

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

**SMART GÜNEŞ ENERJİSİ
TEKNOLOJİLERİ
AR-GE ÜRETİM SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AND INTERIM AUDITOR'S REVIEW REPORT
FOR THE PERIOD ENDED 30 JUNE 2023**

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of
Smart Güneş Enerjisi Teknolojileri AR-GE Üretim Sanayi ve Ticaret A.Ş.

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Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Smart Güneş Enerjisi Teknolojileri AR-GE Üretim Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2023 and the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and other explanatory notes for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with TAS 34.

Additional explanation for convenience translation into English

4. Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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



Nazım Hikmet
Partner

İstanbul, 17.08.2023

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

ASSETS	Notes	Reviewed	Audited
		Current Period 30 June 2023	Prior Period 31 December 2022
Current Assets			
Cash and cash equivalents	3	727.825.412	240.237.874
Financial investments	4	309.018.640	53.809.648
Trade receivables		2.118.562.808	1.096.230.630
- <i>Due from related parties</i>	6	141.901.471	158.598.215
- <i>Due from third parties</i>	5	1.976.661.337	937.632.415
Other receivables		108.483.579	20.464.733
- <i>Other receivables from related parties</i>	6	78.016.165	-
- <i>Other receivables from third parties</i>		30.467.414	20.464.733
Inventories		1.432.403.276	470.460.958
Prepaid expenses		997.416.180	336.669.343
- <i>Due from related parties</i>	6	57.703.568	10.928.814
- <i>Prepaid expenses, third parties</i>	7	939.712.612	325.740.529
Other current assets		89.927.997	67.074.534
TOTAL CURRENT ASSETS		5.783.637.892	2.284.947.720
Non-current Assets			
Other receivables		2.853.386	2.425.898
- <i>Other receivables from third parties</i>		2.853.386	2.425.898
Right of use assets	9	140.727.416	59.089.241
Property plant and equipment	8	417.028.541	232.257.235
Intangible assets		34.117.171	3.608.443
Prepaid expenses		864.330.847	-
- <i>Prepaid expenses, third parties</i>	7	864.330.847	-
Deferred tax assets	12	101.275.824	13.339.732
TOTAL NON-CURRENT ASSETS		1.560.333.185	310.720.549
TOTAL ASSETS		7.343.971.077	2.595.668.269

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

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

LIABILITIES	Notes	Reviewed	
		Current Period	Audited
		30 June 2023	Prior Period 31 December 2022
Current Liabilities			
Short-term borrowings	10	676.649.128	241.625.450
Short-term portion of long-term borrowings	10	169.697.729	613.674
Lease liabilities	10	30.293.656	18.401.175
- Lease transactions from related parties		9.555.484	7.365.697
- Lease transactions from third parties		20.738.172	11.035.478
Trade payables		1.238.222.609	694.606.049
- Due to related parties	6	50.682.591	85.244.110
- Trade payables third parties	5	1.187.540.018	609.361.939
Employee benefits obligations		32.072.524	6.784.972
Other Payables		10.061.402	12.060.446
- Other payables from third parties		10.061.402	12.060.446
Deferred income		2.429.523.423	714.911.561
- Deferred income from third parties	7	2.429.523.423	714.911.561
Current income tax liabilities		8.777.536	1.091.184
Provisions		5.413.073	3.085.027
- Provisions for employee benefits		3.775.689	2.164.561
- Other short-term provisions		1.637.384	920.466
Other current liabilities		7.679.620	6.907.034
TOTAL CURRENT LIABILITIES		4.608.390.700	1.700.086.572
Non-current liabilities			
Long-term borrowings	10	1.617.427.387	64.585.212
Lease liabilities	10	121.871.657	44.598.034
- Lease transactions from related parties		46.675.183	40.460.841
- Lease transactions from third parties		75.196.474	4.137.193
Long-term provisions		10.261.461	4.733.249
- Long-term provisions for employee benefits		10.261.461	4.733.249
TOTAL NON-CURRENT LIABILITIES		1.749.560.505	113.916.495
Shareholders' Equity			
Paid-in capital	13	306.000.000	306.000.000
Treasury Shares (-)		(10.286.598)	-
Share premiums		209.782.358	209.782.358
Accumulated other comprehensive income not to be reclassified in profit or loss		12.063.874	14.289.803
- Gain on revaluation of property, plant and equipment		12.548.765	13.731.226
- Gain/(Loss) on remeasurements of the defined benefit plans		(484.891)	558.577
Accumulated other comprehensive income that will be reclassified in profit or loss		(238.062.814)	(27.368.132)
- Foreign currency translation differences		(4.033.881)	(1.723.746)
- Gain / (loss) of hedging reserve		(234.028.933)	(25.644.386)
Reserves on retained earnings		30.009.839	9.744.338
Retained earnings		252.100.110	23.125.490
Net income for the period		421.265.506	248.057.660
Non-controlling interest		3.147.597	(1.966.315)
TOTAL SHAREHOLDER'S EQUITY		986.019.872	781.665.202
TOTAL LIABILITIES		7.343.971.077	2.595.668.269

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the
Periods of 1 January-30 June 2023 and 2022

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

		Reviewed	Reviewed	Reviewed	Reviewed
	Notes	1 January– 30 June 2023	1 January– 30 June 2022	1 April– 30 June 2023	1 April– 30 June 2022
PROFIT OR LOSS:					
Revenue	14	2.005.594.850	622.424.357	1.211.285.610	417.474.010
Cost of sales (-)	14	(1.597.885.141)	(520.151.393)	(953.083.131)	(360.931.222)
GROSS PROFIT		407.709.709	102.272.964	258.202.479	56.542.788
General administrative expense (-)	16	(81.292.104)	(18.775.702)	(46.758.212)	(10.761.452)
Selling, marketing and distribution expense (-)	15	(58.761.345)	(11.752.451)	(24.241.765)	(7.652.373)
Other operating income	18	586.015.298	45.583.992	561.304.898	31.430.534
Other operating expense (-)	18	(313.968.705)	(21.870.068)	(293.841.426)	(17.979.340)
OPERATING PROFIT / (LOSS)		539.702.853	95.458.735	454.665.974	51.580.157
Income from investment activities	19	72.202.584	-	69.421.183	-
Expected credit loss according to TFRS 9		(9.870.414)	(2.285.580)	(8.560.789)	(1.521.422)
Share of profit/loss of investments accounted for using the equity method		-	-	(138.569)	-
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		602.035.023	93.173.155	515.387.799	50.058.735
Financial income	20	10.072.112	4.328.978	6.203.979	3.660.772
Financial expenses (-)	20	(192.324.900)	(24.549.782)	(155.250.337)	(1.177.614)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		419.782.235	72.952.351	366.341.441	52.541.893
Tax Income / (Expense) from Continuing Operations					
Current period tax expense		(36.471.882)	(3.902.281)	(9.072.186)	(2.803.242)
Deferred tax (expense) / income	12	43.069.065	5.871.682	13.582.766	(6.678.912)
PROFIT FROM CONTINUING OPERATIONS		426.379.418	74.921.752	370.852.021	43.059.739
NET PROFIT/LOSS FOR THE PERIOD		426.379.418	74.921.752	370.852.021	43.059.739
Attributable to:					
Non-controlling interest		5.113.912	(4.498.674)	8.659.384	(4.951.299)
Equity holder of the parent		421.265.506	79.420.426	362.192.637	48.011.038
		426.379.418	74.921.752	370.852.021	43.059.739
<i>Earnings per share</i>	<i>21</i>	<i>1,38</i>	<i>0,57</i>	<i>1,18</i>	<i>0,31</i>
Net Profit/(Loss) for the Period		426.379.418	74.921.752	370.852.021	43.059.739
Items that will not to be reclassified to profit or loss					
- Gain / (loss) arising from defined benefit plans		(1.355.153)	(281.171)	(605.361)	(281.171)
Taxes on items that will not to be reclassified to profit or loss					
- Deferred tax income	12	311.685	56.234	161.727	56.234
Items that will be reclassified to profit or loss					
- Currency translation differences		(2.310.135)	(1.825.782)	(1.122.688)	(1.011.127)
- Cash flow hedging		(252.939.889)	(3.462.476)	(242.400.601)	(3.903.896)
Taxes on items that will be reclassified to profit or loss					
- Deferred tax income	12	44.555.342	404.962	43.597.219	502.075
TOTAL OTHER COMPREHENSIVE LOSS		(211.738.150)	(5.108.233)	(200.369.704)	(4.637.885)
TOTAL COMPREHENSIVE LOSS		214.641.268	69.813.519	170.482.317	38.421.854
Attributable to:					
Equity holder of the parent		209.527.356	74.312.193	161.822.933	43.373.153
Non-controlling interest		5.113.912	(4.498.674)	8.659.384	(4.951.299)

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş. and Its Subsidiaries
Condensed Consolidated Statement of Changes in Equity for the Periods of 1 January-30 June 2023 and 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Paid-in Capital	Treasury Shares	Share Premium	Accumulated other comprehensive income and expenses not to be reclassified in profit or loss		Accumulated other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings			Attributable to equity holders of the parent	Non-controlling interest	Total equity
				Gain/(loss) on remeasurements of defined benefit plans	Gains on revaluation of property, plant and equipment	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit/(loss)	Net profit/loss for the period			
<i>Notes</i>													
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	-	-	-	-	(979.296)	-	-	3.765.885	77.222.009	(80.008.598)	-	-	-
Total comprehensive income	-	-	-	(224.937)	-	(3.057.514)	(1.825.782)	-	-	79.420.426	74.312.193	(4.498.674)	69.813.519
Capital increase (*)	25.500.000	-	-	-	-	-	-	-	-	-	25.500.000	-	25.500.000
Increase Due to Share Based Transactions (*)	-	-	313.010.661	-	-	-	-	-	-	-	313.010.661	-	313.010.661
Balances as of 30 June 2022	13 153.000.000	-	313.010.661	(854.814)	14.757.371	(34.790.386)	(3.111.288)	9.744.338	75.099.345	79.420.426	606.275.653	2.660.089	608.935.742
Balances as of 1 January 2023	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
Transfers	-	-	-	-	(1.182.461)	-	-	9.978.903	239.261.218	(248.057.660)	-	-	-
Total comprehensive income	-	-	-	(1.043.468)	-	(208.384.547)	(2.310.135)	-	-	421.265.506	209.527.356	5.113.912	214.641.268
Increase / (decrease) through treasury share transactions	-	(10.286.598)	-	-	-	-	-	10.286.598	(10.286.598)	-	(10.286.598)	-	(10.286.598)
Balances as of 30 June 2023	13 306.000.000	(10.286.598)	209.782.358	(484.891)	12.548.765	(234.028.933)	(4.033.881)	30.009.839	252.100.110	421.265.506	982.872.275	3.147.597	986.019.872

(*) The Company's 25.500.000 shares with a nominal value of 1 TL were offered to the public on March 24, 2022 and sold for 14 TL per share. The amount of 25.500.000 TL obtained was used in the capital increase and the remaining portion was recorded in the "Share Premiums" account. Expenses amounting to TL 18.489.399 made within the scope of public offering have been deducted from this account within the scope of TAS 32.

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

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş and Its Subsidiaries
Consolidated Statement of Cash Flows for the Periods of 1 January-30 June 2023 and 2022
Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

	Notes	Reviewed 30 June 2023	Reviewed 30 June 2022
A. Cash flows from operating activities		(946.296.028)	(170.591.002)
Profit for the period		426.379.418	74.921.752
Adjustments to reconcile net profit/loss to net cash:		186.320.766	36.835.558
Adjustments related to depreciation and amortization expenses	8	34.384.978	11.758.110
Adjustments related to provision for employee benefits		5.784.189	1.236.834
Adjustments related to interest expenses		85.533.295	13.827.783
Adjustments related to interest incomes		(10.072.112)	(4.328.978)
Adjustments for fair value losses / (gains) of financial assets		(72.202.584)	-
Adjustments related to expected provision losses		9.870.414	2.285.580
Adjustments related to tax income/(expense)	12	(6.597.183)	(1.969.401)
Adjustments related to unrealized currency translation differences		139.619.769	14.025.630
Adjustments related to other increase / (decrease) in working capital		(1.528.928.115)	(280.926.600)
Decrease/(increase) in financial investments		(183.006.408)	-
Decrease/(increase) in inventories		(961.942.318)	(161.641.356)
Decrease / (increase) Increase in trade receivables from third parties		(1.048.899.336)	(236.270.406)
Decrease/(increase) in trade receivables from related parties		16.696.744	38.682.887
Decrease/(increase) in other operating receivables from related parties		(78.016.165)	62.708.571
Decrease / (increase) in other operating receivables from third parties		(10.430.169)	(5.748.568)
Decrease) / increase in trade payables to third parties		578.178.079	53.223.652
(Decrease) / increase in other operating payables to third parties		(1.999.044)	(3.418.296)
(Decrease) / increase in trade payables to related parties		(34.561.519)	(9.823.436)
(Decrease) / increase in deferred incomes		1.714.611.862	107.030.593
Decrease / (increase) in other assets related to operations		2.434.089	(25.119.356)
(Decrease) increase in other liabilities related to operations		3.083.754	(9.669.309)
Decreases / (increase) in prepaid expenses		(1.525.077.684)	(90.881.576)
Cash inflow (outflow) from other operations		(30.068.097)	(1.421.712)
Taxes paid		(27.225.930)	(1.234.438)
Payments under provisions for employee benefits		(2.842.167)	(187.274)
B. Cash flows from investing activities		(231.779.606)	(46.336.820)
Proceeds from sale of property, plant and equipment and intangible assets	8	104.966	2.267
Purchases of property, plant and equipment	8	(200.831.453)	(45.797.658)
Purchases of intangible assets		(31.053.119)	(541.429)
C. Cash flows from financing activities		1.665.663.172	415.006.690
Cash inflows from borrowings		1.941.643.550	224.626.278
Cash outflows from borrowings		(204.831.229)	(160.996.032)
Cash inflows from leasing		103.343.538	43.613.123
Cash outflows from leasing		(78.387.429)	(16.676.559)
Payment of obligations under finance liability		(10.357.477)	(4.571.976)
Payments to Acquire Entity’s Shares		(10.286.598)	-
Cash inflows from the sale of the entity's own shares and other equity instruments		-	313.010.661
Capital increase		-	25.500.000
Interest paid		(85.533.295)	(13.827.783)
Interest received		10.072.112	4.328.978
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		487.587.538	198.078.868
D. Cash and cash equivalents at the beginning of the year		240.237.874	23.734.489
Cash and cash equivalents at the end of the year (A+B+C+D)		727.825.412	221.813.357

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

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

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

(Amounts expressed in TL unless otherwise indicated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

The Main Field of Group;

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

As of 30.06.2023, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 30.06.2023, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki, 3200 Cadde No:3207, 41400 Gebze/Kocaeli, Çerkeşli OSB Mah. İMES 10.Cad. N 3 Dilovası/Kocaeli and Uzunburun Mevkii Aliğa Organize Sanayi Bölgesi (ALOSBİ).

As of 30 June 2023, 31 December 2022 the total number of personnel employed by the Group is 1093, 735 respectively.

The subsidiaries

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

30 June 2023

Company Title	Main Activity	Share Owned (%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & IHK Holding A.Ş. Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel and Energy Production	70	Türkiye

31 December 2022

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

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

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

Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.

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

Smart GES Enerji Üretim A.Ş.

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

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

Icarus Solar GmbH

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

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

Smart Solar Technology GmbH

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

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

Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi

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

Smart Gunes Tecnologias Renovables S.L.

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

Smart Global Enterprises & Trading B.V.

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

Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.

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

Joint Ventures

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

30 June 2023

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

KES Adi Ortaklığı

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

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

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

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

Condensed consolidated financial statements for the accounting period 1 January - 30 June 2023 were approved at the Board of Directors meeting dated 17 August 2023. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

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

Preparation of Financial Statements in Hyperinflationary Periods

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2023 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2023 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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.

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

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

(Amounts expressed in TL unless otherwise indicated.)

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.

Going concern

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

Netting/Offsetting

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

2.2. Statement of Compliance to TAS

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

2.3. Changes in Accounting Policies

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

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

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

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

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

Standards, amendments, and interpretations applicable as of 30 June 2023:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

Effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 12 - International tax reform - pillar two model rules;

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

Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

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

Standards, amendments and interpretations that are issued but not effective as of 30 June 2023 (Continued)

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current;

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and earlier applications are permitted.

The above-mentioned changes do not have a material impact on the financial position and performance of the Group.

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

2.5 Summary of significant accounting policies

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

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

Consolidation Principles

Full Consolidation:

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

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

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

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

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

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

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

Related Parties

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

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

(i) has control or joint control over the reporting entity,

(ii) has significant influence over the reporting entity,

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

2.5. Summary of significant accounting policies (Continued)

Related Parties(Continued)

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

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

Trade Receivables and Allowance for Doubtful Receivables

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

Impairment

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

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

Property, plant and equipment and related depreciation

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

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

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

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

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

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

(Amounts expressed in TL unless otherwise indicated.)

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

2.5. Summary of significant accounting policies (Continued)

Transactions in foreign currency

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

	30 June 2023		31 December 2022	
	Buying	Selling	Buying	Selling
USD	25,8231 TL	25,8696 TL	18,6983 TL	18,732 TL
EUR	28,1540 TL	28,2048 TL	19,9349 TL	19,9708 TL
UAH	0,6999 TL	0,6999 TL	0,5092 TL	0,5092 TL

EBITDA

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

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April - 30 June 2022
Operating profit	539.702.853	95.458.735	454.665.974	51.580.157
Depreciation and amortization expenses (Note 8)	34.384.978	11.758.110	19.022.668	5.791.338
Vacation and termination expenses	5.784.189	1.591.982	734.829	803.126
EBITDA	579.872.020	108.808.827	474.423.471	58.174.621

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

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

(Amounts expressed in 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:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash on hand	110.486	51.759
Cash at banks	727.714.926	240.186.115
- Demand deposit	610.128.756	236.309.724
- Time deposit	117.586.170	3.876.391
	<u>727.825.412</u>	<u>240.237.874</u>

4. FINANCIAL INVESTMENTS

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

Short-Term Financial Investments	<u>30 June 2023</u>	<u>31 December 2022</u>
Fx protected TL Deposits (*)	309.018.640	53.809.648
	<u>309.018.640</u>	<u>53.809.648</u>

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

5. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade receivables	1.491.613.343	843.025.806
Notes receivables	509.678.997	109.367.198
Expected credit loss (-)	(24.631.003)	(14.760.589)
Doubtful receivables	40.006.541	25.552.384
Allowance for doubtful receivables (-) (*)	(40.006.541)	(25.552.384)
	<u>1.976.661.337</u>	<u>937.632.415</u>

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

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2022</u>
Balance at beginning of the period	25.552.384	19.530.075
Current year additions / (Provisions no longer required)	14.454.157	(2.497.465)
End of the period	<u>40.006.541</u>	<u>17.032.610</u>

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

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2022</u>
Balance at beginning of the period	14.760.589	6.285.398
Current year additions / (Provisions no longer required)	9.870.414	2.285.580
End of the period	<u>24.631.003</u>	<u>8.570.978</u>

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5. TRADE RECEIVABLES AND PAYABLES (Continued)

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

	30 June 2023	31 December 2022
Short-term trade payables		
Trade payables	769.526.438	472.945.982
Notes payables	418.013.580	136.415.957
	1.187.540.018	609.361.939

6. RELATED PARTIES

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

	Trade Receivables	
	30 June 2023	31 December 2022
Smart Holding A.Ş.	59.380.826	56.108.778
Smart Yeka Enerji Üretim A.Ş.	25.475.987	28.306.652
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	11.955.453	8.614.423
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	9.089.021	11.593.663
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	8.886.171	11.432.560
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	7.519.215	4.302.867
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.699.224	6.506.854
Smart Energy Ukraine	4.889.561	3.462.134
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	3.483.219	1.931.984
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	2.596.471	808.748
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	1.053.200	275
Smart Verde Yenilenebilir Enerji A.Ş.	861.861	25.522.108
Smart Energy Group AD (Bulgaria)	11.262	7.169
	141.901.471	158.598.215
	Other Receivables	
	30 June 2023	31 December 2022
Smart Holding A.Ş.	78.016.165	-
	78.016.165	-
	Prepaid Expenses	
	30 June 2023	31 December 2022
Sumec Energy Holdings Co. Ltd.	27.923.904	10.928.814
KES Adi Ortaklığı	29.779.664	-
	57.703.568	10.928.814
	Short-term Trade Payables	
	30 June 2023	31 December 2022
Smart Energy Group AD (Bulgaria)	40.876.443	76.210.086
Smart Verde Yenilenebilir Enerji A.Ş.	8.774.618	8.774.379
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	-
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	358.580	259.645
Smart Holding A.Ş.	12.950	-
	50.682.591	85.244.110

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6. RELATED PARTIES (Continued)

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

	Sales		Purchases	
	June 2023	June 2022	June 2023	June 2022
Smart Solar EOOD (Bulgaria)	55.969.250	-	107.532	-
Sumec Energy Holdings Co. Ltd.	2.362.608	1.955.410	470.355.253	311.346.659
Smart Verde Yenilenebilir Enerji A.Ş.	206.102	-	2.350.244	7.392.810
Smart Energy Group AD (Bulgaria)	-	109.550.565	196.969.011	41.138.384
Smart Holding A.Ş.	-	15.716.857	103.143.035	-
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	-	12.350.000	-	-
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	-	6.355.064	-	-
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	-	5.381.849	-	-
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	-	3.665.658	-	-
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	-	3.524.995	-	-
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	-	2.186.122	-	-
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	-	1.232.425	-	-
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	-	1.234.640	-	-
	58.537.960	163.153.585	772.925.075	359.877.853

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 5.624.420 (30 June 2022: TL 2.144.396).

7. PREPAID EXPENSES AND DEFFERED INCOME

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

Short-term prepaid expenses	30 June 2023	31 December 2022
Advances given to suppliers (*)	916.614.813	306.994.137
Prepaid expenses	23.097.799	18.746.392
	939.712.612	325.740.529
Long-term prepaid expenses	30 June 2023	31 December 2022
Advances given to suppliers (**)	828.639.657	-
Expenses for future years	35.691.190	-
	864.330.847	-

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

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

Deferred Incomes	30 June 2023	31 December 2022
Advances received (*)	2.429.523.423	714.911.561
	2.429.523.423	714.911.561

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

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8. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-30.06.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	30 June 2023
Cost				
Land	43.852.431	-	-	43.852.431
Machinery and equipment	178.708.983	99.730.376	-	278.439.359
Vehicles	1.866.483	2.817.826	(370.470)	4.313.839
Furniture and fixtures	8.320.339	9.465.865	-	17.786.204
Construction in progress	29.747.140	88.663.956	-	118.411.096
Leasehold improvements	16.304.968	153.430	-	16.458.398
	278.800.344	200.831.453	(370.470)	479.261.327
	1 January 2023	Current year charge	Disposals (-)	30 June 2023
Accumulated depreciation				
Machinery and equipment	(34.236.426)	(13.194.110)	-	(47.430.536)
Vehicles	(1.024.851)	(280.974)	265.504	(1.040.321)
Furniture and fixtures	(2.232.838)	(1.299.437)	-	(3.532.275)
Leasehold improvements	(9.048.994)	(1.180.660)	-	(10.229.654)
	(46.543.109)	(15.955.181)	265.504	(62.232.786)
Net book value	232.257.235			417.028.541
	1 January 2022	Additions	Disposals (-)	30 June 2022
Cost				
Land	1.470.000	-	-	1.470.000
Machinery and equipment	89.788.497	35.620.920	-	125.409.417
Vehicles	1.852.640	-	-	1.852.640
Furniture and fixtures	4.391.892	1.013.034	(3.349)	5.401.577
Construction in progress	160.606	9.121.329	-	9.281.935
Leasehold improvements	15.764.771	42.375	-	15.807.146
	113.428.406	45.797.658	(3.349)	159.222.715
	1 January 2022	Current year charge	Disposals (-)	30 June 2022
Accumulated depreciation				
Machinery and equipment	(21.993.835)	(5.597.206)	-	(27.591.041)
Vehicles	(702.734)	(159.588)	1.082	(861.240)
Furniture and fixtures	(1.259.200)	(379.927)	-	(1.639.127)
Leasehold improvements	(6.767.359)	(1.120.795)	-	(7.888.154)
	(30.723.128)	(7.257.516)	1.082	(37.979.562)
Net book value	82.705.278			121.243.153

As of 30 June 2023, the insurance amount on tangible fixed assets is 460.241.496 TL and there is no mortgage on them. (30 June 2022 244.660.131 TL).

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8. PROPERTY, PLANT AND EQUIPMENTS (Continued)

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 30 Junes are as follows:

Cost	1 January- 30 June 2023	1 January- 30 June 2022
Cost of sales (Note 14)	28.974.064	10.694.619
General administrative expenses (Note 16)	5.410.914	1.063.491
	34.384.978	11.758.110

9. RIGHT OF USE ASSETS

The movement of right of use assets for the period 01.01.-30.06.2023 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2023	55.518.684	3.570.557	59.089.241
Additions	12.405.699	1.513.379	13.919.078
Changes in leases	85.604.503	-	85.604.503
Depreciation	(16.367.494)	(1.517.912)	(17.885.406)
As of 30 June 2023	137.161.392	3.566.024	140.727.416

	Buildings	Vehicles	Total
As of 1 January 2022	1.807.731	2.571.350	4.379.081
Additions	369.787	1.005.686	1.375.473
Changes in leases	5.678.719	-	5.678.719
Depreciation	(3.862.531)	(532.562)	(4.395.093)
As of 30 June 2022	3.993.706	3.044.474	7.038.180

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10. FINANCIAL BORROWINGS

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Short-term bank borrowings	578.319.963	197.938.459
Financial lease liabilities	98.329.165	43.674.600
Liabilities arising from leasing transactions (*)	30.293.656	18.401.175
Other financial borrowings	-	12.391
Short-term borrowings	<u>706.942.784</u>	<u>260.026.625</u>
Short-term portion of long-term borrowings	169.697.729	613.674
Short-term portion of long-term borrowings	<u>169.697.729</u>	<u>613.674</u>
Long-term borrowings	1.466.346.312	-
Long-term financial lease liabilities	151.081.075	64.585.212
Liabilities arising from leasing transactions (*)	121.871.657	44.598.034
Long-term borrowings	<u>1.739.299.044</u>	<u>109.183.246</u>
Total financial borrowings	<u>2.615.939.557</u>	<u>369.823.545</u>

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

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

	<u>Interest Rate</u>	<u>30 June 2023</u>
TL bank borrowings	7,50% - 25,25%	1.506.816.525
USD bank borrowings	8,50% - 12,50%	707.547.479
		<u>2.214.364.004</u>
	<u>Interest Rate</u>	<u>31 December 2022</u>
TL bank borrowings	7,50% - 25,25%	108.797.578
USD bank borrowings	8,50% - 12,50%	89.754.555
		<u>198.552.133</u>

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11. COMMITMENTS

a. Guarantees received

As of 30 June 2023, the Group has no guarantees received (31 December 2022: None).

b. Guarantees given

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of 30 June 2023, 31 December 2022 are as follows:

Guarantess-Pledged-Mortgages-Collaretals (“CPMB”)	30 June 2023	31 December 2022
A. CPMB’s given for Group’s own legal personality	575.657.453	84.034.055
B. CPMB’s given on behalf of fully consolidated companies	2.110.546.801	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	-	-
	2.686.204.254	523.973.660
CPMB's given by the Company	30 June 2023	31 December 2022
TL	1.502.034.671	146.007.499
USD	1.133.210.843	377.966.161
EUR	50.958.740	-
Total	2.686.204.254	523.973.660

12. TAXES

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

Corporation Tax

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

7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. Accordingly, in the Group's consolidated financial statements as of June 30, 2023, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 20% for the parts of the temporary differences that will occur as of 2023, and the tax rate for the parts that will occur from 2023 rate was taken into account as 18%.

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

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

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

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

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

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

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12. TAXES (Continued)

Corporation Tax (Continued)

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

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

Income tax withholding

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

Transfer pricing regulations

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

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

Tax applications for the Group's foreign subsidiaries

- Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.
- Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15.8% corporate tax.
- In accordance with Spanish tax laws, a 15% tax rate will be applied in the first year of Smart Güneş Enerjisi Teknolojileri Renovables Sociedad Limitada company operating in Spain. In the following periods, if the revenue amount is below 1,000,000 Euros, the tax rate to be applied will be 23%, and if the revenue is above the relevant amount, 25% tax rate will be applied.
- Operating in the Netherlands, Smart Global Enterprises & Trading B.V. Subject to 20% corporate tax.

Deferred tax assets and liabilities:

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

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12. TAXES (Continued)*Recognized deferred tax assets and liabilities*

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

	30 June 2023	31 December 2022
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	2.838.372	944.492
Trade payables	1.372.100	250.710
Trade receivables	(6.727.575)	(18.999.981)
Lease liabilities	27.389.756	11.339.858
Inventories	1.392.927	3.424.749
Tangible and intangible assets	15.389.162	7.388.368
Amount related to cash flow hedge accounting	51.372.204	6.816.862
Financial liabilities	1.612.576	689.973
Lawsuit provisions	294.729	165.684
Right of use assets	(25.330.935)	(10.636.064)
Investment incentives (*)	43.885.707	11.955.081
Financial investments	(12.213.199)	-
Deferred tax assets	101.275.824	13.339.732
Deferred tax assets	145.547.533	42.975.777
Deferred tax liabilities	(44.271.709)	(29.636.045)
Deferred tax assets	101.275.824	13.339.732

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

Gains obtained from the investments of the Group, which are subject to the incentive certificate, are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be operated partially or completely, until it reaches the amount of contribution to the investment. In this context, as of 30 June 2023, the tax advantage amounting to 43.885.707 TL (31 December 2022: 11.955.081 TL) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of recognizing the mentioned tax advantage as of 30 June 2023, deferred tax income amounting to 31.930.626 TL (current period effect of 1 January-30 June 2023) has occurred in the consolidated profit or loss statement for the period 1 January - 30 June 2023.

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12. TAXES (Continued)

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

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	30 June 2023
Deferred tax assets	13.339.732	43.069.065	44.867.027	101.275.824

	1 January 2022	Deferred tax income/ (expense)	Other comprehensive income	30 June 2022
Deferred tax assets	15.611.949	5.871.682	461.196	21.944.827

Tax Income / (Expense)	1 January – 30 June 2023	1 January – 30 Haziran 2022	1 Nisan – 30 Haziran 2023	1 Nisan – 30 Haziran 2022
Dönem Vergi Karşılığı (-) (*)	(36.471.882)	(3.902.281)	(9.072.186)	(2.803.242)
Ertelenmiş Vergi Gelir / (Gideri)	43.069.065	5.871.682	13.582.766	(6.678.912)
Toplam	6.597.183	1.969.401	4.510.580	(9.482.154)

(*) In accordance with the Law No. 7440 on the “Restructuring of Certain Receivables and Amending Certain Laws” published in the Official Gazette on 12 March 2023, the exemption and deduction subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the deduction amounts and tax bases subject to reduced corporate tax, without being associated with the period's income, and 5% over the exempted earnings. As of 30 June 2023, the Company's accrued and paid amount for the related tax, in addition to the corporate tax, is 25.136.036 TL, and the second payment for the said tax will be made in August 2023.

13. SHARE CAPITAL

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

Shareholders	30 June 2023	Share	31 December 2022	Share
	TL	%	TL	%
Smart Holding A.Ş.	229.584.000	75,03	229.584.000	75,03
Publicly-traded (*)	76.416.000	24,97	76.416.000	24,97
Total paid-in capital	306.000.000	100	306.000.000	100

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

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

As of 30 June 2023, the details of the shares by group are given below. 76.416.000 TL 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

(*) As of 30.06.2023, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş. has repurchased 150.000 shares of its publicly traded shares.

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14. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Domestic Sales	1.880.526.284	525.110.505	1.121.073.253	331.251.618
Export Sales	141.669.537	127.077.302	104.555.266	98.317.609
Gross Sales (*)	2.022.195.821	652.187.807	1.225.628.519	429.569.227
Sales Returns (-)	(10.258.473)	(11.048.731)	(10.044.401)	(9.465.807)
Sales Discounts (-)	(6.342.498)	(18.714.719)	(4.298.508)	(2.629.410)
Net Sales	2.005.594.850	622.424.357	1.211.285.610	417.474.010
Cost of goods sold (-)	(1.308.459.256)	(429.800.102)	(792.659.679)	(282.941.765)
Cost of trade goods sold (-)	(250.671.467)	(71.383.114)	(137.826.885)	(64.895.537)
Cost of services sold (-)	(9.780.354)	(8.273.558)	(6.872.149)	(7.831.238)
Depreciation and amortization expenses (Note 8)	(28.974.064)	(10.694.619)	(15.724.418)	(5.262.682)
Gross Profit	407.709.709	102.272.964	258.202.479	56.542.788

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Sales of solar panels and equipment	1.727.558.308	484.075.744	1.074.529.470	321.292.402
Sales of solar energy power plant projects	207.858.977	74.966.814	88.213.593	34.448.888
Transit trade sales	85.115.218	91.915.655	61.947.874	72.721.731
Scrap and other sales	1.663.318	1.229.594	937.582	1.106.206
Total	2.022.195.821	652.187.807	1.225.628.519	429.569.227

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15. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Personnel expenses	18.386.835	5.181.532	10.454.188	2.790.647
Advertising and promotion expenses	16.966.015	2.493.446	7.256.429	1.676.686
Solar energy system project expenses	12.328.980	-	893.413	-
Taxes, fees and late fees expenses	5.546.127	775.636	2.610.523	775.636
Logistics expenses	1.551.011	1.774.303	808.148	1.266.240
Consultancy expenses	1.357.024	145.694	778.026	133.040
Export and warehouse expenses	343.396	613.752	85.656	438.970
Food and travel expenses	246.623	112.239	95.685	13.194
Other	2.035.334	655.849	1.259.697	557.960
Total	58.761.345	11.752.451	24.241.765	7.652.373

16. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Personnel expenses	38.935.158	11.483.733	22.164.293	5.734.670
Consultancy expenses	19.246.488	2.552.805	10.857.514	2.011.596
Depreciation and amortization expenses (Note 8)	5.410.914	1.063.491	3.298.250	528.656
Food and travel expenses	4.984.293	873.906	3.228.042	729.256
Representation expenses	1.859.934	967.027	1.146.980	766.713
Vehicle expenses	1.188.721	699.749	663.523	424.436
Taxes, fees and late fees expenses	501.124	317.473	136.200	248.217
Maintenance and repair expenses	245.577	51.067	56.367	27.867
Security expenses	219.509	255.616	14.319	135.563
Office expenses	196.953	302.517	53.743	117.766
Bank transaction fees	182.936	-	95.284	-
Other(*)	8.320.497	208.318	5.043.697	36.712
	81.292.104	18.775.702	46.758.212	10.761.452

(*) As of 30.06.2023, Smart Holding A.Ş. has a common expense reflection amounting to 7.278.345 TL.

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17. EXPENSES BY NATURE

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Cost of goods sold	1.308.459.256	429.800.102	792.659.679	282.941.765
Cost of merchandise sold	250.671.467	71.383.114	137.826.885	64.895.537
Personnel expenses	57.321.993	16.665.265	32.618.481	8.525.317
Depreciation and amortization expenses (Note 8)	34.384.978	11.758.110	19.022.668	5.791.338
Consultancy and expenses	20.603.512	2.698.499	11.635.540	2.144.636
Advertising and promotion expenses	16.966.015	2.493.446	7.256.429	1.676.686
Cost of services sold	9.780.354	8.273.558	6.872.149	7.831.238
Food and travel expenses	5.230.916	986.145	3.323.727	742.450
Representation expenses	1.859.934	967.027	1.146.980	766.713
Logistics expenses	1.551.011	1.774.303	808.148	1.266.240
Export and warehouse expenses	343.396	613.752	85.656	438.970
Other	30.765.758	3.266.225	10.826.766	2.324.157
Total	1.737.938.590	550.679.546	1.024.083.108	379.345.047

18. OTHER OPERATING INCOME AND EXPENSES

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Other operating income				
Foreign exchange gain (*)	572.299.080	38.139.419	554.087.736	27.939.603
SSI Incentive Premiums	10.723.635	4.637.536	6.147.919	2.493.268
Provisions no longer required	-	2.497.465	-	868.384
Other	2.992.583	309.572	1.069.243	129.279
Total	586.015.298	45.583.992	561.304.898	31.430.534

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

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18. OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Other operating expenses				
Foreign exchange loss (*)	303.859.347	13.484.432	289.342.494	13.484.432
Provisions for doubtful receivables	4.286.442	-	3.682.710	-
Donations	3.136.212	-	-	-
Interest expense on trade payables	-	2.658.177	-	-
Other	2.686.704	5.727.459	816.222	4.494.908
Total	313.968.705	21.870.068	293.841.426	17.979.340

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

19. INCOME FROM INVESTMENTS ACTIVITIES

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Gains from investment activities				
Fx protected TL Deposits interest and currency income	72.202.584	-	69.421.183	-
Total	72.202.584	-	69.421.183	-

20. FINANCIAL INCOME AND EXPENSES

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Financial Income				
Interest Income	10.072.112	4.328.978	6.203.979	3.660.772
Total	10.072.112	4.328.978	6.203.979	3.660.772
	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Financial Expenses				
Foreign exchange loss (*)	90.376.088	5.812.527	88.322.064	(6.128.343)
Interest expense	85.533.295	13.827.783	58.455.774	4.702.758
Bank transaction and commission expenses	16.415.517	4.909.472	8.472.499	2.603.199
Total	192.324.900	24.549.782	155.250.337	1.177.614

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

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21. EARNINGS PER SHARE

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

	1 January – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Profit for the period attributable to equity holders	421.265.506	79.420.426	362.192.637	48.011.038
Weighted average number of common shares issued	306.000.000	140.250.000	306.000.000	153.000.000
Profit per share	1,38	0,57	1,18	0,31

22. FINANCIAL INSTRUMENTS

Capital Risk Management

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

	30 June 2023	31 December 2022
Total financial borrowings	2.615.939.557	369.823.545
Less: Cash and cash equivalents and financial investments	(1.036.844.052)	(294.047.522)
Net debt	1.579.095.505	75.776.023
Total equity	986.019.872	781.665.202
Net debt to equity ratio	1,60	0,10

Risk Management System

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

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

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

Risk management disclosures

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

Credit risk

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

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
30 June 2023						
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	141.901.471	1.976.661.337	78.016.165	33.320.800	727.714.926	309.018.640
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	141.901.471	1.976.661.337	78.016.165	33.320.800	727.714.926	309.018.640
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	64.637.544	-	-	-	-
- Impairment (-)	-	(64.637.544)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
31 December 2022						
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.	-	-	-	-	-	-

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

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

Liquidity risk

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

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

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

Contractual maturity	30 June 2023					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	3.864.223.568	4.907.455.572	331.192.115	1.813.349.945	1.608.441.491	1.154.472.021
Loans and borrowings	2.463.774.244	3.452.649.855	113.028.078	733.318.779	1.453.505.673	1.152.797.325
Trade payables	1.238.222.609	1.238.222.609	195.422.217	1.042.800.392	-	-
Lease liabilities	152.165.313	206.521.706	12.680.418	37.230.774	154.935.818	1.674.696
Other payables	10.061.402	10.061.402	10.061.402	-	-	-

Contractual maturity	31 December 2022					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 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	-	-	-

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

Foreign Currency Risk

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

	30 June 2023			31 December 2022		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	1.632.306.690	58.158.426	4.634.362	897.139.854	43.503.123	4.198.938
2a. Monetary financial assets	175.644.544	5.693.457	1.016.617	51.884.440	2.743.414	29.459
2b. Non-Monetary financial assets	-	-	-	-	-	-
3 Other	770.327.248	17.278.927	11.512.815	240.321.030	9.885.130	2.783.355
4 Current assets (1+2+3)	2.578.278.482	81.130.810	17.163.794	1.189.345.324	56.131.667	7.011.752
5 Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-	-	-
7 Other	828.639.657	32.089.085	-	-	-	-
8 Non- Current assets (5+6+7)	828.639.657	32.089.085	-	-	-	-
9 Total assets (4+8)	3.406.918.139	113.219.895	17.163.794	1.189.345.324	56.131.667	7.011.752
10 Trade payables	957.924.248	35.312.553	1.574.293	500.343.915	25.373.310	1.254.385
11 Financial borrowings	442.044.426	13.571.375	3.224.926	131.890.724	5.167.657	1.757.074
12a. Other Monetary financial liabilities	-	-	-	-	-	-
12b. Other Non-Monetary financial liabilities	2.127.674.780	81.950.166	271.470	-	-	-
13 Current liabilities (10+11+12)	3.527.643.454	130.834.094	5.070.689	632.234.639	30.540.967	3.011.459
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	417.705.313	10.401.897	5.269.046	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)	417.705.313	10.401.897	5.269.046	61.570.143	30.060	3.054.813
18 Total liabilities (13+17)	3.945.348.767	141.235.991	10.339.735	693.804.782	30.571.027	6.066.272
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)	(538.430.628)	(28.016.096)	6.824.059	495.540.542	25.560.640	945.480
21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(9.722.753)	4.566.058	(4.417.286)	255.219.512	15.675.510	(1.837.875)
22 Amounts subject to cash flow hedge accounting	859.749.739	23.973.272	8.493.972	193.460.867	5.197.717	4.811.887
23 Net foreign currency position after cash flow hedge	321.319.111	(4.042.824)	15.318.031	689.001.409	30.758.357	5.757.367

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23. 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:

	30 June 2023		31 December 2022	
	Profit (Loss)		Profit (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
	In case of 10% appreciation of USD against TL			
1- USD net asset/liability	(73.002.988)	73.002.988	47.691.027	(47.691.027)
2- Amount hedged for USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(73.002.988)	73.002.988	47.691.027	(47.691.027)
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	19.159.930	(19.159.930)	1.863.027	(1.863.027)
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	19.159.930	(19.159.930)	1.863.027	(1.863.027)
Total net effect (3+6)	(53.843.058)	53.843.058	49.554.054	(49.554.054)

Cash flow hedge accounting for high probability forecast transaction currency risk

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

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

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

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24. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

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

	Notes	30 June 2023		31 December 2022	
		Book value	Fair Value	Book value	Fair Value
Financial assets					
Cash and cash equivalents	3	727.825.412	727.825.412	240.237.874	240.237.874
Financial Investments	4	309.018.640	309.018.640	53.809.648	53.809.648
Trade receivables	5	2.143.193.811	2.118.562.808	1.110.991.219	1.096.230.630
Other receivables		111.336.965	111.336.965	22.890.631	22.890.631
Total financial assets		3.291.374.828	3.266.743.825	1.427.929.372	1.413.168.783
Financial liabilities					
Financial borrowings	10	2.615.939.557	2.615.939.557	369.823.545	356.832.507
Trade payables	5	1.238.222.609	1.238.222.609	694.606.049	694.606.049
Other payables		10.061.402	10.061.402	12.060.446	12.060.446
Payables related to employment benefits		32.072.524	32.072.524	6.784.972	6.784.972
Total financial liabilities		3.896.296.092	3.896.296.092	1.083.275.012	1.070.283.974
Net		(604.921.264)	(629.552.267)	344.654.360	342.884.809

25. SABSEQUENT EVENTS

- With the "Law on the Establishment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6 February 2023, and Amending Certain Laws and Decree Law No. 375" published in the official newspaper dated 15 July 2023, the corporate tax rate was increased from 20% to 25% and the new rate is effective as of July 2023 payment period. The Group continues to evaluate the possible effects of the related law on the consolidated financial statements as of the date of issue of these financial statements.

- The application made to the Capital Markets Board (CMB) for the Group to increase its issued capital from 306.000.000 TL to 605.880.000 TL by an increase of 299.880.000 TL fully covered by internal resources, within the registered capital ceiling of 2.000.000.000 TL has been approved, It was announced to the public with the CMB's bulletin dated 20.07.2023 and numbered 2023/41.

- Smart GES Enerji Üretim A.Ş, one of the subsidiaries of the Group, decided to increase its capital from 21.000.000 TL to 121.000.000 TL The relevant decision was published in the Turkish Trade Registry Gazette dated 14.07.2023 and numbered 10871.