737	1.964.706
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	-	12.350.000	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	-	5.263.009	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	-	3.827.519	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	-	1.457.577	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	-	197.681	-	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	-	197.681	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	-	1.596.025	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	-	118.704	-	-
Sumec Hong Kong Co. Ltd.	-	-	-	6.510.171
	<b>98.033.740</b>	<b>239.227.910</b>	<b>1.670.532.157</b>	<b>545.621.522</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 9.833.651 TL (30 September 2022: 4.174.065 TL).

**7. PREPAID EXPENSES AND 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>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
Advances given to suppliers (*)	749.556.109	306.994.137
Prepaid expenses	17.568.003	18.746.392
	<b><u>767.124.112</u></b>	<b><u>325.740.529</u></b>
<b><u>Long-term prepaid expenses</u></b>	<b><u>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
Advances given to suppliers (**)	1.144.404.242	-
Expenses for future years	37.746.774	-
	<b><u>1.182.151.016</u></b>	<b><u>-</u></b>

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

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

<b><u>Deffered Income</u></b>	<b><u>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
Advances received (*)	3.491.036.325	714.911.561
	<b><u>3.491.036.325</u></b>	<b><u>714.911.561</u></b>

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

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**8. PROPERTY, PLANT AND EQUIPMENTS**

Movement of property, plant, and equipment for the period 01.01.-30.09.2023 is as follows:

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>30 September 2023</b>
<b>Cost</b>				
Land	43.852.431	-	-	43.852.431
Machinery and equipment	178.708.983	103.246.120	-	281.955.103
Vehicles	1.866.483	8.286.428	(370.470)	9.782.441
Furniture and fixtures	8.320.339	13.994.909	-	22.315.248
Construction in progress	29.747.140	798.703.877	-	828.451.017
Leasehold improvements	16.304.968	1.659.192	-	17.964.160
	<b>278.800.344</b>	<b>925.890.526</b>	<b>(370.470)</b>	<b>1.204.320.400</b>
	<b>1 January 2023</b>	<b>Current year charge</b>	<b>Disposals (-)</b>	<b>30 September 2023</b>
<b>Accumulated depreciation</b>				
Machinery and equipment	(34.236.426)	(20.372.471)	-	(54.608.897)
Vehicles	(1.024.851)	(758.571)	265.504	(1.517.918)
Furniture and fixtures	(2.232.838)	(2.262.444)	-	(4.495.282)
Leasehold improvements	(9.048.994)	(1.799.805)	-	(10.848.799)
	<b>(46.543.109)</b>	<b>(25.193.291)</b>	<b>265.504</b>	<b>(71.470.896)</b>
<b>Net book value</b>	<b>232.257.235</b>			<b>1.132.849.504</b>
	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>30 September 2022</b>
<b>Cost</b>				
Land	1.470.000	-	-	1.470.000
Machinery and equipment	89.788.497	36.002.886	-	125.791.383
Vehicles	1.852.640	6.800	-	1.859.440
Furniture and fixtures	4.391.892	2.623.167	(3.349)	7.011.710
Construction in progress	160.606	15.098.589	-	15.259.195
Leasehold improvements	15.764.771	221.279	-	15.986.050
	<b>113.428.406</b>	<b>53.952.721</b>	<b>(3.349)</b>	<b>167.377.778</b>
	<b>1 January 2022</b>	<b>Current year charge</b>	<b>Disposals (-)</b>	<b>30 September 2022</b>
<b>Accumulated depreciation</b>				
Machinery and equipment	(21.993.835)	(8.887.129)	-	(30.880.964)
Vehicles	(702.734)	(241.032)	1.082	(942.684)
Furniture and fixtures	(1.259.200)	(634.781)	-	(1.893.981)
Leasehold improvements	(6.767.359)	(1.695.603)	-	(8.462.962)
	<b>(30.723.128)</b>	<b>(11.458.545)</b>	<b>1.082</b>	<b>(42.180.591)</b>
<b>Net book value</b>	<b>82.705.278</b>			<b>125.197.187</b>

As of 30 September 2023, the insurance amount on tangible fixed assets is 1.161.217.937 TL and there is no mortgage on them. (30 September 2022 325.287.373 TL).

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**8. 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 30 September are as follows:

<b>Cost</b>	<b>1 January- 30 September 2023</b>	<b>1 January- 30 September 2022</b>
Cost of sales	45.345.732	17.658.708
General administrative expenses (Note 16)	8.986.041	3.441.869
	<b>54.331.773</b>	<b>21.100.577</b>

**9. RIGHT OF USE ASSETS**

The movement of right of use assets for the period 01.01.-30.09.2023 is as follows:

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2023</b>	<b>55.518.684</b>	<b>3.570.557</b>	<b>59.089.241</b>
Additions	20.625.742	2.977.339	23.603.081
Changes in leases	85.604.503	-	85.604.503
Depreciation	(24.779.576)	(2.398.864)	(27.178.440)
<b>As of 30 September 2023</b>	<b>136.969.353</b>	<b>4.149.032</b>	<b>141.118.385</b>

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>As of 1 January 2022</b>	<b>1.807.731</b>	<b>2.571.350</b>	<b>4.379.081</b>
Additions	57.319.675	2.086.037	59.405.712
Changes in leases	10.301.579	-	10.301.579
Depreciation	(8.356.255)	(1.099.510)	(9.455.765)
<b>As of 30 September 2022</b>	<b>61.072.730</b>	<b>3.557.877</b>	<b>64.630.607</b>

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**10. FINANCIAL BORROWINGS**

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

	<u>30 September 2023</u>	<u>31 December 2022</u>
Short-term bank borrowings	476.975.370	197.938.459
Financial lease liabilities	101.792.078	43.674.600
Liabilities arising from leasing transactions (*)	33.307.128	18.401.175
Other financial borrowings	-	12.391
<b>Short-term borrowings</b>	<b><u>612.074.576</u></b>	<b><u>260.026.625</u></b>
Short-term portion of long-term borrowings	648.938.762	613.674
<b>Short-term portion of long-term borrowings</b>	<b><u>648.938.762</u></b>	<b><u>613.674</u></b>
Long-term borrowings	1.530.251.649	-
Long-term financial lease liabilities	139.801.329	64.585.212
Liabilities arising from leasing transactions (*)	120.771.739	44.598.034
<b>Long-term borrowings</b>	<b><u>1.790.824.717</u></b>	<b><u>109.183.246</u></b>
<b>Total financial borrowings</b>	<b><u>3.051.838.055</u></b>	<b><u>369.823.545</u></b>

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

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

	<u>Interest Rate</u>	<u>30 September 2023</u>
TL bank borrowing	%7,50 - %46,50	1.199.054.028
EUR bank borrowing	%9,65	336.121.669
USD bank borrowing	%4,75 - %12,50	1.120.990.084
		<b><u>2.656.165.781</u></b>
	<u>Interest Rate</u>	<u>31 December 2022</u>
TL bank borrowing	%7,50 - %25,25	108.797.578
USD bank borrowing	%8,50 - %12,50	89.754.555
		<b><u>198.552.133</u></b>



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**11. COMMITMENTS**

**a. Guarantees received**

30 As of 30 September 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 30 September 2023, 31 December 2022, are as follows:

Collaterals-Pledges-Mortgages-Bill of guarantees (“CPMB”)	30 September 2023	31 December 2022
A. CPMB’s given for Group’s own legal personality	604.220.587	84.034.055
B. CPMB’s given on behalf of fully consolidated companies	2.083.957.355	439.939.605
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
	<b>2.688.177.942</b>	<b>523.973.660</b>
<b>CPMB's given by the Company</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
TL	1.521.487.576	146.007.499
USD	1.114.145.161	377.966.161
EUR	52.545.205	-
<b>Total</b>	<b>2.688.177.942</b>	<b>523.973.660</b>

## 12. TAXES

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

### Corporation Tax

As of September 30, 2023, the corporate tax rate is 20% in Turkey (December 31, 2022: 23%), Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. Accordingly, in the Group's consolidated financial statements as of September 30, 2023, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 25% for the parts of the temporary differences that will occur as of 2023, and the tax rate for the parts that will occur from 2023 rate was taken into account as 23%.

Tax expenses included in the comprehensive income statements for the accounting periods ended as of 30 September 2023 and 2022 are as follows:

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

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

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

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

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

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

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### 12. TAXES (Continued)

#### Corporation Tax (Continued)

The Group has benefited from the income tax advantage within the scope of the investment commissioned in the Çerkesli Organized Industrial Zone (Dilovası) within the scope of the Decision No. 2012/3305 and the Investment Incentive Certificate No. D124659.

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

#### Income tax withholding

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

#### Transfer pricing regulations

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

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

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

- Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.
- Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15.8% corporate tax.
- 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.
- Operating in the Netherlands, Smart Global Enterprises & Trading B.V. Subject to 20% corporate tax.
- Operating in Bulgaria, Smart Solar Technologies AD is subject to 10% corporate tax.

#### Deffered tax assets and liabilities:

Deffered 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. Deffered 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 deffered 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 deffered tax asset to the consolidated financial statements. The Group estimates that it will generate sufficient taxable profits in the future.

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**12. TAXES (Continued)**

*Recognized deferred tax assets and liabilities*

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>Assets / (Liabilities)</b>	<b>Assets / (Liabilities)</b>
Employee benefits	5.549.223	944.492
Trade payables	2.000.859	250.710
Trade receivables	(44.789.929)	(18.999.981)
Lease liabilities	35.438.139	11.339.858
Inventories	23.931.261	3.424.749
Tangible and intangible assets	39.906.690	7.388.368
Amount related to cash flow hedge accounting	62.498.081	6.816.862
Financial liabilities	(5.651.190)	689.973
Lawsuit provisions	367.391	165.684
Right of use assets	(32.457.229)	(10.636.064)
Investment incentives (*)	70.573.022	11.955.081
Financial investments	(9.140.837)	-
<b>Deferred tax assets</b>	<b>148.225.481</b>	<b>13.339.732</b>
Deferred tax assets	240.264.666	42.975.777
Deferred tax liabilities	(92.039.185)	(29.636.045)
<b>Deferred tax assets</b>	<b>148.225.481</b>	<b>13.339.732</b>

**(\*) Tax Advantages Obtained within the Scope of Investment Incentive System:**

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 30 September 2023, the tax advantage amounting to 70.573.022 TL (31 December 2022: 11.955.081 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 58.617.941 TL (current period effect of 1 January-30 September 2023) has occurred in the consolidated profit or loss statement for the period 1 January - 30 September 2023.

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**12. TAXES (Continued)**

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

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	30 September 2023
<b>Deferred tax assets</b>	13.339.732	78.444.945	56.440.804	148.225.481

  

	1 January 2022	Deferred tax income/ (expense)	Other comprehensive income	30 September 2022
<b>Deferred tax assets</b>	15.611.949	13.213.424	1.681.353	30.506.726

  

<b>Tax Income / (Expense)</b>	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Period tax provision (-) (*)	(53.671.031)	(7.421.437)	(17.199.149)	(3.519.156)
Deferred tax income / (expense)	78.444.945	13.213.424	35.375.880	7.341.742
<b>Total</b>	<b>24.773.914</b>	<b>5.791.987</b>	<b>18.176.731</b>	<b>3.822.586</b>

(\*) In accordance with the Law No 7440 on the “Restructuring of Certain Receivables and Amendments to Certain Laws” published in the Official Gazette on March 12, 2023, an additional tax of 10% is to be calculated over the exemptions and deductions subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022 and without being associated with the period’s income; and an additional tax of 5% is to be calculated over the exempted earnings. As of 30 September 2023, related tax amounts were calculated in the financial statements it impacts of the additional tax on the consolidated current income tax expense is 50.272.072 TL and, The first installment of the payments related to the tax of TL 25.136.036 was realized on May 2023 and the 2nd installment paid in August 2023.

**13. SHARE CAPITAL**

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

<b>Shareholders</b>	30 September 2023	Share	31 December 2022	Share
	TL	%	TL	%
Smart Holding A.Ş.	454.576.399	75,03	229.584.000	75,03
Publicly-traded (*)	151.303.601	24,97	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>

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

As of 30 September 2023, the capital of the Group consists of 605.880.000 shares. (31 December 2022: 306.000.000). The nominal value of the shares is TL 1 per share (31 December 2022: per share TL 1).

As of 30 September 2023, the details of the shares by group are given below. 151.303.601 TL of the bearer B group shares are traded on the BIST.

<b>Group</b>	<b>Capital ratio (%)</b>	<b>Total balance</b>
Group A Stocks (Registered)	22,88	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 30.09.2023, Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. It has repurchased 297.000 shares of its publicly traded shares. (While it had 150.000 shares before the free capital increase, it reached 297.000 shares after the 98% free capital increase on 28.07.2023.)

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**14. REVENUE AND COST OF SALES**

Revenue for the periods are as follows:

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Domestic sales	4.218.154.118	1.058.626.082	2.337.627.834	533.515.577
Export sales	205.428.621	153.347.406	63.759.084	26.270.104
<b>Gross sales (*)</b>	<b>4.423.582.739</b>	<b>1.211.973.488</b>	<b>2.401.386.918</b>	<b>559.785.681</b>
Sales returns (-)	(112.406.955)	(11.085.751)	(102.148.482)	(37.020)
Sales discounts (-)	(7.732.972)	(19.923.091)	(1.390.474)	(1.208.372)
<b>Net sales</b>	<b>4.303.442.812</b>	<b>1.180.964.646</b>	<b>2.297.847.962</b>	<b>558.540.289</b>
Cost of sales (-)	(3.157.727.959)	(987.423.135)	(1.559.842.818)	(467.271.742)
<b>Gross profit</b>	<b>1.145.714.853</b>	<b>193.541.511</b>	<b>738.005.144</b>	<b>91.268.547</b>

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Sales of solar panels and equipment	3.862.673.495	1.010.228.385	2.135.115.187	526.152.641
Sales of solar energy power plant projects	375.261.852	93.545.083	167.402.875	18.578.269
Transit trade sales	183.536.861	106.604.180	98.421.643	14.688.525
Scrap and other sales	2.110.531	1.595.840	447.213	366.246
<b>Totaş</b>	<b>4.423.582.739</b>	<b>1.211.973.488</b>	<b>2.401.386.918</b>	<b>559.785.681</b>

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

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Personnel expenses	34.214.885	10.201.896	15.828.050	5.020.364
Taxes, fees and late fees expenses	28.891.517	1.496.405	23.345.390	720.769
Advertising and promotion expenses	23.400.486	5.595.400	6.434.471	3.101.954
Solar energy system project expenses	15.806.178	-	3.477.198	-
Logistics expenses	4.173.956	3.506.901	2.622.945	1.732.598
Export and warehouse expenses	600.232	7.256.945	256.836	6.643.193
Other	9.780.177	1.283.592	6.141.196	369.810
<b>Total</b>	<b>116.867.431</b>	<b>29.341.139</b>	<b>58.106.086</b>	<b>17.588.688</b>

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**16. GENERAL ADMINISTRATIVE EXPENSES**

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Personnel expenses	71.868.378	19.980.248	32.933.220	8.496.515
Consultancy expenses	37.179.736	4.667.186	17.933.248	2.114.381
Taxes, fees and late fees expenses	9.195.127	408.007	8.694.003	90.534
Depreciation and amortization expenses (Note 8)	8.986.041	3.441.869	3.575.127	2.378.378
Food and travel expenses	7.631.663	1.372.141	2.647.370	498.235
Representation expenses	3.058.322	1.730.262	1.198.388	763.235
Vehicle expenses	2.356.670	1.622.364	1.167.949	922.615
Office expenses	1.018.740	839.890	821.787	537.373
Bank transaction fees	316.130	237.840	133.194	237.840
Security expenses	219.509	494.196	-	238.580
Other (*)	29.476.374	3.085.221	20.910.300	2.825.836
	<b>171.306.690</b>	<b>37.879.224</b>	<b>90.014.586</b>	<b>19.103.522</b>

(\*) As of 30.06.2023, Smart Holding A.Ş. has a common expense reflection amounting to 25.471.943 TL.

**17. EXPENSES BY NATURE**

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Cost of goods sold	2.665.085.623	836.877.357	1.356.626.367	407.077.255
Cost of merchandise sold	401.982.981	92.990.601	151.311.514	21.607.487
Personnel expenses	106.083.263	30.182.144	48.761.270	13.516.879
Depreciation and amortization expenses (Note 8)	54.331.773	21.100.577	19.946.795	9.342.467
Cost of services sold	45.313.623	39.896.469	35.533.269	31.622.911
Consultancy and expenses	37.179.736	4.667.186	17.933.248	2.114.381
Advertising and promotion expenses	23.400.486	5.595.400	6.434.471	3.101.954
Food and travel expenses	7.631.663	1.372.141	2.647.370	498.235
Logistics expenses	4.173.956	3.506.901	2.622.945	1.732.598
Representation expenses	3.058.322	1.730.262	1.198.388	763.235
Export and warehouse expenses	600.232	7.256.945	256.836	6.643.193
Other	97.060.422	9.467.515	64.691.017	5.943.357
<b>Total</b>	<b>3.445.902.080</b>	<b>1.054.643.498</b>	<b>1.707.963.490</b>	<b>503.963.952</b>

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**18. OTHER OPERATING INCOME AND EXPENSES**

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
<b>Other operating income</b>				
Foreign exchange gain (*)	590.082.528	64.807.756	17.783.448	26.668.336
SSI Incentive Premiums	19.766.363	9.807.713	9.042.728	5.170.177
Provisions no longer required	-	-	-	(2.497.465)
Other	3.035.989	623.330	43.406	313.759
<b>Total</b>	<b>612.884.880</b>	<b>75.238.799</b>	<b>26.869.582</b>	<b>29.654.807</b>

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
<b>Other operating expenses</b>				
Foreign exchange loss (*)	637.593.642	31.267.329	333.734.295	17.782.897
Provisions for doubtful receivables	5.024.764	2.768.676	738.322	2.768.676
Donations	3.206.212	878.264	70.000	878.264
Interest expense on trade payables	-	2.658.177	-	-
Other	6.444.173	7.512.823	3.757.469	1.785.364
<b>Total</b>	<b>652.268.791</b>	<b>45.085.269</b>	<b>338.300.086</b>	<b>23.215.201</b>

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

**19. FINANCIAL INCOME AND EXPENSES**

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
<b>Financial Income</b>				
Interest Income	34.196.404	6.708.832	24.124.292	2.379.854
<b>Total</b>	<b>34.196.404</b>	<b>6.708.832</b>	<b>24.124.292</b>	<b>2.379.854</b>

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
<b>Financial Expenses</b>				
Foreign exchange loss (*)	152.230.914	10.596.440	61.854.826	4.783.913
Interest expense	89.634.521	23.052.362	4.101.226	9.224.579
Bank transaction and commission expenses	26.036.711	8.209.926	9.621.194	3.300.454
<b>Total</b>	<b>267.902.146</b>	<b>41.858.728</b>	<b>75.577.246</b>	<b>17.308.946</b>

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



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**20. EARNINGS 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 – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
Profit for the period attributable to equity holders	693.735.193	137.501.557	272.469.687	58.081.131
Weighted average number of common shares issued	605.880.000	144.500.000	605.880.000	153.000.000
Profit per share	1,15	0,95	0,45	0,38

**21. GAINS FROM INVESTMENTS ACTIVITIES**

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

	<b>1 January – 30 September 2023</b>	<b>1 January – 30 September 2022</b>	<b>1 July – 30 September 2023</b>	<b>1 July – 30 September 2022</b>
<b>Gains from investment activities</b>				
Fx protected TL Deposits interest and currency income	98.706.914	7.627.659	26.504.330	7.627.659
<b>Total</b>	<b>98.706.914</b>	<b>7.627.659</b>	<b>26.504.330</b>	<b>7.627.659</b>

**22. FINANCIAL INSTRUMENTS**

**Capital Risk Management**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Total financial borrowings	3.051.838.055	369.823.545
Less: Cash and cash equivalents and financial investments	(947.065.453)	(294.047.522)
<b>Net debt</b>	<b>2.104.772.602</b>	<b>75.776.023</b>
Total equity	1.280.688.213	781.665.202
<b>Net debt to equity ratio</b>	<b>1,64</b>	<b>0,10</b>

**Risk Management System**

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

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

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

**Risk management disclosures**

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

**Credit risk**

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

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
<b>30 September 2023</b>						
<b>Maximum credit risk exposed as of balance sheet date,(A+B+C+D)</b>	<b>53.910.237</b>	<b>2.913.907.783</b>	<b>163.986.693</b>	<b>31.353.085</b>	<b>674.859.436</b>	<b>272.088.837</b>
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
<b>A. Net book value of financial assets that are neither past due nor impaired</b>	<b>53.910.237</b>	<b>2.913.907.783</b>	<b>163.986.693</b>	<b>31.353.085</b>	<b>674.859.436</b>	<b>272.088.837</b>
<b>B. Net book value of the impaired assets</b>	-	-	-	-	-	-
- Past due (gross carrying amount)	-	57.061.623	-	-	-	-
- Impairment (-)	-	(57.061.623)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

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

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**23. 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	30 September 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>5.165.192.217</b>	<b>6.215.597.816</b>	<b>740.796.860</b>	<b>2.654.499.184</b>	<b>1.656.625.601</b>	<b>1.163.676.171</b>
Loans and borrowings	2.897.759.188	3.894.601.366	165.959.095	1.061.747.115	1.504.056.333	1.162.838.823
Trade payables	2.108.537.006	2.108.537.006	556.020.391	1.552.516.615	-	-
Lease liabilities	154.078.867	207.642.288	14.000.218	40.235.454	152.569.268	837.348
Other payables	4.817.156	4.817.156	4.817.156	-	-	-
Contractual maturity	31 December 2022					
	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>1.076.490.040</b>	<b>1.113.112.493</b>	<b>274.546.252</b>	<b>701.805.720</b>	<b>136.760.521</b>	<b>-</b>
Loans and borrowings	306.824.336	319.815.374	31.264.880	210.961.853	77.588.641	-
Trade payables	694.606.049	694.606.049	223.134.714	471.471.335	-	-
Lease liabilities	62.999.209	86.630.624	8.086.212	19.372.532	59.171.880	-
Other payables	12.060.446	12.060.446	12.060.446	-	-	-

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**23. 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:

	30 September 2023			31 December 2022		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	2.790.872.841	96.243.654	5.375.009	897.139.854	43.503.123	4.198.938
2a. Monetary financial assets	111.222.419	2.961.372	1.038.557	51.884.440	2.743.414	29.459
2b. Non-Monetary financial assets	-	-	-	-	-	-
3 Other	326.569.932	3.253.242	8.181.289	240.321.030	9.885.130	2.783.355
<b>4 Current assets (1+2+3)</b>	<b>3.228.665.192</b>	<b>102.458.268</b>	<b>14.594.855</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>
5 Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-	-	-
7 Other	1.144.404.242	41.802.125	-	-	-	-
<b>8 Non- Current assets (5+6+7)</b>	<b>1.144.404.242</b>	<b>41.802.125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Total assets (4+8)</b>	<b>4.373.069.434</b>	<b>144.260.393</b>	<b>14.594.855</b>	<b>1.189.345.324</b>	<b>56.131.667</b>	<b>7.011.752</b>
10 Trade payables	2.044.529.294	71.699.852	2.685.063	500.343.915	25.373.310	1.254.385
11 Financial borrowings	953.122.171	28.024.408	6.344.808	131.890.724	5.167.657	1.757.074
12a. Other Monetary financial liabilities	-	-	-	-	-	-
12b. Other Non-Monetary financial liabilities	2.341.245.914	85.026.284	320.294	-	-	-
<b>13 Current liabilities (10+11+12)</b>	<b>5.338.897.379</b>	<b>184.750.544</b>	<b>9.350.165</b>	<b>632.234.639</b>	<b>30.540.967</b>	<b>3.011.459</b>
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	503.989.563	12.848.854	5.212.596	61.570.143	30.060	3.054.813
16a. Other Monetary financial liabilities	-	-	-	-	-	-
16b. Other Non-Monetary financial liabilities	-	-	-	-	-	-
<b>17 Non-Current liabilities (14+15+16)</b>	<b>503.989.563</b>	<b>12.848.854</b>	<b>5.212.596</b>	<b>61.570.143</b>	<b>30.060</b>	<b>3.054.813</b>
<b>18 Total liabilities (13+17)</b>	<b>5.842.886.942</b>	<b>197.599.398</b>	<b>14.562.761</b>	<b>693.804.782</b>	<b>30.571.027</b>	<b>6.066.272</b>
<b>19 Net asset / liability position of off-balance sheet derivatives</b>	<b>1.457.111.734</b>	<b>40.873.262</b>	<b>11.557.404</b>	<b>193.460.867</b>	<b>5.197.717</b>	<b>4.811.887</b>
<b>20 Net foreign currency asset / (liability) position (9-18+19)</b>	<b>(12.705.774)</b>	<b>(12.465.743)</b>	<b>11.589.498</b>	<b>689.001.409</b>	<b>30.758.357</b>	<b>5.757.367</b>
<b>21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(599.545.768)</b>	<b>(13.368.088)</b>	<b>(7.828.901)</b>	<b>255.219.512</b>	<b>15.675.510</b>	<b>(1.837.875)</b>

**23. 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:

	30 September 2023		31 December 2022	
	Profit (Loss)		Profit (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
	<b>In case of 10% appreciation of USD against TL</b>			
1- USD net asset/liability	(146.998.767)	146.998.767	47.691.027	(47.691.027)
2- Amount hedged for USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(146.998.767)</b>	<b>146.998.767</b>	<b>47.691.027</b>	<b>(47.691.027)</b>
	<b>In case of 10% appreciation of EUR against TL</b>			
4- EUR net asset/liability	17.007	(17.007)	1.863.027	(1.863.027)
5- Amount hedged for EUR risk (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>17.007</b>	<b>(17.007)</b>	<b>1.863.027</b>	<b>(1.863.027)</b>
<b>Total net effect (3+6)</b>	<b>(146.981.760)</b>	<b>146.981.760</b>	<b>49.554.054</b>	<b>(49.554.054)</b>

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

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

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

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

**Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries**  
Notes To the Condensed Consolidated Financial Statements as of 30 September 2023  
(Amounts expressed in TL unless otherwise indicated.)

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

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

	Notes	30 September 2023		31 December 2022	
		Book value	Fair Value	Book value	Fair Value
<b>Financial assets</b>					
Cash and cash equivalents	3	674.976.616	674.976.616	240.237.874	240.237.874
Financial Investments	4	272.088.837	272.088.837	53.809.648	53.809.648
Trade receivables	5	2.992.655.135	2.967.818.020	1.110.991.219	1.096.230.630
Other receivables		195.339.778	195.339.778	22.890.631	22.890.631
<b>Total financial assets</b>		<b>4.135.060.366</b>	<b>4.110.223.251</b>	<b>1.427.929.372</b>	<b>1.413.168.783</b>
<b>Financial liabilities</b>					
Financial borrowings	10	3.051.838.055	3.051.838.055	369.823.545	356.832.507
Trade payables	5	2.108.537.006	2.108.537.006	694.606.049	694.606.049
Other payables		4.817.156	4.817.156	12.060.446	12.060.446
Payables related to employment benefits		43.035.498	43.035.498	6.784.972	6.784.972
<b>Total financial liabilities</b>		<b>5.208.227.715</b>	<b>5.208.227.715</b>	<b>1.083.275.012</b>	<b>1.070.283.974</b>
<b>Net</b>		<b>(1.073.167.349)</b>	<b>(1.098.004.464)</b>	<b>344.654.360</b>	<b>342.884.809</b>

**25. SABSEQUENT EVENTS**

On 09.10.2023, Smart Holding Anonim Şirketi ("Smart Holding") sold 12.117.600 Group B shares, corresponding to approximately 2.0% of its paid-in capital from "SMRTG" 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 to an international institutional investor located outside Türkiye. SMRTG, did not receive any proceeds from the sale of Shares. After the transaction, the shareholding of Smart Holding Anonim Şirketi was updated to 73.03%.

On 20.10.2023, 50.000 shares were bought back at a price range of 69,15 TL – 69,50 TL (average 69,37 TL) and the total number of SMRTG shares owned by the Group reached 347.000 (Before this purchase, a total of 150.000 shares purchased since the beginning of the share buyback process reached 297.000 shares after the 98% free capital increase on 28.07.2023).

On 25.10.2023, it was decided that the paid-in capital of Smart Global Enterprises & Trading BV, a 100% subsidiary of the Group, established in the Netherlands, would be increased from 50.000 Euros by 950.000 Euros to 1.000.000 Euros, and the entire increased capital would be paid in cash.