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

SMART GÜNEŞ ENERJİSİ TEKNOLOJİLERİ AR-GE ÜRETİM SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022 WITH INDEPENDENT AUDITORS' REPORT

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

SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT

Eren Bağımsız Denetim A.Ş.
Maslak,Eski Büyükdere Cad.
No.14 Kat :10
34396 Sarıyer /İstanbul,Turkey

T + 90 212 373 00 00
F + 90 212 291 77 97
www.grantthornton.com.tr

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

Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Revenue recognition</td><td></td></tr>
<tr><td>Revenue is an important measurement in terms of evaluating the results of the Group’s strategies implemented during the year and monitoring the performance.

As of 31 December 2022, revenue is the most important caption and account in the consolidated financial statements, the issue of "revenue recognition" has been determined as a key audit matter.

Group's revenue consists of income from domestic and foreign sales.

Revenues are recorded on accrual basis the fair value of the consideration received or receivable upon the delivery of the product, the transfer of risks and benefits associated with the product, the reliable determination of the amount of income and the probable flow of economic benefits of transaction.

As of 31 December 2022, the Group's sales revenue is TL 2.199.508.538 (31 December 2021: TL 846.114.782) and explanations regarding the relevant accounting policies are given in Note 2.6 and Note 20.</td><td>The audit procedures that we perform consist of testing internal controls, analytical reviews and test of details regarding the revenue recognition process, including reporting on performance evaluation and controls performed by Group management. Our audit procedures also include procedures for testing evidence that obtained about risks and benefits of products have been delivered to the customer.

The main audit procedures that we made as follows:

·Revenue examined with analytical procedures,

· Revenue invoice vouching test,

· Revenue Cut-off testing

. The processes applied by the Group during the confirmation of trade receivables have been understood,

· Invoice tests made by sampling method regarding the accuracy of sales transactions and records, and these invoices were matched with the bill of parcels and collections from the customer,

· The collection risk of trade receivables was evaluated and the controls used in the follow-up of the collection process were tested.

· Customer contracts were reviewed, and if there is any management judgments were evaluated.

As a result of the audit procedures we have applied, we have not had any significant findings regarding the revenue recognition.</td></tr>
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Key Audit Matters	How the matter was addressed in our audit
Inventories	
There is a risk of impairment of inventories in the financial statements dated 31 December 2022 due to macroeconomic factors. However, the calculation of the provision for inventory also includes management estimations and assumptions. These estimates and assumptions include the evaluation of inventories sold for macroeconomic reasons and the evaluation of the provision for inventories that have not moved for a certain period and are damaged. For these reasons, provision for inventory is an important issue for our audit. Explanations on the Group's accounting policies and amounts related to inventory impairment are given in Note 2.6 and Note 8.	During our audit, the following procedures have been applied regarding the impairment of inventories. i) Understanding and evaluating the appropriateness of the accounting policy related to the impairment of inventory, ii) Discussing with the company management the changing customer demand, the qualitative characteristics of the inventories and the risk of macroeconomic factors and comparing the inventory turnover rate with the previous year, iii) Observing whether there are inactive or damaged inventories in the year-end stock counts, iv) Sample testing of selling prices deducted from the discounts used in the net realizable value calculation. v) Assessment of the necessity for an inventory impairment. As a result of the audit procedures we have applied, we have not had any significant findings regarding the inventory impairment.

Key Audit Matters	How the matter was addressed in our audit
Advances received	
The Group's revenue consists of the installation and construction of solar power plants and the sales of solar panels and power plant equipment related to solar power plants. Revenue is recognized when the significant risks and controls of ownership are transferred to the buyer. The Group's solar power plant installations and investments are delivered to customers on a turnkey basis because of the installations. As explained in Note 9 (advances received included in deferred income), it results from the advances received by the Group from its customers regarding sales. We consider the Group's advances received to be a key audit matter.	During our audit, the following procedures were applied regarding the revenue recognition and the order advances received: - Obtained the delivery confirmations with supporting documents regarding the delivery of the revenue realized in the power plant revenues within the framework of the periodicity principle; - The substantive procedures focused on the assessment of cases where income was earned but not invoiced. - We specifically examined the billing transactions regarding the power plants the Group made abroad and the services it provided during the period. - The arithmetic calculations of the advances given and the data forming the basis for these calculations have been checked by audit team. - We have inquired the convenience of the information in the financial statements and its footnotes, considering the importance of the information disclosed to the readers of the financial statements. As a result of the audit procedures we have applied, we have not had any significant findings regarding the advances received.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Nazım HİKMET
Partner

İstanbul, 09.03.2023

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

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

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

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

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

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

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

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

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

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

			Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings					
	Paid-in Capital	**Share preimium**	**Gain/(loss) on remeasurements of defined benefit plans**	**Gains on revaluation of property, plant and equipment**	**Gain/(loss) of hedging reserve**	**Foreign currency translation differences**	**Restricted reserves appropriated from profit**	**Prior years' profit/(loss)**	**Net profit/loss for the period**	**Attributable to equity holders of the parent**	**Non -controlling interest**	**Total equity**
Balances as of 1 January 2021	**30.998.000**	**-**	**(388.124)**	**-**	**-**	**(14.242)**	**1.802.897**	**(16.126.616)**	**54.932.336**	**71.204.251**	**2.822.067**	**74.026.318**
Transfers	-	-	-	-	-	-	3.893.563	51.038.773	(54.932.336)	-	-	-
Total comprehensive (expense) / income	-	-	(241.753)	15.736.667	(31.732.872)	(1.271.264)	-	-	80.008.598	62.499.376	4.336.696	**66.836.072**
Capital increase	96.502.000	-	-	-	-	-	-	(38.722.203)	-	57.779.797	-	**57.779.797**
Effects of mergered business under common controls	-	-	-	-	-	-	281.993	1.687.382	-	1.969.375	-	**1.969.375**
Balances as of 31 December 2021	**127.500.000**	**-**	**(629.877)**	**15.736.667**	**(31.732.872)**	**(1.285.506)**	**5.978.453**	**(2.122.664)**	**80.008.598**	**193.452.799**	**7.158.763**	**200.611.562**
Balances as of 1 January 2022	**127.500.000**	**-**	**(629.877)**	**15.736.667**	**(31.732.872)**	**(1.285.506)**	**5.978.453**	**(2.122.664)**	**80.008.598**	**193.452.799**	**7.158.763**	**200.611.562**
Transfers	-	-	-	(2.005.441)	-	-	3.765.885	78.248.154	(80.008.598)	-	-	-
Total comprehensive (expense) / income	-	-	1.188.454	-	6.088.486	(438.240)	-	-	248.057.660	254.896.360	(9.125.078)	245.771.282
Capital increase (*)	178.500.000	(100.000.000)	-	-	-	-	-	(53.000.000)	-	25.500.000	-	25.500.000
Increase Due to Share Based Transactions (*)	-	309.782.358	-	-	-	-	-	-	-	309.782.358	-	309.782.358
Balances as of 31 December 2022	**306.000.000**	**209.782.358**	**558.577**	**13.731.226**	**(25.644.386)**	**(1.723.746)**	**9.744.338**	**23.125.490**	**248.057.660**	**783.631.517**	**(1.966.315)**	**781.665.202**

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

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

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

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

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

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

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

The Main Field of Group.

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

The details of 10 important turnkey projects undertaken by the Group are as follows:

Project name	Country	Project Location	Capacity	Starting Date	Completion Date
Gün Güneş 55MW	Turkey	Van	55.010 kWp	June 2020	The project continues.
Solhan PV Power Plant	Turkey	Bingöl	22.642 kWp	May 2018	The entire project was completed in October 2019.
Akfel 18MW	Turkey	Niğde, Adıyaman	20.700 kWp	January 2020	The entire project was completed in 2020.
Siverek PV Power Plant	Turkey	Şanlıurfa	18.205 kWp	March 2018	The entire project was completed in January 2019.
Tuzluca PV Power Plant	Turkey	Şanlıurfa	14.440 kWp	February 2019	The entire project was completed in December 2020
Yaytaş PV Power Plant	Turkey	Diyarbakır	13.960 kWp	October 2018	The project continues.
Oğlaklı 10MW	Turkey	Diyarbakır	12.560 kWp	June 2020	The entire project was completed in September 2021.
Eskil PV Power Plant	Turkey	Aksaray	11.797 kWp	June 2017	The entire project was completed in October 2017.
Slobidka PV Power Plant	Ukraine	Khmelnitsky	11.035 kWp	December 2019	The entire project was completed in September 2019.
Mardin Licenced PV Power Plant	Turkey	Mardin	10.794 kWp	August 2019	The entire project was completed in January 2020.

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

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

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

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

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

The Subsidiaries

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

31 December 2022

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

31 December 2021

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

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

Smart Güneş Teknolojileri Pazarlama A.Ş.

The company was established on 22.01.2018. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Tic. A.Ş. owns 100% of the company. The company, to make and have all kinds of processes of all kinds of products, semi-products, raw materials and materials; To buy, sell, import, export and wholesale marketing and to establish, operate, operate or lease facilities for the purpose of packaging all these products, to wholesale all kinds of materials for the installation of photovoltaic solar power plants and to establish stores and sales offices for this business, electricity to establish service units to serve companies engaged in energy generation, distribution, retail sale, wholesale and other activities; It was established to carry out all kinds of research and development activities for the electrical energy sector, including electricity networks and electricity generation facilities. The company was merged on 31.03.2021 as Smart Güneş Enerjisi Teknolojileri AR-GE Üretim San. and Tic. A.Ş. continues its activities within the body of the parent company.

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

Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

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

Smart GES Enerji Üretim A.Ş.

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

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

Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.

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

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

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

Icarus Solar GmbH

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

Smart Solar Technology Gmbh

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

Smart Solar Ukrayna

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

Smart Solargize Yeşil Mobilite Enerji A.Ş.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

The accompanying consolidated financial statements are prepared in accordance with the announcement of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676 and Turkish Financial Reporting Standards (''TFRS'') published by Public Oversight Accounting and Auditing Standards Board ("POA").

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

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

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

Approval of consolidated financial statements

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

Comparative Information and Correction of Prior Financial Statements

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

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

Preparation of Financial Statements in Hyperinflationary Economies

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

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

Functional and presentation currency

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

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

Financial statements of subsidiaries operating in countries other than Turkey

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

Netting/Offsetting

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

2.2. Changes in Accounting Policies

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

2.3. Restatement and Errors in the Accounting Policies and Estimates

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

2.4. Going concern

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

2.5. New and Revised Turkish Accounting Standards

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

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

Amendment to FRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

• **Amendments to TAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

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

2.5. New and Revised Turkish Accounting Standards

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

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

Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:
Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies

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

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.
Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

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

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

2.6. Summary of significant accounting policies

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

Consolidation Principles

Full Consolidation:

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

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

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

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

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

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

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

Related Parties

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

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

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

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

2.6. Summary of significant accounting policies (continued)

Related Parties (continued)

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

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

Cash and Cash Equivalents

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

Trade Receivables and Allowance for Doubtful Receivables

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

Impairment

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

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

2.6. Summary of significant accounting policies (continued)

Trade Payables

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

Inventories

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

Property, plant and equipment and related depreciation

As of 31 December 2022, the fixed assets of the Group are shown in their legal records with their revalued (increased) amounts within the scope of Law No. 7326. In the attached TFRS financial statements, these increased amounts (excluding machinery and equipment) have been cancelled. However, for the fair values of machinery and equipment, an independent valuation company authorized by the Capital Markets Board "CMB" has prepared a valuation report as of 06.10.2021 and it has been seen that the increased values in the legal records reflect the fair values. The valuation difference between the increased net book value in the legal records and the fair value of the machinery and equipment is accounted for in the revaluation fund in equity, taking into account the tax effect.

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

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

Right – of - use assets

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

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

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

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

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

2.6. Summary of significant accounting policies (continued)

Intangible assets and related amortization

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

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

The useful lives of intangible assets are as follows:

	Year
Rights	3-15
Other intangible asset	3-4

Impairment of assets

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

Financial assets

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

Classification

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

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

Recognition and Measurement

a) Financial assets measured at amortized cost

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

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

2.6. Summary of significant accounting policies (continued)

b) Financial assets measured at fair value

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

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

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

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

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

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

Derecognition

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

Impairment

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

Provisions for losses are measured as below.

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

Provisions for losses are measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

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

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

Financial liabilities

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

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

2.6. Summary of significant accounting policies (continued)

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

a) Financial liabilities at fair value through profit and loss

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

b) Other financial liabilities

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

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

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

Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

2.6. Summary of significant accounting policies (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax: The tax currently payable is based on taxable profit for the year.

Deferred tax: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No: 15 "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

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

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

2.6. Summary of significant accounting policies (continued)

Revenue Recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

(a) Identification of customer contracts
(b) Identification of performance obligations,
(c) Determination of transaction price in the contract,
(d) Allocation of price to performance obligations,
(e) Recognition of revenue when the performance obligations are fulfilled.

Group recognizes revenue from its customers only when all the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Group can identify each party’s rights regarding the goods or services to be transferred,
(c) Group can identify the payment terms for the goods or services to be transferred.
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Provisions

Provisions are recognized when, and only when the Group has a present obligation because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Commitments and Contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Transactions in foreign currency

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

	31 December 2022		31 December 2021	
	Buying	**Selling**	**Buying**	**Selling**
USD	18,6983 TL	18,7320 TL	13,3290 TL	13,3530 TL
EURO	19,9349 TL	19,9708 TL	15,0867 TL	15,1139 TL
UAH	0,50924 TL	0,50924 TL	0,47613 TL	0,47613 TL

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

2.6. Summary of significant accounting policies (continued)

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedge reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. To earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Share capital

Share premium

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Government incentives and grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all the attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

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

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

2.6. Summary of significant accounting policies (continued)

Cash Flow statement

Cash and cash equivalents comprise of cash in hand and bank deposits.

EBITDA

This financial data is an indicator of a business's measured income without taking into account financing, tax expenses, and depreciation and amortization expenses. This financial information should be evaluated together with other financial data in the cash flow statement. The Group's EBITDA calculations for the ended periods are given below. The Group's "Earnings Before Interest, Depreciation and Taxes (EBITDA)" is calculated by adding depreciation and amortization expenses, severance pay for employee benefits and leave payments, and other non-cash income/expenses to the "Main operating profit" item.

	31 December 2022	31 December 2021
Operating profit	296.803.865	145.099.018
Depreciation and amortization expenses (Note 11)	31.724.831	12.473.543
Vacation and termination expenses	4.606.978	2.376.240
EBITDA	**333.135.674**	**159.948.801**

2.7. Significant Accounting Assessments, Estimates and Assumptions

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

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

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

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

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

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

3. CASH AND CASH EQUIVALENTS

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

	31 December 2022	31 December 2021
Cash on hand	51.759	460.042
Cash at banks	240.186.115	23.078.902
- Demand deposit	*236.309.724*	*18.915.675*
- Time deposit (*)	*3.876.391*	*4.163.227*
Other liquid assets	-	195.545
	240.237.874	**23.734.489**

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

31 December 2022	Interest Rate (%)	TL Equivalent
TL deposits	5%-12%	3.876.391
Toplam		**3.876.391**

31 December 2021	Interest Rate (%)	Currency Amount	TL Equivalent
USD deposits	0,02%	320.803	4.163.227
Toplam		**320.803**	**4.163.227**

4. FINANCIAL INVESTMENTS

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

Short Term Financial Investments	31 December 2022	31 December 2021
Fx protected TL Deposits (*)	53.809.648	-
	53.809.648	**-**

(*) 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.

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

5. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	**31 December 2022**	**31 December 2021**
Trade receivables	843.025.806	153.564.009
Notes receivables	109.367.198	115.064.769
Discount on trade receivables	-	(3.183.351)
Allowance For Expected Credıt Loss (-)	(14.760.589)	(6.285.398)
Doubtful receivables (*)	25.552.384	19.530.075
Allowance for doubtful receivables (-)	(25.552.384)	(19.530.075)
	937.632.415	**259.160.029**

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

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

	1 January-31 December 2022	**1 January-31 December 2021**
Balance at beginning of the period	19.530.075	37.205.796
Additions / (Amounts recovered during the year)	6.022.309	(17.675.721)
End of the period	**25.552.384**	**19.530.075**

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

	1 January-31 December 2022	**1 January-31 December 2021**
Balance at beginning of the period	6.285.398	-
Additions / (Amounts recovered during the year)	8.475.191	6.285.398
End of the period	**14.760.589**	**6.285.398**

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

	31 December 2022	**31 December 2021**
Short-term trade payables		
Trade payables (*)	472.945.982	83.130.591
Notes payables	136.415.957	44.526.339
Discount on trade payables	-	(5.841.528)
	609.361.939	**121.815.402**

(*) As of the ended periods, the amount of letter of credit in the trade payables of the Group is TL 175.840.116 (31 December 2021: TL 19.937.327).

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

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

6. RELATED PARTIES

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

	Trade Receivables	
	31 December 2022	**31 December 2021**
Smart Holding A.Ş.	56.108.778	24.514.725
Smart Yeka Enerji Üretim A.Ş.	28.306.652	-
Smart Verde Yenilenebilir Enerji A.Ş(*).	25.522.108	55.313.795
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	11.593.663	3.289.774
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	11.432.560	3.289.774
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	8.614.423	5.792.505
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.506.854	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	4.302.867	3.289.774
Smart Energy Ukraine	3.462.134	2.275.757
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	1.931.984	1.990.450
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	808.748	2.469.800
Smart Energy Group AD (Bulgaria)	7.169	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	275	1.646.534
Hakan Akkoç	-	2.315.563
Tuzluca 6 Güneş Enerjisi San.ve Tic. A.Ş.	-	37.252
Tuzluca 3 Güneş Enerjisi San.ve Tic. A.Ş.	-	37.174
Tuzluca 5 Güneş Enerjisi San.ve Tic. A.Ş.	-	24.566
Tuzluca 4 Güneş Enerjisi San.ve Tic. A.Ş.	-	2.882
	158.598.215	**106.290.325**

	Other Receivables	
	31 December 2022	**31 December 2021**
Smart Verde Yenilenebilir Enerji A.Ş. (*)	-	62.708.571
	-	**62.708.571**

	Prepaid Expenses	
	31 December 2022	**31 December 2021**
Sumec Energy Holdings Co. Ltd.	10.928.814	-
Smart Energy Group AD (Bulgaria)	-	5.640.039
	10.928.814	**5.640.039**

	Short-term Trade Payables	
	31 December 2022	**31 December 2021**
Smart Energy Group AD (Bulgaria)	76.210.086	108.907.642
Smart Verde Yenilenebilir Enerji A.Ş.	8.774.379	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	259.645	-
Smart Alternatif Enerji Tic. A.Ş.	-	495.000
	85.244.110	**109.402.642**

(*) Smart Verde Yenilenebilir Enerji A.Ş formerly known as Smart Solar Araştırma Geliştirme Enerji San. ve Tic. A.Ş. (Şirket)decided to change the title with the decision of the General Assembly dated 5 August 2022 and as a result of the application made pursuant to this decision, the title of the Company was changed to Smart Verde Yenilenen Enerji A.Ş. was announced in the Turkish Trade Registry Gazette dated 29 August 2022 and numbered 10649.

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

6. RELATED PARTIES (Contunied)

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

	Sales		Purchases	
	2022	**2021**	**2022**	**2021**
Smart Solar EOOD (Bulgaria)	152.338.231	-	145.412	-
Smart Verde Yenilenebilir Enerji A.Ş(*).	89.134.670	68.423.708	117.852.165	13.109.912
Smart Holding A.Ş.	18.008.614	55.420.165	24.465.459	-
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	12.350.000	-	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	12.274.307	23.232.775	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	8.068.505	13.299.980	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	7.869.675	13.299.980	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	7.666.002	13.299.980	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	4.796.845	9.802.095	-	-
Sumec Energy Holdings Co. Ltd.	4.472.238	12.485.135	612.715.036	141.877.852
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	3.764.711	6.473.777	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	3.749.491	7.882.549	-	-
Smart Energy Group AD (Bulgaria)	-	3.378.573	99.826.567	137.364.198
Sumec Hong Kong Co. Ltd.	-	-	6.763.977	3.765.058
	324.493.289	**226.998.717**	**861.768.616**	**296.117.020**

(*) Smart Verde Yenilenebilir Enerji A.Ş formerly known as Smart Solar Araştırma Geliştirme Enerji San. Ve Tic. A.Ş. (Şirket) decided to change the title with the decision of the General Assembly dated 5 August 2022 and as a result of the application made pursuant to this decision, the title of the Company was changed to Smart Verde Yenilenen Enerji A.Ş. was announced in the Turkish Trade Registry Gazette dated 29 August 2022 and numbered 10649.

Key management remuneration:

Total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives in the current period is TL 6.014.625. (31 December 2021: TL 3.031.595)

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

7. OTHER RECEIVABLES AND PAYABLES

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

Short term other receivables	**31 December 2022**	**31 December 2021**
VAT return receivables	19.705.980	19.935.465
Deposits and guarantees given	758.753	491.838
	20.464.733	**20.427.303**

Long term other receivables	**31 December 2022**	**31 December 2021**
Deposits and guarantees given	2.425.898	778.650
	2.425.898	**778.650**

Short term other payables	**31 December 2022**	**31 December 2021**
Tax structuring liabilities (*)	12.060.446	13.165.758
Other various payables	-	779.142
	12.060.446	**13.944.900**

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

8. INVENTORIES

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

	31 December 2022	**31 December 2021**
Raw materials (*)	295.097.293	66.452.397
Finished goods	121.943.230	9.147.971
Trade goods	53.445.976	28.535.220
Other Inventories	685.978	35.241
Provision for impairment in inventory (-)	(711.519)	(5.201.016)
	470.460.958	**98.969.813**

(*) Due to the new business agreements signed by the company and the increase in production capacity during the period, there has been an increase in the stocks of first materials and materials.

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

9. PREPAID EXPENSES VE DEFERRED INCOME

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

Short-term prepaid expenses	**31 December 2022**	**31 December 2021**
Advances given to suppliers (*)	306.994.137	94.187.482
Prepaid expenses	18.746.392	11.875.864
	325.740.529	**106.063.346**

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

Deferred Incomes	**31 December 2022**	**31 December 2021**
Advances received (*)	714.911.561	158.807.989
	714.911.561	**158.807.989**

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

10. OTHER ASSETS AND LIABILITIES

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

Other current assets	**31 December 2022**	**31 December 2021**
Accrued income	32.406.281	22.186.514
Deferred VAT	31.313.270	4.318.955
Receivables from personnel	2.748.099	2.865.194
Other VAT	606.884	292.273
	67.074.534	**29.662.936**

Other short-term liabilities	**31 December 2022**	**31 December 2021**
Prepaid taxes and dues	4.900.021	15.570.456
Accrued expenses	2.007.013	3.368.826
	6.907.034	**18.939.282**

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

11. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	31 December 2022
Cost				
Land	1.470.000	42.382.431	-	43.852.431
Machinery and equipment	89.788.497	88.920.486	-	178.708.983
Vehicles	1.852.640	13.843	-	1.866.483
Furniture and fixtures	4.391.892	3.931.796	(3.349)	8.320.339
Construction in progress	160.606	29.586.534	-	29.747.140
Leasehold improvements	15.764.771	540.197	-	16.304.968
	113.428.406	**165.375.287**	**(3.349)**	**278.800.344**

	1 January 2022	Current year charge	Disposals (-)	31 December 2022
Accumulated depreciation				
Machinery and equipment	(21.993.835)	(12.242.591)	-	(34.236.426)
Vehicles	(702.734)	(323.199)	1.082	(1.024.851)
Furniture and fixtures emirbaşlar	(1.259.200)	(973.638)	-	(2.232.838)
Leasehold improvements	(6.767.359)	(2.281.635)	-	(9.048.994)
	(30.723.128)	**(15.821.063)**	**1.082**	**(46.543.109)**
Net book value	**82.705.278**			**232.257.235**

As of 31 December 2022, property, plant, and equipment are insured for TL 333.257.183 and there is no mortgage on it.

Movement of property, plant and equipment for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	Transfers (*)	Revaluation (**)	31 December 2021
Cost						
Land	1.360.000	110.000	-	-	-	1.470.000
Machinery and equipment	42.739.524	769.222	(349.047)	23.488.570	23.140.228	89.788.497
Vehicles	1.964.330	270.941	(382.631)		-	1.852.640
Furniture and fixtures	2.582.051	1.693.853	(7.054)	123.042	-	4.391.892
Construction in progress	16.306.293	10.211.382	(237.378)	(26.119.691)	-	160.606
Leasehold improvements	7.747.529	5.509.163		2.508.079	-	15.764.771
	72.699.727	**18.564.561**	**(976.110)**	**-**	**23.140.228**	**113.428.406**

	1 January 2021	Current year charge	Disposals (-)	Transfers (*)	Revaluation (**)	31 December 2021
Accumulated depreciation						
Machinery and equipment	(11.392.450)	(3.197.824)	-	-	(7.403.561)	(21.993.835)
Vehicles	(304.921)	(397.813)	-	-	-	(702.734)
Furniture and fixtures	(813.535)	(452.719)	7.054	-	-	(1.259.200)
Leasehold improvements	(3.913.347)	(2.854.012)	-	-	-	(6.767.359)
	(16.424.253)	**(6.902.368)**	**7.054**	**-**	**(7.403.561)**	**(30.723.128)**
Net book value	**56.275.474**					**82.705.278**

As of 31 December 2021, property, plant, and equipment are insured for TL 116.836.132 and there is no mortgage on it.

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

11. PEOPERTY, PLANT AND EQUIPMENTS (Contunied)

(*) The Group's transfers consist of machinery purchased through leasing and followed in investments in progress, special costs incurred for machinery and capitalization from fixtures.

(**) For the fair values of the Group's machinery and equipment, an independent valuation company authorized by the CMB has prepared a valuation report as of 06.10.2021 and it has been seen that the said values reflect the fair values of the related fixed assets.

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

	1 January- 31 December 2022	**1 January- 31 December 2021**
<u>Cost</u>		
Cost of sales (Note 20)	27.210.897	9.978.834
General administrative expenses (Note 22)	4.513.934	2.494.709
	31.724.831	**12.473.543**

12. INTANGIBLE FIXED ASSETS

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

	1 January 2022	**Additions**	**Disposals (-)**	**31 December 2022**
Cost				
Rights	1.424.967	635.292	-	2.060.259
Research and development costs	1.149.251	640.369	-	1.789.620
Other intangible fixed assets	37.283	405.720	-	443.003
	2.611.501	**1.681.381**	**-**	**4.292.882**

	1 January 2022	**Current year charge**	**Disposals**	**31 December 2022**
Accumulated depreciation				
Rights	(406.443)	(240.423)	-	(646.866)
Other intangible fixed assets	(5.104)	(32.469)	-	(37.573)
	(411.547)	**(272.892)**	**-**	**(684.439)**
Net book value	**2.199.954**			**3.608.443**

Movement of intangible fixed asset for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	**Additions**	**Disposals (-)**	**31 December 2021**
Cost				
Rights	694.033	730.934	-	1.424.967
Research and development costs	402.855	746.396	-	1.149.251
Other intangible fixed assets	37.283	-	-	37.283
	1.134.171	**1.477.330**	**-**	**2.611.501**

	1 January 2021	**Current year charge**	**Disposals**	**31 December 2021**
Accumulated depreciation				
Rights	(274.526)	(131.917)	-	(406.443)
Other intangible fixed assets	(5.104)	-	-	(5.104)
	(279.630)	**(131.917)**	**-**	**(411.547)**
Net book value	**854.541**			**2.199.954**

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

13. RIGHT OF USED ASSETS

Movement of right of use assets for the period 01.01.-31.12.2022 and 01.01.-31.12.2021 are as follows:

	Buildings	Vehicles	Total
As of 1 January 2022	**1.807.731**	**2.571.350**	**4.379.081**
Additions (*)	57.319.675	2.719.782	60.039.457
Changes in leases	10.301.579	-	10.301.579
Depreciation	(13.910.301)	(1.720.575)	(15.630.876)
As of 31 December 2022	**55.518.684**	**3.570.557**	**59.089.241**

	Buildings	Vehicles	Total
As of 1 January 2021	**6.624.964**	**622.553**	**7.247.517**
Additions	-	2.570.822	2.570.822
Depreciation	(4.817.233)	(622.025)	(5.439.258)
As of 31 December 2021	**1.807.731**	**2.571.350**	**4.379.081**

(*) There has been an increase in the balance due to the lease agreements of the factory building leased within the scope of the cell and panel production investment started in Aliağa OIZ and the Dilovası panel production facility factory building, which was commissioned during the year.

14. FINANCIAL BORROWING

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

	31 December 2022	31 December 2021
Short-term bank borrowings	197.938.459	114.038.356
Financial lease liabilities	43.674.600	17.502.706
Liabilities arising from leasing transactions (*)	18.401.175	2.923.536
Other financial borrowings	12.391	45.277
Short-term borrowings	**260.026.625**	**134.509.875**
Short-term portion of long-term borrowings	613.674	7.394.989
Short-term portion of long-term borrowings	**613.674**	**7.394.989**
Long-term borrowings	-	5.966.469
Long-term financial lease liabilities	64.585.212	27.948.706
Liabilities arising from leasing transactions (*)	44.598.034	1.940.779
Long-term borrowings	**109.183.246**	**35.855.954**
Total financial borrowings	**369.823.545**	**177.760.818**

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

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

14. FINANCIAL BORROWING (Continued)

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

	Interest Rate	31 December 2022
TL bank borrowings	7,50% - 25,25%	108.797.578
USD bank borrowings	8,50% - 12,50%	89.754.555
		198.552.133

	Interest Rate	31 December 2021
TL bank borrowings	7,50% - 25,00%	54.717.589
EUR bank borrowings	4,50% - 5,50%	4.041.788
USD bank borrowings	7,00%	68.640.436
		127.399.813

15. EMPLOYEE BENEFITS

Severance pay provision

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

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 30-day salary as of 31 December 2022 TL 19.983 (31 December 2021: TL 10.849). The provision for severance pay is calculated on a current basis and is reflected in the Consolidated financial statements. The provision is calculated according to the severance pay ceiling announced by the Government.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. To calculate the liabilities of the Group in accordance with TAS 19 (Employee Benefits), a calculation made with actuarial assumptions is required. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below. The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Hence the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying Consolidated financial statements as of 31 December 2022 and 31 December 2021 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	31 December 2022	31 December 2021
Discount rate	1,52%	3,85%
Estimated rate of salary increasing /inflation rate	20,01%	17,00%
The turnover ratio used to calculate the probability of retirement	95,75%	100,00%

It is planned that the severance pay rights will be paid at the end of the concession agreement. Accordingly, the terms of the concession agreements are considered in calculating the present value of the liabilities to be paid in the future.

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

15. EMPLOYEE BENEFITS (Continued)

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

Long-term provisions	**31 December 2022**	**31 December 2021**
Severance pay provision	4.733.249	2.781.957
	4.733.249	**2.781.957**

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

	1 January- 31 December 2022	**1 January- 31 December 2021**
Balance on January 1	2.781.957	760.599
Service cost	2.205.205	1.397.790
Interest cost	1.033.268	598.121
Actuarial (Gain)/Loss	(588.959)	302.191
Termination paid (-)	(698.222)	(276.744)
Balance at the end of the period	**4.733.249**	**2.781.957**

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

Short-term provisions	**31 December 2022**	**31 December 2021**
Provision for unused vacation liability	2.164.561	994.443
	2.164.561	**994.443**

Movement of unused vacation provisions as follows:

	1 January- 31 December 2022	**1 January- 31 December 2021**
Balance on January 1	994.443	614.114
Current year provision expense (*)	1.170.118	380.329
Balance at the end of the period	**2.164.561**	**994.443**

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

16. COMMITMENTS , CONTINGENT ASSETS AND LIABILITIES

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

	31 December 2022	**31 December 2021**
Lawsuit provisions	920.466	1.781.289
	920.466	**1.781.289**

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

	1 January- 31 December 2022	**1 January- 31 December 2021**
Beginning of the Term	1.781.289	2.299.296
Provisions in the period / (Provisions no longer required)	(860.823)	(518.007)
Balance at the end of the period	**920.466**	**1.781.289**

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

16. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

a) Guarantees received

As of 31 December 2022, the Group has no guarantees received (31 December 2021: None).

b) Guarantees Given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 31 December 2022 and 2021,are as follows:

CPMB's given by the Group	31 December 2022	31 December 2021
A. CPMB's given for Group's own legal personality	84.034.055	159.741.686
B. CPMB's given on behalf of fully consolidated companies	439.939.605	
C. CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii)Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-
iii)Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
	-	-
	523.973.660	**159.741.686**

Given to	31 December 2022	31 December 2021
T. C. Enerji ve Tabi Kaynaklar Bakanlığı	141.400.000	-
Hes Hacılar Elektrik San. Ve Tic. A.Ş	140.523.334	-
Boyteks Tekstil Sanayi ve Ticaret A.Ş	67.271.809	-
Emba Elektrik Üretim A.Ş.	57.580.588	-
Boyçelik Metal San. Ve Tic. A.Ş	37.672.213	-
Frıtolay Gıda San Tic. A.Ş	21.736.774	-
Şişli Vergi Dairesi	14.572.655	-
Fruko Meşrubat San. Ve Tic Ltd.Şti	12.913.046	-
Yapıen A.Ş.	9.115.328	6.326.466
RA Güneş Enerjisi Üretim San. Ve Tic. A.Ş	8.414.235	-
Gümrük Müdürlüğü	4.404.826	-
Gaziantep Büyükşehir Belediyesi	3.986.980	-
Cemre Tekstil	3.709.537	-
T.C. Enerji Bakanlığı / YEKA Diyarbakır	-	14.000.000
Yıldırım Enerji Projesi Avans Mektubu	-	77.865.000
Global Holding Mardin Ra Projesi	-	11.679.750
Gün Güneş / Van 55 MWp	-	49.708.692
Other	672.335	161.778
Total	**523.973.660**	**159.579.908**

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

17. EMPLOYEE BENEFITS OBLIGATIONS

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

	31 December 2022	31 December 2021
Payable to social security withholding	6.541.752	966.745
Due to personnel	243.220	5.162.602
	6.784.972	**6.129.347**

18. INCOME TAX

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

	31 December 2022	31 December 2021
Current tax expense	(10.194.913)	(6.455.267)
Prepaid taxes and funds	9.103.729	1.093.135
	(1.091.184)	**(5.362.132)**

	1 January- 31 December 2022	1 January- 31 December 2021
Deferred tax assets / liabilities	51.150	(5.650.806)
	51.150	**(5.650.806)**

Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month.

As of 31 December 2022, the corporate tax rate is 23% in Turkey (31 December 2021: 25%,). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from 20% to 25%, for the year 2022 to 23%. With the provision added to Article 35 of the Law No. 7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. As of 22 April 2021, the company's corporate tax rate has been calculated 23%. Accordingly, in the Group's consolidated financial statements as of 31 December 2022, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 21% for the parts of the temporary differences that will occur as of 2022, and the tax rate for the parts that will occur from 2023 rate was taken into account as 20%. It is calculated with a rate of 18% for the part that will have a tax effect in the following periods.

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

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

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

18. INCOME TAX (Continued)

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

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

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

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

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

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding 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.

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

18. INCOME TAX (Continued)

Deffered tax assets and liabilities:

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

Recognized deferred tax assets and liabilities

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

	31 December 2022	**31 December 2021**
	Assets / (Liabilities)	**Assets / (Liabilities)**
Employee benefits	944.492	785.113
Trade payables	250.710	(1.564.142)
Trade receivables	(18.999.981)	933.464
Lease liabilities	11.339.858	1.520.483
Inventories	3.424.749	10.142.060
Tangible and intangible assets	7.388.368	4.309.762
Hedge Instruments	6.816.862	-
Financial liabilities	689.973	(163.250)
Lawsuit provisions	165.684	409.696
Cash and cash equivalents	-	114.579
Right of use assets	(10.636.064)	(875.816)
investment incentives	11.955.081	-
Deferred tax assets	**13.339.732**	**15.611.949**
Deferred tax assets	42.975.777	18.215.157
Deferred tax liabilities	(29.636.045)	(2.603.208)
Deferred tax assets	**13.339.732**	**15.611.949**

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

	1 January 2022	**Deferred tax income/ (expense)**	**Other comprehensive income**	**31 December 2022**
Deferred tax assets	15.611.949	51.150	(2.323.367)	13.339.732

	1 January 2021	**Deferred tax income/ (expense)**	**Other comprehensive income**	**31 December 2021**
Deferred tax assets	12.359.202	(5.650.806)	8.903.553	15.611.949

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

18. INCOME TAX (Continued)

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

	1 January- 31 December 2021	1 January- 31 December 2020
Profit/(loss) for before taxation	249.076.345	96.451.367
Corporation tax rate	23%	25%
Calculated tax using the Company's domestic tax rate	**57.287.559**	**24.112.842**
Non-deductible expenses	(6.021.346)	(2.395.868)
Investment incentive discounts	(48.875.465)	(29.301.957)
Discounts and exceptions	(4.457.292)	(460.097)
Effect of current period adjustments	(8.077.219)	(4.060.993)
Adjustments to trade receivables and payables	*(18.118.593)*	*(6.060.815)*
Adjustments to tangible and intangible assets	*3.078.606*	*4.638.986*
Other	*6.962.768*	*(2.639.164)*
Tax expense	**(10.143.763)**	**(12.106.073)**

19. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

Share Capital

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

Shareholders	31 December 2022 TL	Share %	31 December 2021 TL	Share %
Smart Holding A.Ş.	229.584.000	75,03	127.500.000	100
Publicly-traded	76.416.000	24,97	-	-
Total paid-in capital	**306.000.000**	**100**	**127.500.000**	**100**

The Group has entered the registered capital system with the permission of the CMB, dated 21.10.2021 and numbered E-29833736-l 10.03.03-12167, and the registered capital ceiling is TL 400.000.000.

As of 30 December 2022, the capital of the Group consists of 306.000.000 shares (31 December 2021: 127.500.000). The nominal value of the shares is TL 1 per share (31 December 2021: per share TL 1).

25,500,000 shares of the Company with a nominal value of 1 TL were offered to the public on 16/17/18 March 2022 at 14 TL per share and started to be traded on the Borsa Istanbul on 24 March. The amount of 25.500.000 TL obtained was used in the capital increase and the remaining portion was recorded in the "Premiums Related to Shares / (Discounts)" account. Expenses amounting to TL 21,717.642 made within the scope of public offering have been deducted from this account within the scope of TAS 32.

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

As of 31 December 2022, the details of the shares by group are given below. TL 76.416.000 of the bearer B group shares are traded on the BIST.

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

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

20. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January-31 December 2022	**1 January-31 December 2021**
Domestic Sales	2.004.511.462	828.289.464
Export Sales	252.614.556	45.170.445
Gross Sales (*)	**2.257.126.018**	**873.459.909**
Sales Returns (-)	(34.290.494)	(15.475.087)
Sales Discounts (-)	(23.326.986)	(11.870.040)
Net Sales	**2.199.508.538**	**846.114.782**
Cost of goods sold (-)	(1.375.160.406)	(472.778.612)
Cost of trade goods sold (-)	(376.925.165)	(228.496.511)
Cost of services sold (-)	(54.107.505)	(314.166)
Depreciation and amortization expenses (Note 11)	(27.210.897)	(9.978.834)
Gross Profit	**366.104.565**	**134.546.659**

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

	1 January-31 December 2022	**1 January-31 December 2021**
Sales of solar panels and equipment	1.982.683.136	784.634.074
Sales of solar energy power plant projects	145.887.400	74.198.152
Transit trade sales	116.063.898	13.194.643
Waste and scrap sales	12.491.584	1.433.040
	2.257.126.018	**873.459.909**

21. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January-31 December 2022	**1 January-31 December 2021**
Personnel expenses	15.684.055	4.813.685
Advertising and promotion expenses	9.538.938	2.150.760
Export and warehouse expenses	7.443.139	782.021
Logistic expenses	7.168.771	2.667.142
Project expenses	2.841.148	5.778.122
Consultancy and lawyer expenses	713.951	379.636
Food and travel expenses	687.425	402.777
Other	4.300.018	682.549
	48.377.445	**17.656.692**

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

22. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	29.970.523	13.511.446
Consultancy and lawyer expenses	7.588.484	3.322.180
Depreciation and amortization expenses (Note 11)	4.513.934	2.494.709
Representation expenses	3.866.826	853.716
Food and travel expenses	2.615.144	419.845
Vehicle expenses	1.739.069	217.913
Office expenses	1.173.466	270.549
Security expenses	494.196	292.453
Bank transaction charges	361.308	1.619.822
Other	1.243.619	3.789.354
	53.566.569	**26.791.987**

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POAASA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2022	2021
Independent audit fee for the reporting period	350.000	340.000
Amount of other assurance services	75.000	15.000
	425.000	**355.000**

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

23. EXPENSES BY NATURE

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

	1 January- 31 December 2022	**1 January- 31 December 2021**
Cost of goods sold (-)	1.375.160.406	472.778.612
Cost of merchandise sold (-)	376.925.165	228.496.511
Cost of services sold (-)	54.107.505	314.166
Personnel expenses	45.654.578	18.325.131
Depreciation and amortization expenses (Note 11)	31.724.831	12.473.543
Advertising and promotion expenses	9.538.938	2.150.760
Consultancy and lawyer expenses	8.302.435	3.701.816
Export and warehouse expenses	7.443.139	782.021
Logistics expenses	7.168.771	2.667.142
Representation expenses	3.866.826	853.716
Food and travel expenses	3.302.569	822.622
Other	12.152.824	12.650.762
	1.935.347.987	**756.016.802**

24. OTHER OPERATING INCOME AND EXPENSES

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

Other operating income	**1 January- 31 December 2022**	**1 January- 31 December 2021**
Foreign exchange gain (*)	75.913.077	48.690.727
SSI Incentive Premiums	13.454.335	1.231.872
Provisions no longer required	860.823	22.663.962
Late interest income from sales	-	73.858.872
Interest income on trade receivables	-	10.066.599
Other	6.994.423	1.852.308
	97.222.658	**158.364.340**

Other operating expenses	**1 January- 31 December 2022**	**1 January- 31 December 2021**
Foreign exchange loss (*)	49.739.360	41.959.031
Provisions for doubtful receivables	2.677.994	4.988.241
Interest expense on trade payables	2.658.177	-
Donations	1.485.104	-
Late interest expense due to cost of sales	-	46.668.101
Stock count and delivery shortages	-	5.640.931
Other	8.018.709	4.106.998
	64.579.344	**103.363.302**

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

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

25. GAINS FROM İNVESTMENT ACTİVİTİES

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

	1 January- 31 December 2022	1 January- 31 December 2021
Gains from invstment activities		
Fx protected TL Deposits interest and currency income	11.071.638	-
	11.071.638	**-**

26. FINANCIAL INCOME AND EXPENSES

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

Finance income	1 January- 31 December 2022	1 January- 31 December 2021
Interest income	8.295.833	449
	8.295.833	**449**

Finance expenses	1 January- 31 December 2022	1 January- 31 December 2021
Interest expense	37.443.877	13.732.779
Bank transaction and commission expenses	12.863.659	3.096.532
Foreign exchange loss (*)	8.312.264	25.533.391
	58.619.800	**42.362.702**

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

27. EARNING PER SHARE

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

	1 January – 31 December 2022	1 January – 31 December 2021
Profit for the period attributable to equity holders	248.057.660	80.008.598
Weighted average number of common shares issued	261.375.000	127.500.000
Profit per share	0,95	0,63

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

28. FINANCIAL INSTRUMENTS

Capital Risk Management

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

	31 December 2022	31 December 2021
Total financial borrowings	369.823.545	177.760.818
Less: Cash and cash equivalents	(294.047.522)	(23.734.489)
Net debt	**75.776.023**	**154.026.329**
Total equity	781.665.202	200.611.562
Net debt to equity ratio	**0,10**	**0,77**

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.

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

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

Risk management disclosures

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

Credit Risk

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

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

	Receivables				
	Trade receivables		**Trade receivables**		
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Cash at Banks**
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	**119.400.238**	**259.160.029**	**49.598.658**	**21.205.953**	**23.078.902**
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	119.400.238	259.160.029	49.598.658	21.205.953	23.078.902
B. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	19.530.075	-	-	-
- Impairment (-)	-	(19.530.075)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-

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

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

Credit Risk (Continued)

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

Liquidity risk

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

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

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

	31 December 2022				
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3- 12 months**	**1- 5 years**
Non derivative financial liabilities	**1.076.490.040**	**1.113.112.493**	**274.546.252**	**701.805.720**	**136.760.521**
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	-	-

	31 December 2021				
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3- 12 months**	**1- 5 years**
Non derivative financial liabilities	**420.323.779**	**422.923.762**	**21.385.167**	**365.682.641**	**35.855.954**
Loans and borrowings	170.296.520	172.896.503	7.440.267	131.541.061	33.915.175
Trade payables	231.218.044	231.218.044	-	231.218.044	-
Lease liabilities	4.864.315	4.864.315	-	2.923.536	1.940.779
Other payables	13.944.900	13.944.900	13.944.900	-	-

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

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

Foreign Currency Risk

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

		31 December 2022			31 December 2021		
		TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1	Trade receivables	897.139.854	43.503.123	4.198.938	286.716.773	19.277.224	2.489.160
2a.	Monetary financial assets	51.884.440	2.743.414	29.459	24.961.524	1.912.712	9.488
2b.	Non-Monetary financial assets	-	-	-	-	-	-
3	Other	240.321.030	9.885.130	2.783.355	79.210.169	2.504.820	3.180.964
4	**Current assets (1+2+3)**	**1.189.345.324**	**56.131.667**	**7.011.752**	**390.888.466**	**23.694.756**	**5.679.612**
5	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-Monetary financial assets	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	**Non- Current assets (5+6+7)**	-	-	-	-	-	-
9	**Total assets (4+8)**	**1.189.345.324**	**56.131.667**	**7.011.752**	**390.888.466**	**23.694.756**	**5.679.612**
10	Trade payables	500.343.915	25.373.310	1.254.385	115.826.640	8.686.266	211.181
11	Financial borrowings	131.890.724	5.167.657	1.757.074	6.411.493	458.829	31.129
12a.	Other Monetary financial liabilities	-	-	-	-	-	-
12b.	Other Non-Monetary financial liabilities	-	-	-	146.721.981	11.224.779	71.679
13	**Current liabilities (10+11+12)**	**632.234.639**	**30.540.967**	**3.011.459**	**268.960.114**	**20.369.874**	**313.989**
14	Trade payables	-	-	-	-	-	-
15	Financial borrowings	61.570.143	30.060	3.054.813	-	-	-
16a.	Other Monetary financial liabilities	-	-	-	-	-	-
16b.	Other Non-Monetary financial liabilities	-	-	-	-	-	-
17	**Non-Current liabilities (14+15+16)**	**61.570.143**	**30.060**	**3.054.813**	-	-	-
18	**Total liabilities (13+17)**	**693.804.782**	**30.571.027**	**6.066.272**	**268.960.114**	**20.369.874**	**313.989**
19	**Net asset / liability position of off-balance sheet derivatives**	-	-	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-	-	-
20	**Net foreign currency asset /(liability)position (9-18+19)**	**495.540.542**	**25.560.640**	**945.480**	**121.928.352**	**3.324.882**	**5.365.623**
21	**Net foreign currency asset / (liability)position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**255.219.512**	**15.675.510**	**(1.837.875)**	**189.440.164**	**12.044.841**	**2.256.338**
22	**Amounts subject to cash flow hedge accounting**	193.460.867	5.197.717	4.811.887	6.411.493	458.829	31.129
23	**Net foreign currency position after cash flow hedge**	**689.001.409**	**30.758.357**	**5.757.367**	**128.339.845**	**3.783.711**	**5.396.752**

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

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

Foreign currency risk (Continued)

Sensibility analysis

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

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

	2022		**2021**	
	Profit (Loss)		**Profit (Loss)**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
	In case of 10% appreciation of USD against TL			
1- USD net asset/liability	47.691.027	(47.691.027)	4.314.865	(4.314.865)
2- Amount hedged for USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**47.691.027**	**(47.691.027)**	**4.314.865**	**(4.314.865)**
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	1.863.027	(1.863.027)	7.877.970	(7.877.970)
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**1.863.027**	**(1.863.027)**	**7.877.970**	**(7.877.970)**
Total net effect (3+6)	**49.554.054**	**(49.554.054)**	**12.192.835**	**(12.192.835)**

Cash flow hedge accounting for high probability forecast transaction currency risk

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

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

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

30. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

		31 December 2022		31 December 2021	
Financial assets	***Not***	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	3	240.237.874	240.237.874	23.734.489	23.734.489
Financial Investments	4	53.809.648	53.809.648	-	-
Trade receivables	5	1.110.991.219	1.096.230.630	378.560.267	372.274.869
Other receivables	7	22.890.631	22.890.631	70.804.611	70.804.611
Total financial assets		**1.427.929.372**	**1.413.168.783**	**473.099.367**	**466.813.969**
Financial liabilities					
Financial borrowings	14	369.823.545	356.832.507	177.760.818	175.160.835
Trade payables	5	694.606.049	694.606.049	231.218.044	231.218.044
Other payables	7	12.060.446	12.060.446	13.944.900	13.944.900
Payables related to employment benefits	17	6.784.972	6.784.972	6.129.347	6.129.347
Total financial liabilities		**1.083.275.012**	**1.070.283.974**	**429.053.109**	**426.453.126**
Net		**344.654.360**	**342.884.809**	**44.046.258**	**40.360.843**

31. SABSEQUENT EVENTS

Based on the Group's application to the CMB on 07.02.2023, the current registered capital ceiling has been increased from TL 400.000.000 (four hundred million Turkish Liras) to TL 2.000.000.000 (two billion Turkish Liras). It was approved by the CMB with its letter dated 23.02.2023 and numbered E-29833736-110.04.04-33704.

The Group has purchased some of its shares traded in Borsa Istanbul on 16.02.2023. It bought back 12.000 shares with an average price of 66.21 and on 20.02.2023 13.000 shares with an average price of 67.02. The Group's SMRTG shares reached a total of 25,000 (0.00816% to company capital).

By the Board of Directors on 06.02.2023; Based on the authority given by our Company's Articles of Association, in accordance with the provisions of the Capital Markets Board's Debt Securities Communiqué (VII-128.8); Our company's debt instrument issuance, in Turkish Lira with various maturities up to 5 (five) years, not exceeding TL 300.000.000 (three hundred million Turkish Liras), to be sold to qualified investors in the country, without public offering, in one or more than one time. Within the scope of the decision taken, the necessary permission application was made to the Capital Markets Board on 07.02.2023.

Board of Directors on 06.02.2023; In line with its long-term strategies, it has decided to establish two new companies in order to build its operational capability and financial strength abroad under a more efficient and financially stronger centralized structure. It has been decided to establish a new company with the title of Smart Gunes Tecnologias Renovables, Sociedad Limitada, which will operate in the field of solar energy technologies in Spain, with a capital of EURO 50.000,00- (fifty thousand EURO) and to own 100% of the capital of the new company to be established. In addition, it has been decided to establish a new company with the title of Smart Global Enterprises & Trading BV, located in the Netherlands, with a capital of EURO 50.000,00- (fifty thousand EURO) and to own 100% of the capital.

Smart GES Üretim A.Ş., one of the subsidiaries of the Group, received a certificate from the Energy Market Regulatory Authority (EMRA) on 04.01.2023 for the solar power generation plant with a power of 100 MWe (Bor-1), which it aims to establish in the Niğde Bor region. It received a new investment incentive from the Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital. All of this incentive will be used in the new investment, 100% subsidiary of our Company, Smart GES Üretim A.Ş. given to. Investment Incentive Certificate for the total fixed investment amount of TL 1.994.972.280 was obtained for the investment of the 100MWe Bor-1 Solar Power Plant (GES) project. The support elements foreseen in the said Investment Incentive Certificate are "VAT Exemption" and "Customs tax exemption".eew