

**(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 2024**

**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.

Introduction

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

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

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 2024 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 2024. 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, 19.09.2024

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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 2024 and 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024 unless otherwise stated.)

ASSETS	Notes	Reviewed	Audited
		Current Period 30 June 2024	Prior Period 31 December 2023
Current Assets			
Cash and cash equivalents	3	386.074.408	731.858.900
Financial investments	4	204.171.646	302.136.396
Trade receivables		3.791.290.675	3.158.210.973
- Due from related parties	6	57.839.036	152.772.535
- Due from third parties	5	3.733.451.639	3.005.438.438
Other receivables		514.372.056	479.602.977
- Other receivables from related parties	6	86.414.135	30.344.717
- Other receivables from third parties		427.957.921	449.258.260
Inventories		2.675.234.111	2.460.806.958
Prepaid expenses		2.332.307.136	1.565.723.930
- Due from related parties	6	827.410.626	111.675.930
- Prepaid expenses, third parties	7	1.504.896.510	1.454.048.000
Current income tax assets		66.895.970	24.889.403
Other current assets		372.004.239	163.456.391
TOTAL CURRENT ASSETS		10.342.350.241	8.886.685.928
Non-current Assets			
Other receivables		4.213.155	5.255.262
- Other receivables from third parties		4.213.155	5.255.262
Right of use assets	9	199.763.950	250.006.412
Property plant and equipment	8	3.072.955.266	2.403.458.150
Intangible assets		21.747.892	24.071.693
Prepaid expenses		866.064.706	1.295.956.539
- Prepaid expenses, third parties	7	866.064.706	1.295.956.539
Deferred tax assets	12	412.387.546	294.927.647
TOTAL NON-CURRENT ASSETS		4.577.132.515	4.273.675.703
TOTAL ASSETS		14.919.482.756	13.160.361.631

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

Condensed Consolidated Statements of Financial Position as of 30 June 2024 and 31 December 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024 unless otherwise stated.)

LIABILITIES	Notes	Reviewed	Audited
		Current Period	Prior Period
		30 June 2024	31 December 2023
Current Liabilities			
Short-term borrowings	10	2.382.085.506	1.882.580.986
Short-term portion of long-term borrowings	10	656.225.943	383.396.139
Lease liabilities	10	59.133.177	40.993.591
- Lease transactions from related parties		18.449.006	12.903.696
- Lease transactions from third parties		40.684.171	28.089.895
Trade payables		3.022.725.249	2.939.986.384
- Due to related parties	6	475.090.525	676.903.083
- Trade payables third parties	5	2.547.634.724	2.263.083.301
Employee benefits obligations		121.476.236	83.800.481
Other payables		1.925.187	3.172.964
- Other payables from third parties		1.925.187	3.172.964
Deferred income		3.343.623.946	2.551.241.515
- Deferred income from third parties	7	3.343.623.946	2.551.241.515
Provisions		15.172.511	10.959.784
- Provisions for employee benefits		13.629.253	9.017.267
- Other short-term provisions		1.543.258	1.942.517
Other current liabilities		125.736.366	81.312.298
TOTAL CURRENT LIABILITIES		9.728.104.121	7.977.444.142
Non-current liabilities			
Long-term borrowings	10	2.163.966.585	2.370.960.909
Lease liabilities	10	152.171.639	141.373.714
- Lease transactions from related parties		51.998.354	51.512.193
- Lease transactions from third parties		100.173.285	89.861.521
Long-term provisions		18.363.509	15.783.031
- Long-term provisions for employee benefits		18.363.509	15.783.031
TOTAL NON-CURRENT LIABILITIES		2.334.501.733	2.528.117.654
Shareholders' Equity		2.851.818.108	2.648.097.706
Paid-in capital	13	605.880.000	605.880.000
Adjustment to share capital		793.073.109	793.073.109
Treasury shares (-)		(35.306.862)	(31.919.130)
Share premiums		520.558.238	520.558.238
Accumulated other comprehensive income not to be reclassified in profit or loss		(5.439.700)	(3.424.589)
- Gain/(Loss) on remeasurements of the defined benefit plans		(5.439.700)	(3.424.589)
Accumulated other comprehensive income that will be reclassified in profit or loss		(422.193.541)	(466.727.035)
- Foreign currency translation differences		3.531.157	1.851.099
- Gain / (loss) of hedging reserve		(425.724.698)	(468.578.134)
Reserves on retained earnings		89.120.456	85.732.724
Prior years' profit / (loss)		1.141.536.657	(131.089.563)
Net income for the period		164.589.751	1.276.013.952
Non-controlling interest		5.058.794	6.702.129
TOTAL SHAREHOLDER'S EQUITY		2.856.876.902	2.654.799.835
TOTAL LIABILITIES		14.919.482.756	13.160.361.631

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Periods of 1 January-30 June 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024 unless otherwise stated.)

		Reviewed 1 January – 30 June 2024	Reviewed 1 January – 30 June 2023	Reviewed 1 April- 30 June 2024	Reviewed 1 April – 30 June 2023
PROFIT OR LOSE	Notes				
Revenue	14	4.211.328.392	3.605.180.507	1.764.268.876	2.130.447.501
Cost of sales (-)	14	(3.287.148.225)	(2.890.182.747)	(1.710.857.569)	(1.674.463.930)
GROSS PROFIT		924.180.167	714.997.760	53.411.307	455.983.571
General administrative expense (-)	16	(266.202.013)	(146.347.599)	(129.450.091)	(81.068.230)
Selling, marketing and distribution expense (-)	15	(114.961.123)	(107.034.512)	(73.577.049)	(42.248.258)
Other operating income	18	692.003.513	1.010.176.935	593.250.501	965.513.788
Other operating expense (-)	18	(237.943.085)	(544.895.484)	(75.331.750)	(508.032.261)
OPERATING PROFIT / (LOSS)		997.077.459	926.897.100	368.302.918	790.148.610
Gains from investment activities	19	25.393.299	124.178.034	19.690.848	119.060.626
Expected credit loss according to TFRS 9		(12.343.080)	(16.937.350)	(8.982.459)	(14.545.225)
Share of profit/loss of investments accounted for using the equity method		-	-	-	(253.106)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		1.010.127.678	1.034.137.784	379.011.307	894.410.905
Financial income	20	29.508.450	18.097.070	6.950.009	10.850.061
Financial expenses (-)	20	(1.141.273.711)	(336.985.892)	(735.608.084)	(264.329.313)
Net monetary position gains (losses)		134.995.427	(58.507.049)	19.377.996	42.119.759
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		33.357.844	656.741.913	(330.268.772)	683.051.412
Tax Income / (Expense) from Continuing Operations					
Current period tax expense		-	(64.275.730)	672.923	(14.228.208)
Deferred tax (expense) / income	12	129.588.572	42.717.724	177.469.620	783.948
PROFIT FROM CONTINUING OPERATIONS		162.946.416	635.183.907	(152.126.229)	669.607.152
NET PROFIT/LOSS FOR THE PERIOD		162.946.416	635.183.907	(152.126.229)	669.607.152
Attributable to:					
Non-controlling interest		(1.643.335)	18.505.430	55.197	16.100.743
Equity holder of the parent		164.589.751	616.678.477	(152.181.426)	653.506.409
Earnings/(Loss) Per Share	21	0,27	2,02	(0,25)	2,14
Net Profit		162.946.416	635.183.907	(152.126.229)	669.607.152
Items that will not to be reclassified to profit or loss					
- Gain / (loss) arising from defined benefit plans		(2.686.815)	(2.863.375)	(13.363.807)	(1.334.132)
Taxes on items that will not to be reclassified to profit or loss					
- Deferred tax (expense) / income	12	671.704	658.576	3.340.952	352.728
Items that will be reclassified to profit or loss					
- Currency translation differences		1.680.058	936.679	(494.535)	719.711
- Cash flow hedging		55.653.813	(435.718.275)	92.717.334	(420.517.195)
Taxes on items that will be reclassified to profit or loss					
- Deferred tax (expense) / income	12	(12.800.377)	75.454.393	(21.324.987)	75.215.689
TOTAL OTHER COMPREHENSIVE LOSS		42.518.383	(361.532.002)	60.874.957	(345.563.199)
TOTAL COMPREHENSIVE LOSS		205.464.799	273.651.905	(91.251.272)	324.043.953
Attributable to:					
Equity holder of the parent		207.108.134	255.146.475	(91.306.469)	307.943.210
Non-controlling interest		(1.643.335)	18.505.430	55.197	16.100.743

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

Condensed Consolidated Statement of Changes in Equity for the Periods of 1 January-30 June 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024 unless otherwise stated.)

					Accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Accumulated other comprehensive income that will be reclassified in profit or loss		Retained earnings					
	Paid-in capital	Adjustment to share capital	Treasury shares (-)	Share preimium	Gain/(loss) on remeasurements of defined benefit plans	Gain/(loss) of hedging reserve	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit	Net profit/loss for the period	Attributable to equity holders of the parent	Non- controlling interest	Total equity
Notes													
	306.000.000	622.963.997	-	639.669.790	1.148.040	(78.338.967)	2.059.771	36.018.749	158.841.699	110.660.267	1.799.023.346	(12.638.880)	1.786.384.466
	-	-	-	-	-	-	-	17.794.841	92.865.426	(110.660.267)	-	-	-
	-	-	-	-	(2.204.799)	(360.263.882)	936.679	-	-	616.678.477	255.146.475	18.505.430	273.651.905
	-	-	(18.576.005)	-	-	-	-	18.576.005	(18.576.005)	-	(18.576.005)	-	(18.576.005)
	-	-	-	-	-	-	-	-	-	-	-	1.337.433	1.337.433
13	306.000.000	622.963.997	(18.576.005)	639.669.790	(1.056.759)	(438.602.849)	2.996.450	72.389.595	233.131.120	616.678.477	2.035.593.816	7.203.983	2.042.797.799
	605.880.000	793.073.109	(31.919.130)	520.558.238	(3.424.589)	(468.578.134)	1.851.099	85.732.724	(131.089.563)	1.276.013.952	2.648.097.706	6.702.129	2.654.799.835
	-	-	-	-	-	-	-	-	1.276.013.952	(1.276.013.952)	-	-	-
	-	-	-	-	(2.015.111)	42.853.436	1.680.058	-	-	164.589.751	207.108.134	(1.643.335)	205.464.799
	-	-	(3.387.732)	-	-	-	-	3.387.732	(3.387.732)	-	(3.387.732)	-	(3.387.732)
13	605.880.000	793.073.109	(35.306.862)	520.558.238	(5.439.700)	(425.724.698)	3.531.157	89.120.456	1.141.536.657	164.589.751	2.851.818.108	5.058.794	2.856.876.902

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

Condensed Consolidated Statement of Cash Flows for the Periods of 1 January-30 June 2024 and 2023

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024 unless otherwise stated.)

	Notes	Reviewed 30 June 2024	Reviewed 30 June 2023
A. Cash flows from operating activities		32.264.716	(1.562.422.873)
Profit for the period		162.946.416	635.183.907
Adjustments to reconcile net profit/loss to net cash:		434.258.722	459.251.984
Adjustments related to depreciation and amortization expenses	8	100.433.461	83.823.810
Adjustments related to provision for employee benefits		14.035.480	8.653.061
Adjustments related to interest expenses		713.540.893	148.699.582
Adjustments related to interest incomes		(29.508.450)	(18.097.070)
Adjustments for fair value losses / (gains) of financial assets		(25.393.299)	(124.178.034)
Adjustments related to expected provision losses		12.343.080	16.937.350
Adjustments related to tax income/(expense)	12	(129.588.572)	21.558.006
Adjustments related to unrealized currency translation differences		(199.828.180)	139.906.823
Monetary gain/(loss)		(21.775.691)	181.948.456
Adjustments related to other increase / (decrease) in working capital		(509.149.603)	(2.604.961.712)
Decrease/(increase) in financial investments		123.358.049	(295.494.828)
Decrease/(increase) in inventories		(382.699.499)	(1.693.335.556)
Decrease/(increase) in trade receivables from third parties		(740.356.281)	(1.648.205.468)
Decrease/(increase) in trade receivables from related parties		94.933.499	82.466.156
Decrease/(increase) in other operating receivables from related parties		(56.069.418)	(133.873.520)
Decrease / (increase) in other operating receivables from third parties		22.342.446	(10.130.700)
(Decrease) / Increase in trade payables to third parties		284.551.423	800.008.509
(Decrease) / increase in other operating payables to third parties		(1.247.777)	(7.522.613)
(Decrease) / increase in trade payables to related parties		(201.812.558)	(88.231.331)
(Decrease) / increase in deferred incomes		790.162.413	2.868.970.765
Decrease / (increase) in other assets related to operations		(170.872.093)	24.634.048
(Decrease) increase in other liabilities related to operations		48.950.935	(2.128.747)
Decreases / (increase) in prepaid expenses		(320.390.742)	(2.502.118.427)
Cash inflow (outflow) from other operations		(55.790.819)	(51.897.052)
Taxes paid		(42.006.567)	(46.718.922)
Payments under provisions for employee benefits		(13.784.252)	(5.178.130)
B. Cash flows from investing activities		(735.783.059)	(429.496.172)
Proceeds from sale of property, plant and equipment and intangible assets	8	-	435.750
Purchases of property, plant and equipment	8	(735.578.001)	(424.622.540)
Purchases of intangible assets		(205.058)	(5.309.382)
C. Cash flows from financing activities		502.859.828	2.828.605.393
Cash inflows from borrowings		1.914.933.674	3.331.805.110
Cash outflows from borrowings		(894.909.466)	(351.484.563)
Bonds issued		50.000.000	-
Cash inflows from leaseings		238.733.316	177.334.572
Cash outflows from leaseings		(207.964.339)	(134.510.599)
Payment of obligations under finance liability		(19.948.817)	(45.360.610)
Cash outflows from acquisition of treasury shares		(3.387.732)	(18.576.005)
Interest paid		(604.105.258)	(148.699.582)
Interest received		29.508.450	18.097.070
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		(200.658.515)	836.686.348
D. Inflation impact on cash and cash equivalents		(145.125.977)	(81.516.714)
E. Cash and cash equivalents at the beginning of the year		731.858.900	493.758.073
Cash and cash equivalents at the end of the year (A+B+C+D+E)		386.074.408	1.248.927.707

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

The Main Field of Group.

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

As of 30.06.2024, the headquarters of the Group is, Energy Plaza Rüzgârlıbahçe Mah. Feragat Sok. No:2 Kat:6 Beykoz/İstanbul. As of 30.06.2024, the factories where it produces are located, Gebze Organize Sanayi Bölgesi Tembelova Mevki 3200 Cadde No:3207 41400 Gebze/Kocaeli and Çoraklar Mah. 5024. Sok. No:10 Aliğa Organize Sanayi Bölgesi (ALOSBİ) Aliğa/İzmir.

As of 30 June 2024 and 31 December 2023 the total number of personnel employed by the Group is 1.246 and 1.161 respectively.

The Subsidiaries

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

30 June 2024

Company Name	Activity Area	Owner Share(%)	Country of Establishment
Smart Güneş Enerji Ekipmanları Pazarlama A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart GES Enerji Üretim A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Sumec Enerji Ekipmanları ve Pazarlama A.Ş.	Solar Power Plant Equipment	50	Türkiye
Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ticaret A.Ş. & İHK Holding A.Ş. Konsorsiyumu	Solar Power Plant Equipment	60	Türkiye
Icarus Solar GmbH	Solar Power Plant Equipment	100	Germany
Smart Solar Ukrayna	Solar Power Plant Equipment	100	Ukraine
Smart Solar Technology GmbH	Solar Power Plant Equipment	100	Germany
Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi	Mobile Charging Stations Distribution Network	100	Türkiye
Smart Gunes Tecnologias Renovables S.L.	Solar Power Plant Equipment	100	Spain
Smart Global Enterprises & Trading B.V.	Solar Panel and Power Plant Commercial Activities	100	Netherlands
Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.	Fuel And Energy Production	70	Türkiye
Smart Solar Technologies AD	Solar Power Plant Equipment	100	Bulgaria
Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.	Solar Power Plant Equipment	100	Türkiye
Smart Energy Global Investment and Development B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Bulgaria B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Iberia B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Romania B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Energy Overseas Investment B.V.	Solar Power Plant Equipment Commercial Activities	100	Netherlands
Smart Green Energy Technologies Inc.	Solar Panel and Power Plant Commercial Activities	100	USA

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**31 December 2023**

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

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.

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

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

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

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

Smart Solar Technology Gmbh

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

Smart Solar Ukraine

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

Smart Solargize Yeşil Mobilite Enerji Anonim Şirketi

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

Smart Gunes Tecnologias Renovables Sociedad Limitada

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

Smart Global Enterprises & Trading B.V.

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

Smart Yeşil Hidrojen Teknolojileri ve Üretim A.Ş.

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

Smart Solar Technologies AD

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

Smart Güneş Paneli Hücre Üretim Teknolojileri A.Ş.

The company was established on 29.11.2023. Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. Ve Tic. A.Ş is 100% owner of the relevant company. The company's field of activity; It produces and trades solar panel cells.

Smart Energy Global Investment and Development B.V.

The company was established in 2023 and operates in the Netherlands. Smart Global Enterprises & Trading B.V. It owns 100% of the company. The Company's field of activity includes energy production, transmission, distribution and supply, sale and trade of products based on renewable energy, as the main partner of companies operating in and outside the country where it operates.

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**Smart Energy Bulgaria B.V.**

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. It owns 100% of the company. As the main partner of companies operating in Bulgaria outside the country where the company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

Smart Energy Iberia B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. As the main partner of companies operating in Spain outside the country in which the Company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

Smart Energy Romania B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. As the main partner of companies operating in Romania outside the country in which the Company operates, it covers energy production, transmission, distribution and supply, sale and trade of products based on renewable energy.

Smart Energy Overseas Investment B.V.

The company was established in 2023 and operates in the Netherlands. Smart Energy Global Investment and Development B.V. He owns 100% of the company. The Company's field of activity includes energy production, transmission, distribution and supply, sale and trade of products based on renewable energy, as the main partner of companies operating in overseas countries.

Smart Green Energy Technologies Inc.

In order to establish solar panel production facilities in the United States, a company with a capital of USD 50.000 titled "Smart Green Energy Technologies Inc." was established in the state of Delaware, USA, through Smart Global Enterprises & Trading BV, a 100% subsidiary of our Company, located in the Netherlands, and its registration procedures were completed.

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 2024

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

KES Adi Ortaklığı

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

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 2024 were approved at the Board of Directors meeting dated 19 September 2024. The General Assembly of the Company and the relevant regulatory authorities have the right to demand the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

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

Financial Reporting In Hyperinflationary Economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting year ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 30 June 2023, and 31 December 2023 on the purchasing power basis as of 30 June 2024.

Pursuant to the decision of the Capital Markets Board (SPK) dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of 30 June 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**Financial reporting in hyperinflationary economy (continued)**

Year End	Index	Conversion Factor	Three-year Inflation Rate
30 June 2024	2.319,29	1,0000	% 324
31 December 2023	1.859,38	1,24735	% 268
30 June 2023	1.351,59	1,71597	% 190

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

-Current period condensed consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

-Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

-Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the statement of financial position date have been adjusted using the relevant adjustment coefficients.

-All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the statement of financial position, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

-The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the condensed consolidated profit or loss statement

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Turkey

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

Netting/Offsetting

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

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

2.2. Declaration of Conformity to TAS

The Group prepared its condensed consolidated financial statements for the period ended 30 June 2024 in accordance with CMB Communiqué Serial: II-14.1 and announcements clarifying this communiqué. The condensed consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB, including the mandatory disclosures.

2.3. Summary of accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 “Interim Financial Statements” as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 30 June 2024 as condensed.

The explanations and notes required to be included in the annual financial statements prepared in accordance with TAS/IFRS based on this communiqué are summarized in accordance with TAS 34 or not included in the financial statements. The accompanying condensed consolidated financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2023. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 December 2023 financial statements are applied in the current period.

2.4 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 30 June, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments, and interpretations applicable as of 30 June 2024:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. The amendments did not have a significant impact on the financial position or performance of the Group.

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

2.4 New and amended standards and interpretations (continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback'

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller- lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments did not have a significant impact on the financial position or performance of the Group.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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

2.4 New and amended standards and interpretations (continued)

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

TFRS 17 - The new Standard for insurance contracts

Effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

However, in the letter dated 06.04.2023 sent by the Public Oversight Authority (POA) to the Association of Insurance, Reinsurance and Pension Companies of Turkey, it was reported that it was reached the opinion that it would be appropriate to apply TFRS 17 in the consolidated and separate financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies and other companies with partnerships/investments in these companies as of 1/1/2024.

On the other hand, the implementation date of TFRS 17 has been postponed to 01.01.2025 by POA.

Amendments to TAS 21 - Lack of exchangeability

Effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendments to TFRS 9 and TFRS 7 on classification and measurement of financial instruments

Effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available)

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements;

Effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

2.4 New and amended standards and interpretations (continued)

IFRS 19 Subsidiaries that are not required to account to the public;

Effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: - It is a subsidiary that is neither publicly listed nor quoted on a stock exchange; and

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The impact of the amendment on financial position or performance of the Company is being evaluated.

2.5 Summary of Significant Accounting Policies

In accordance with TAS 34 'Interim Financial Statements', the CMB has authorised the application of full set or condensed presentation in the presentation of interim financial statements of listed companies. Accordingly, the Group has prepared its condensed consolidated interim financial statements as at 30 June 2024, preferring condensed presentation.

In accordance with this communiqué, the disclosures and footnotes required to be included in the annual financial statements prepared in accordance with TAS/IFRS are summarised or not included in accordance with TAS 34. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at 31 December 2023 and the accompanying notes. Interim financial results alone are not necessarily indicative of year-end results.

The Group has continued to apply the same policies and accounting estimates as stated in the consolidated financial statements dated 31 December 2023.

The principal accounting principles applied in the preparation of the accompanying consolidated financial statements are as follows:

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

2.5 Summary of significant accounting policies (continued)

Consolidation Principles

Full Consolidation:

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

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

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

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

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

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

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

Related Parties

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

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

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

2.5 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

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 2024, the Group's tangible assets are shown by deducting accumulated depreciation from the indexed acquisition cost. Lands are not subject to depreciation.

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

Except for land and investments in progress, tangible fixed assets have been depreciated on a pro-rata basis using the straight-line method in accordance with the useful life principle.

Depreciation rates are determined according to the approximate economic lives of tangible fixed assets and are stated below:

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.5 Summary of significant accounting policies (continued)****Transactions in foreign currency**

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

	30 June 2024		31 December 2023	
	Buying	Selling	Buying	Selling
USD	32,8262 TL	32,8853 TL	29,4382 TL	29,4913 TL
EUR	35,1284 TL	35,1917 TL	32,5739 TL	32,6326 TL
UAH	0,81174 TL	0,81174 TL	0,77519 TL	0,77519 TL
BGN	17,8599 TL	18,0936 TL	16,5611 TL	16,7778 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 2024	1 January – 30 June 2023	1 April– 30 June 2024	1 April– 30 June 2023
Operating profit	997.077.459	926.897.100	368.302.918	790.148.610
Depreciation and amortization expenses (Note 8)	100.433.461	83.823.810	51.678.531	41.195.444
Vacation and termination expenses	9.423.494	9.387.533	(13.300.344)	164.512
EBITDA	1.106.934.414	1.020.108.443	406.681.105	831.508.566

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3. CASH AND CASH EQUIVALENTS

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

	30 June 2024	31 December 2023
Cash on hand	274.801	203.364
Cash at banks	385.799.607	731.655.536
- Demand deposit	312.044.430	607.435.875
- Time deposit	73.755.177	124.219.661
	386.074.408	731.858.900

4. FINANCIAL INVESTMENTS

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

Short-Term Financial Investments	30 June 2024	31 December 2023
Fx protected TL Deposits (*)	204.171.646	302.136.396
	204.171.646	302.136.396

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

5. TRADE RECEIVABLES AND PAYABLES

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

	30 June 2024	31 December 2023
Short-term trade receivables		
Trade receivables	3.593.481.276	2.865.658.690
Notes receivables	181.217.700	175.833.354
Expected credit loss (-)	(41.247.337)	(36.053.606)
Doubtful receivables (*)	64.780.549	76.163.854
Allowance for doubtful receivables (-)	(64.780.549)	(76.163.854)
	3.733.451.639	3.005.438.438

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

	1 January– 30 June 2024	1 January– 30 June 2023	1 April– 30 June 2024	1 April– 30 June 2023
Balance at beginning of the period	76.163.854	52.517.514	69.581.609	47.790.804
Current year additions / (Provisions no longer required)	3.719.816	24.802.922	331.024	23.685.391
Monetary gain / (loss)	(15.103.121)	(8.670.349)	(5.132.084)	(2.826.108)
End of the period	64.780.549	68.650.087	64.780.549	68.650.087

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

	1 January– 30 June 2024	1 January– 30 June 2023	1 April– 30 June 2024	1 April– 30 June 2023
Balance at beginning of the period	36.053.606	30.337.265	34.694.248	29.353.405
Current year additions / (Provisions no longer required)	12.343.080	16.937.350	8.982.459	14.545.225
Monetary gain / (loss)	(7.149.349)	(5.008.514)	(2.429.370)	(1.632.529)
End of the period	41.247.337	42.266.101	41.247.337	42.266.101

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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 2024	31 December 2023
Short-term trade payables		
Trade payables	1.826.887.524	1.919.687.303
Notes payables	720.747.200	343.395.998
Total	2.547.634.724	2.263.083.301

6. RELATED PARTIES

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

	Trade Receivables	
	30 June 2024	31 December 2023
Şems 3 Yenilenebilir Enerji Yatırımları A.Ş.	15.241.376	8.794.512
Şems 4 Yenilenebilir Enerji Yatırımları A.Ş.	9.758.030	10.915.400
Şems 1 Yenilenebilir Enerji Yatırımları A.Ş.	7.405.756	8.284.130
Şems 8 Yenilenebilir Enerji Yatırımları A.Ş.	6.259.764	7.246.629
Smart Çukurova Yenilenebilir Enerji Üretim A.Ş.	6.888.307	8.477.999
Smart Energy Ukraine	6.100.819	7.058.249
Şems 5 Yenilenebilir Enerji Yatırımları A.Ş.	2.907.360	3.374.391
Şems 2 Yenilenebilir Enerji Yatırımları A.Ş.	2.326.400	2.796.336
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	951.224	1.186.504
Smart Verde Yenilenebilir Enerji A.Ş.	-	94.622.130
Smart Energy Group AD (Bulgaria)	-	16.255
Total	57.839.036	152.772.535

	Other Receivables	
	30 June 2024	31 December 2023
Smart Holding A.Ş.	86.414.135	30.344.717
Total	86.414.135	30.344.717

	Prepaid Expenses	
	30 June 2024	31 December 2023
Smart Verde Yenilenebilir Enerji A.Ş.	679.099.187	-
Sumec Energy Holdings Co. Ltd.	121.748.154	95.761.543
KES Adi Ortaklığı	26.563.285	15.914.387
Total	827.410.626	111.675.930

	Short-term Trade Payables	
	30 June 2024	31 December 2023
Smart Energy Group AD (Bulgaria)	473.974.699	664.624.820
Smart Verde Yenilenebilir Enerji A.Ş.	-	10.945.125
Şems 11 Yenilenebilir Enerji Yatırımları A.Ş.	360.000	449.045
Şems 12 Yenilenebilir Enerji Yatırımları A.Ş.	300.000	374.204
Şems 6 Yenilenebilir Enerji Yatırımları A.Ş.	455.826	509.889
Total	475.090.525	676.903.083

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6. RELATED PARTIES (Continued)

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

	Sales		Purchases	
	June 2024	June 2023	June 2024	June 2023
Smart Solar EOOD (Bulgaria)	29.596.050	96.041.641	114.848.291	184.522
Sumec Energy Holdings Co. Ltd.	3.922.158	4.054.168	424.847.271	807.116.237
Smart Verde Yenilenebilir Enerji A.Ş.	-	353.666	9.954.325	4.032.952
Smart Holding A.Ş.	-	-	94.757.012	176.990.515
Sumec Hong Kong Co. Ltd.	-	-	23.008.683	-
Smart Energy Group AD (Bulgaria)	-	-	-	337.993.221
Total	33.518.208	100.449.475	667.415.582	1.326.317.447

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 10.354.752 (30 June 2023: 9.651.345 TL).

7. PREPAID EXPENSES AND DEFERRED INCOME

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

Short-term prepaid expenses	30 June 2024	31 December 2023
Advances given to suppliers (*)	1.487.675.492	1.410.105.724
Prepaid expenses	17.221.018	43.942.276
Total	1.504.896.510	1.454.048.000

Long-term prepaid expenses	30 June 2024	31 December 2023
Advances given to suppliers (**)	825.788.534	1.244.197.440
Prepaid expenses	40.276.172	51.759.099
Total	866.064.706	1.295.956.539

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

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

Deferred Incomes	30 June 2024	31 December 2023
Advances received (*)	3.343.623.946	2.551.241.515
Total	3.343.623.946	2.551.241.515

(*) 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.-30.06.2024 is as follows:

Current Period	1 January 2024	Additions	Disposals (-)	30 June 2024
Cost				
Land	94.840.147	-	-	94.840.147
Machinery and equipment	995.921.311	8.676.873	-	1.004.598.184
Vehicles	44.169.412	30.001	(1.080.919)	43.118.494
Furniture and fixtures	67.398.293	16.881.685	-	84.279.978
Construction in progress	1.404.976.228	709.707.368	-	2.114.683.596
Leasehold improvements	100.535.171	282.074	-	100.817.245
	2.707.840.562	735.578.001	(1.080.919)	3.442.337.644
	1 January 2024	Current year charge	Disposals	30 June 2024
Accumulated depreciation				
Machinery and equipment	(207.309.627)	(49.947.728)	-	(257.257.355)
Vehicles	(8.972.260)	(3.523.638)	1.080.919	(11.414.979)
Furniture and fixtures	(20.652.668)	(6.959.585)	-	(27.612.253)
Leasehold improvements	(67.447.857)	(5.649.934)	-	(73.097.791)
	(304.382.412)	(66.080.885)	1.080.919	(369.382.378)
Net book value	2.403.458.150			3.072.955.266

Prior Period	1 January 2023	Additions	Disposals (-)	30 June 2023
Cost				
Land	94.840.145	-	-	94.840.145
Machinery and equipment	568.905.552	230.873.889	-	799.779.441
Vehicles	8.721.539	15.141.329	(1.383.032)	22.479.836
Furniture and fixtures	29.188.216	17.528.317	-	46.716.533
Construction in progress	66.182.772	160.809.786	-	226.992.558
Leasehold improvements	92.085.035	269.219	-	92.354.254
	859.923.259	424.622.540	(1.383.032)	1.283.162.767
	1 January 2023	Current year charge	Disposals	30 June 2023
Accumulated depreciation				
Machinery and equipment	(128.486.701)	(37.250.800)	-	(165.737.501)
Vehicles	(5.587.845)	(2.252.505)	947.282	(6.893.068)
Furniture and fixtures	(11.849.841)	(3.655.165)	-	(15.505.006)
Leasehold improvements	(57.026.190)	(4.966.698)	-	(61.992.888)
	(202.950.577)	(48.125.168)	947.282	(250.128.463)
Net book value	656.972.682			1.033.034.304

As of 30 June 2024, the insurance amount on tangible fixed assets is 877.965.606 TL and there is no mortgage on them. (30 June 2023: 789.761.318 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 June are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Cost		
Cost of sales (Note 14)	89.900.121	73.703.564
General administrative expenses (Note 16)	10.533.340	10.120.246
Total	100.433.461	83.823.810

9. RIGHT OF USE ASSETS

Movement of right of use assets for the period 01.01.-30.06.2024 is as follows:

	Buildings	Vehicles	Total
As of 1 January 2024	240.233.730	9.772.682	250.006.412
Additions	-	9.746.371	9.746.371
Changes in leases	(27.322.505)	(842.611)	(28.165.116)
Depreciation	(27.144.401)	(4.679.316)	(31.823.717)
As of 30 June 2024	185.766.824	13.997.126	199.763.950

	Buildings	Vehicles	Total
As of 1 January 2023	127.713.858	13.614.513	141.328.371
Additions	21.287.827	4.048.811	25.336.638
Changes in leases	151.653.790	-	151.653.790
Depreciation	(28.379.656)	(6.476.408)	(34.856.064)
As of 30 June 2023	272.275.819	11.186.916	283.462.735

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10. FINANCIAL BORROWINGS

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

	30 June 2024	31 December 2023
Short-term bank borrowings	1.900.502.450	1.378.085.777
Financial lease liabilities	154.852.754	171.666.104
Liabilities arising from leasing transactions (*)	59.133.177	40.993.591
Debt instruments issued	326.730.302	332.829.105
Short-term borrowings	2.441.218.683	1.923.574.577
Short-term portion of long-term borrowings	656.225.943	383.396.139
Short-term portion of long-term borrowings	656.225.943	383.396.139
Long-term borrowings	1.994.055.388	2.132.832.621
Long-term financial lease liabilities	169.911.197	238.128.288
Liabilities arising from leasing transactions (*)	152.171.639	141.373.714
Long-term borrowings	2.316.138.224	2.512.334.623
Total financial borrowings	5.413.582.850	4.819.305.339

(*) 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:

	Interest Rate	30 June 2024
TL bank borrowings	%7,50 - %68,00	2.549.710.835
EUR bank borrowings	%7,00 - %9,50	456.912.183
USD bank borrowings	%4,75 - %12,00	1.544.160.763
		4.550.783.781
	Interest Rate	31 December 2023
TL bank borrowings	%7,50 - %60,00	1.897.057.194
EUR bank borrowings	%7,00 - %9,50	426.670.210
USD bank borrowings	%4,75 - %12,00	1.570.587.133
		3.894.314.537

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11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**a. Guarantees received**

As of 30 June 2024, the Group has no guarantees received (31 December 2023: None).

b. Guarantees Given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 30 June 2024, 31 December 2023, are as follows:

CPMB's given by the Group	30 June 2024	31 December 2023
A. CPMB's given for Group's own legal personality	2.773.561.263	1.495.706.652
B. CPMB's given on behalf of fully consolidated companies	1.864.807.150	1.934.857.749
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	-	-
Total	4.638.368.413	3.430.564.401

Given to	30 June 2024	31 December 2023
In Turkish Lira	2.046.144.141	1.912.949.089
In Euro	71.712.541	106.178.878
In ABD Dollar	2.520.511.731	1.411.436.434
Total	4.638.368.413	3.430.564.401

12. INCOME TAX

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

Corporation Tax

In Turkey, the corporate tax rate is 25% as of 30 June 2024 (31 December 2023: 25%). The corporate tax rate is applied to the net corporate income, which will be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions and deducting the exemptions and deductions in the tax laws.

With the regulation in the sixth paragraph added to Article 32 of the Corporate Tax Law by Article 35 of Law No. 7256, the institutions whose shares are offered to the public at least 20% of the time to be traded in the Borsa Istanbul Equity Market are subject to five accounting periods, starting from the accounting period in which their shares are offered to the public for the first time. It has been stipulated that the corporate tax rate will be applied to the corporate earnings of the company with a 2 point discount. Within the scope of the said law, 23% was used as the tax rate in the current tax and deferred tax calculations in the parent company in the consolidated financial statements dated 30 June 2024.

Tax expenses included in the statements of comprehensive income for the accounting periods ending 30 June 2024 and 2023 are as follows:

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that it does not exceed 5 years. Declarations and relevant accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies resident in Turkey to those other than those who are not liable for corporate tax and income tax and those who are exempt, and to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings obtained by institutions from participation in the capital of another institution subject to full liability (except dividends obtained from participation certificates of investment funds and shares of investment trusts) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares that have been in the assets of the institutions for at least two full years, as well as the founding shares, usufruct shares and priority rights of the real estate (immovable properties) they have owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for real estate, and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the earnings in question must be kept in a passive fund account and must not be withdrawn from the business for 5 years. The sales price must be collected by the end of the second calendar year following the year in which the sale was made.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the month in which the accounting period closes. Authorities authorized for tax inspection may examine tax returns and the accounting records underlying them during the five years following the accounting period and make re-assessments as a result of their findings.

The Group, due to the Complete New Investment and Expansion Investment made in Kocaeli Gebze Organized Industrial Zone within the scope of Investment Incentive Certificates dated 05.10.2017-B 130930 and 08.01.2020/507856, is in compliance with the 15th article of the said Council of Ministers Decision and the Corporate Tax Law. Pursuant to the Reduced Corporate Tax Application in accordance with the provisions of Article 32/A, it has benefited from the tax advantage regarding the income obtained from other activities due to the investment expenditures actually made for the investments subject to the incentive certificate during the certification period.

The Group will benefit from the income tax advantage with the Complete New Investment it will make in Izmir Aliaga Organized Industrial Zone within the scope of the Investment Incentive Certificate dated 08.12.2023/544854.

12. INCOME TAX (Continued)

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding tax liability is accrued in the period in which the dividend payment is made. Dividend payments other than those made to non-resident taxpayer institutions that generate income through a workplace or permanent representative in Turkey and to institutions resident in Turkey are subject to 15% withholding tax. In the application of withholding tax rates regarding profit distributions made to non-resident taxpayer institutions and real persons, the withholding tax rates included in the relevant Double Taxation Avoidance Agreements are also taken into consideration. Addition of retained earnings to capital is not considered profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulations

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

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

Tax applications for the Group's foreign subsidiaries

- Operating in Ukraine, Smart Ukraine LTD is subject to 18% corporate tax.
- Operating in Germany, Smart Solar GmbH and Icarus GmbH are subject to 15,8% corporate tax.
- In accordance with Spanish tax laws, a 15% tax rate will be applied in the first year of Smart Gunes Tecnologias Renovables Sociedad Limitada company operating in Spain. In the following periods, if the revenue amount is below 1.000.000 Euros, the tax rate to be applied will be 23%, and if the revenue is above the relevant amount, 25% tax rate will be applied.
- Operating in the Netherlands, Smart Global Enterprises & Trading B.V., Smart Energy Global Investment and Development B.V., Smart Energy Bulgaria B.V., Smart Energy Iberia B.V., Smart Energy Romania B.V., Smart Energy Overseas Investment B.V. Subject to 20% corporate tax.
- Operating in Bulgaria, Smart Solar Technologies AD is subject to 10% corporate tax.

Deferred tax assets and liabilities:

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

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

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

	30 June 2024	31 December 2023
	Assets / (Liabilities)	Assets / (Liabilities)
Employee benefits	8.036.718	7.232.418
Trade payables	2.554.276	(15.794.351)
Trade receivables	31.330.904	25.859.611
Lease liabilities	48.600.108	41.944.480
Inventories	3.377.617	19.917.660
Tangible and intangible assets	60.960.792	57.675.208
Assets subject to cash flow hedge accounting	127.164.520	139.964.897
Financial liabilities	20.506.796	20.497.971
Lawsuit provisions	354.949	446.779
Right of use assets	(45.945.708)	(57.501.474)
Investment incentives (*)	205.142.732	28.322.916
Other	(49.696.158)	26.361.532
Deferred tax assets	412.387.546	294.927.647
Deferred tax assets	508.029.412	368.223.472
Deferred tax liabilities	(95.641.866)	(73.295.825)
Deferred tax assets	412.387.546	294.927.647

(*) 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 2024, the tax advantage amounting to 205.142.732 TL (31 December 2023: 28.322.916 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 2024, deferred tax income amounting to 176.819.816 TL (current period effect of 1 January-30 June 2024) has occurred in the consolidated profit or loss statement for the period 1 January- 30 June 2024

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

	1 January 2024	Deferred tax income/ (expense)	Other comprehensive income	30 June 2024
Deferred tax assets	294.927.647	129.588.572	(12.128.673)	412.387.546

	1 January 2023	Deferred tax income/ (expense)	Other comprehensive income	30 June 2023
Deferred tax assets	(8.227.019)	42.717.724	76.112.969	110.603.674

Tax Income / (Expense)	1 January– 30 June 2024	1 January– 30 June 2023	1 April– 30 June 2024	1 April– 30 June 2023
Period tax provisions (-)	-	(64.275.730)	672.923	(14.228.208)
Deferred tax income / (expense)	129.588.572	42.717.724	177.469.620	783.948
Total	29.588.572	(21.558.006)	178.142.543	(13.444.260)

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13. SHARE CAPITALPaid-in Capital

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

	30 June 2024	Share	31 December 2023	Share
	TL	%	TL	%
<u>Shareholders</u>				
Smart Holding A.Ş.	442.458.799	73,03	442.458.799	73,03
Public part	163.421.201	26,97	163.421.201	26,97
Total paid-in capital	605.880.000	100	605.880.000	100
Adjustment to share capital (*)	793.073.109		793.073.109	
Total	1.398.953.109	100	1.398.953.109	100

(*) Adjustment to share capital, represent the difference between the inflation-adjusted total amounts of cash and cash equivalent additions to capital and their pre-adjustment amounts.

Between 16.02.2023 and 05.06.2024, Smart Güneş Enerjisi Teknolojileri Ar-ge Üretim San. ve Tic. A.Ş., It has repurchased 500.000 shares of its publicly traded shares. (Ratio to company capital is 0.0825%)

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

As of 30 June 2024, the Group's capital consists of 605.880.000 shares (31 December 2023: 605.880.000). The nominal value of the shares is 1 TL per share (31 December 2023: 1 TL).

As of 30 June 2024, the details of the shares by group are given below. 163.421.201 TL of the bearer B group shares are traded on the BIST.

Group	Capital ratio (%)	Total balance
Group A Stocks (Registered)	22,88	138.600.000
Group B Shares (Bearer)	77,12	467.280.000
Issued capital	100,00	605.880.000

As of 30 June 2024, the equity items prepared in accordance with the Tax Procedure Laws and the amounts presented in accordance with TAS/TFRS are as follows:

30.06.2024 (TFRS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	793.073.109	1.398.953.109
Share Premiums	133.782.358	386.775.880	520.558.238
Restricted Reserves (*)	43.561.377	45.559.079	89.120.456

30.06.2024 (TAS)	Value	Inflation Adjustment Effect	Indexed Value
Capital	605.880.000	787.307.807	1.393.187.807
Share Premiums	133.782.358	406.776.868	540.559.226
Restricted Reserves (*)	19.723.241	39.530.521	59.253.762

(*) In the Reserves on retained earnings allocated from profit, 35.306.862 TL has been allocated within the scope of repurchased shares according to TAS/TFRS financial statements..

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14. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Domestic Sales	4.194.152.233	3.387.234.266	1.757.839.266	1.976.856.719
Export Sales	26.761.398	247.124.639	13.845.458	178.567.451
Gross Sales	4.220.913.631	3.634.358.905	1.771.684.724	2.155.424.170
Sales Returns (-)	(9.010.719)	(17.963.379)	(6.841.328)	(17.572.361)
Sales Discounts (-)	(574.520)	(11.215.019)	(574.520)	(7.404.308)
Net Sales	4.211.328.392	3.605.180.507	1.764.268.876	2.130.447.501
Cost of Sales (-)	(3.287.148.225)	(2.890.182.747)	(1.710.857.569)	(1.674.463.930)
Gross Profit	924.180.167	714.997.760	53.411.307	455.983.571

15. SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Advertising, publicity and promotion expenses	35.576.183	31.038.262	24.107.911	12.622.809
Personnel expenses	34.034.497	33.113.534	16.042.374	18.315.839
Taxes and fees	18.027.573	10.131.319	16.353.016	4.568.022
Transport costs	12.106.410	2.818.523	8.978.464	1.404.210
Consultancy expenses	5.884.527	2.379.059	4.210.799	1.312.986
Export and warehouse expenses	3.199.807	630.415	1.276.482	147.152
Meal and travelling expenses	2.090.828	456.370	783.221	169.141
SPP project expenses	-	22.905.720	-	1.579.290
Other	4.041.298	3.561.310	1.824.782	2.128.809
Total	114.961.123	107.034.512	73.577.049	42.248.258

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16. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Personnel expenses	139.364.441	70.017.138	66.251.104	38.723.961
Consultancy expenses	39.032.288	34.653.388	20.247.841	19.110.224
Representation and hospitality expenses	12.968.844	3.345.331	9.905.366	2.017.813
Depreciation and amortization expenses (Note 8)	10.533.340	10.120.246	6.322.024	5.107.435
Meal and travelling expenses	4.763.014	8.900.806	1.765.614	5.644.652
Taxes and duties	2.532.318	934.504	871.144	237.061
Vehicle expenses	2.522.554	2.149.702	1.277.792	1.168.110
Other (*)	54.485.214	16.226.484	22.809.206	9.058.974
Total	266.202.013	146.347.599	129.450.091	81.068.230

(*) As of 30.06.2024, Smart Holding A.Ş. has a common expense reflection expense of 33.907.506 TL.

17. EXPENSES BY NATURE

The details of the Group's expenses by type of expenses for the periods are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Cost of sales	3.197.248.104	2.816.479.183	1.665.501.062	1.638.375.919
Personnel expenses	173.398.938	103.130.672	82.293.478	57.039.800
Depreciation and amortization expenses (Note 8)	100.433.461	83.823.810	51.678.531	41.195.446
Consultancy expenses	44.916.815	37.032.447	24.458.640	20.423.210
Advertising, publicity and promotion expenses	35.576.183	31.038.262	24.107.911	12.622.809
Representation and hospitality expenses	12.968.844	3.345.331	9.905.366	2.017.813
Transport costs	12.106.410	2.818.523	8.978.464	1.404.210
Meal and travelling expenses	6.853.842	9.357.176	2.548.835	5.813.793
Export and warehouse expenses	3.199.807	630.415	1.276.482	147.152
Other	81.608.957	55.909.039	43.135.940	18.740.266
Total	3.668.311.361	3.143.564.858	1.913.884.709	1.797.780.418

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18. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Other operating income				
Foreign exchange gain (*)	684.569.596	985.305.107	591.164.833	952.795.602
Social security and other incentive income	2.523.020	19.390.430	65.875	10.821.433
Other	4.910.897	5.481.398	2.019.793	1.896.753
Total	692.003.513	1.010.176.935	593.250.501	965.513.788
	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Other operating expenses				
Foreign exchange loss (*)	226.550.099	526.805.500	74.873.773	501.097.326
Provision expenses	3.705.754	7.355.413	372.034	5.544.817
Other	7.687.232	10.734.571	85.943	1.390.118
Total	237.943.085	544.895.484	75.331.750	508.032.261

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

19. INCOME FROM INVESTING ACTIVITIES

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Income from Investing Activities				
Interest and foreign exchange gains on currency hedged deposits	25.393.299	124.178.034	19.690.848	119.060.626
Total	25.393.299	124.178.034	19.690.848	119.060.626

20. FINANCIAL INCOME AND EXPENSES

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Financial income				
Interest income	29.508.450	18.097.070	6.950.009	10.850.061
Total	29.508.450	18.097.070	6.950.009	10.850.061
	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Financial Expenses (-)				
Foreign exchange loss (*)	277.332.603	155.969.046	183.587.960	148.167.535
Interest expense	713.540.893	148.699.582	478.647.219	98.722.449
Bank transaction and commission expenses	150.400.215	32.317.264	73.372.905	17.439.329
Total	1.141.273.711	336.985.892	735.608.084	264.329.313

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

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21. EARNING PER SHARE

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Profit for the period attributable to equity holders	164.589.751	616.678.477	(152.181.426)	653.506.403
Weighted average number of common shares issued	605.880.000	306.000.000	605.880.000	306.000.000
Profit per share	0,27	2,02	(0,25)	2,14

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 2024	31 December 2023
Total financial borrowings	5.413.582.850	4.819.305.339
Less: Cash and cash equivalents and financial investments	(590.246.054)	(1.033.995.296)
Net debt	4.823.336.796	3.785.310.043
Total equity	2.856.876.902	2.654.799.835
Net debt to equity ratio	1,69	1,43

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.

30 June 2024	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	57.839.036	3.733.451.639	86.414.135	432.171.076	385.799.607	204.171.646
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	57.839.036	3.733.451.639	86.414.135	432.171.076	385.799.607	204.171.646
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	106.027.886	-	-	-	-
- Impairment (-)	-	(106.027.886)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-

31 December 2023	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date,(A+B+C+D)	152.772.535	3.005.438.438	30.344.717	454.513.522	731.655.536	302.136.396
- Secured portion of the maximum credit risk by guarantees		-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	152.772.535	3.005.438.438	30.344.717	454.513.522	731.655.536	302.136.396
B. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	112.217.460	-	-	-	-
- Impairment (-)	-	(112.217.460)	-	-	-	-
- 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 2024					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	8.438.233.286	10.037.589.177	1.066.552.190	5.084.692.683	2.684.656.556	1.201.687.748
Loans and borrowings	5.202.278.034	6.741.125.370	588.351.412	2.449.960.037	2.501.126.173	1.201.687.748
Trade payables	3.022.725.249	3.022.725.249	453.408.787	2.569.316.462	-	-
Lease liabilities	211.304.816	271.813.371	22.866.804	65.416.184	183.530.383	-
Other payables	1.925.187	1.925.187	1.925.187	-	-	-

Contractual maturity	31 December 2023					
	Carrying Value	Contractual cash flows	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Non derivative financial liabilities	7.762.464.687	9.792.601.905	1.068.244.008	4.206.579.385	2.902.370.220	1.615.408.292
Loans and borrowings	4.636.938.034	6.607.159.251	439.881.015	1.826.096.109	2.725.773.835	1.615.408.292
Trade payables	2.939.986.384	2.939.986.384	607.818.407	2.332.167.977	-	-
Lease liabilities	182.367.305	242.283.306	17.371.622	48.315.299	176.596.385	-
Other payables	3.172.964	3.172.964	3.172.964	-	-	-

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(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

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 2024			31 December 2023		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1 Trade payables	2.044.874.808	52.788.214	8.882.794	2.690.907.438	87.407.761	3.615.788
2a. Monetary financial assets	22.720.489	681.318	10.117	76.415.884	1.898.050	630.588
2b. Non-Monetary financial assets	-	-	-	-	-	-
3 Other	1.190.700.180	26.421.101	9.206.107	1.709.051.773	37.534.071	18.546.023
4 Current assets (1+2+3)	3.258.295.477	79.890.633	18.099.018	4.476.375.095	126.839.882	22.792.399
5 Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-	-	-
7 Other	825.788.534	25.156.385	-	1.244.197.440	42.264.725	-
8 Non- Current assets (5+6+7)	825.788.534	25.156.385	-	1.244.197.440	42.264.725	-
9 Total assets (4+8)	4.084.084.011	105.047.018	18.099.018	5.720.572.535	169.104.607	22.792.399
10 Trade payables	2.680.100.701	65.895.529	14.580.326	2.398.999.321	77.997.087	3.026.539
11 Financial borrowings	1.197.955.643	27.755.747	8.104.172	1.566.672.068	33.419.854	17.806.646
12a. Other Monetary financial liabilities	-	-	-	-	-	-
12b. Other Non-Monetary financial liabilities	2.548.034.371	77.482.473	-	2.494.886.223	83.576.503	922.589
13 Current liabilities (10+11+12)	6.426.090.715	171.133.749	22.684.498	6.460.557.612	194.993.444	21.755.774
14 Trade payables	-	-	-	-	-	-
15 Financial borrowings	806.720.695	19.284.750	4.902.745	839.404.446	19.972.077	7.673.368
16a. Other Monetary financial liabilities	-	-	-	-	-	-
16b. Other Non-Monetary financial liabilities	-	-	-	-	-	-
17 Non-Current liabilities (14+15+16)	806.720.695	19.284.750	4.902.745	839.404.446	19.972.077	7.673.368
18 Total liabilities (13+17)	7.232.811.410	190.418.499	27.587.243	7.299.962.058	214.965.521	29.429.142
19 Net asset / liability position of off-balance sheet derivatives	2.004.676.338	47.040.497	13.006.917	2.406.076.514	53.391.931	25.480.014
20 Net foreign currency asset / (liability) position (9-18+19)	(1.144.051.061)	(38.330.984)	3.518.692	826.686.991	7.531.017	18.843.271
21 Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(2.617.181.742)	(59.466.494)	(18.694.332)	(2.037.752.513)	(42.083.207)	(24.260.177)

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

Foreign currency risk (continued)

Sensitivity analysis

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

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

	30 June 2024		31 December 2023	
	Profit (Loss)		Profit (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL				
1- USD net asset/liability	(281.367.584)	281.367.584	(136.147.741)	136.147.741
2- Amount hedged for USD risk (-)				
3- USD net effect (1+2)	(281.367.584)	281.367.584	(136.147.741)	136.147.741
In case of 10% appreciation of EUR against TL				
4- EUR net asset/liability	(33.505.244)	33.505.244	(21.791.209)	21.791.209
5- Amount hedged for EUR risk (-)				
6- EUR net effect (4+5)	(33.505.244)	33.505.244	(21.791.209)	21.791.209
Total net effect (3+6)	(314.872.828)	314.872.828	(157.938.950)	157.938.950

Cash flow hedge accounting for high probability forecast transaction currency risk

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

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

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

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

Notes To the Condensed Consolidated Financial Statements as of 30 June 2024

(Amounts are expressed in TL based on the purchasing power of the Turkish Lira (TL) as of 30 June 2024, unless otherwise stated.)

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:

		30 June 2024		31 December 2023	
<i>Financial assets</i>	Notes	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	3	386.074.408	386.074.408	731.858.900	731.858.900
Financial investments	4	204.171.646	204.171.646	302.136.396	302.136.396
Trade receivables	5	3.832.538.012	3.791.290.675	3.194.264.579	3.158.210.973
Other receivables		518.585.211	518.585.211	484.858.239	484.858.239
Total financial assets		4.941.369.277	4.900.121.940	4.713.118.114	4.677.064.508
<i>Financial liabilities</i>					
Financial borrowings	10	5.413.582.850	5.413.582.850	4.819.305.339	4.819.305.339
Trade payables	5	3.022.725.249	3.022.725.249	2.939.986.384	2.939.986.384
Other payables		1.925.187	1.925.187	3.172.964	3.172.964
Payables related to employment benefits		121.476.236	121.476.236	83.800.481	83.800.481
Total financial liabilities		8.559.709.522	8.559.709.522	7.846.265.168	7.846.265.168
Net		(3.618.340.245)	(3.659.587.582)	(3.133.147.054)	(3.169.200.660)

25. SUBSEQUENT EVENTS

- It has been decided that our company, in which Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret A.Ş. (Smart Güneş) is a user, will issue lease certificates based on management contracts under the Lease Certificates Communiqué (III-61.1) with a nominal value of up to 750.000.000 TL (Seven Hundred and Fifty Million Turkish Liras) in Turkish Lira and with different maturities, and that these lease certificates will be issued to bearer in order to be sold in financial allocation and/or in detail, and that an application will be made to the Capital Markets Board for the issuance of this potential lease certificate.

-On 12.09.2024, 20.000 shares were bought back at a price range of TL 39,56- TL 40,10 (average TL 39,76) and the SMRTG shares owned by our Company reached 520.000 shares (0,0858% of the Company's capital).