

(Convenience Translation of Consolidated Financial
Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

**ASELSAN ELEKTRONİK
SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS and INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT AS OF AND FOR THE
SIX-MONTH PERIOD ENDED 30 JUNE 2023

15 August 2023

This report contains condensed consolidated interim financial
information and related disclosures and footnotes comprising
44 pages.



Bağımsız
Denetim ve
Yeminli Mali
Müşavirlik A.Ş.



Independent Auditor's Report on Review of Consolidated Interim Financial Statements

To the Board of Directors of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together "the Group") as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements 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 the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate member of PRAXITY AISBL)

Yılmaz Güney,
Partner

15 August 2023, Istanbul, Turkey

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ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Note References	Limited Reviewed 30 June 2023	Audited 31 December 2022
ASSETS			
Current Assets		43.290.298	38.299.445
Cash and Cash Equivalents	3	1.279.194	5.686.996
Trade Receivables	5	17.645.145	14.888.340
<i>From Related Parties</i>	4	7.791.316	6.242.612
<i>From Third Parties</i>		9.853.829	8.645.728
Other Receivables		795.429	1.026.644
<i>From Related Parties</i>	4	16.157	5.580
<i>From Third Parties</i>		779.272	1.021.064
Inventories	6	17.098.047	12.592.653
Prepaid Expenses	7	5.361.181	3.154.875
<i>From Related Parties</i>	4	1.830.678	1.199.891
<i>From Third Parties</i>		3.530.503	1.954.984
Other Current Assets		1.111.302	949.937
Non-Current Assets		45.168.091	37.744.396
Financial Investments		4.295.031	4.288.363
Trade Receivables	5	23.017.374	18.973.918
<i>From Related Parties</i>	4	16.801.704	14.301.569
<i>From Third Parties</i>		6.215.670	4.672.349
Other Receivables		3.124	5.983
<i>From Third Parties</i>		3.124	5.983
Equity Accounted Investments		383.396	298.477
Property, Plant and Equipment	8	7.413.177	6.327.444
Intangible Assets	8	4.889.599	3.531.910
Prepaid Expenses	7	513.976	761.483
<i>From Related Parties</i>	4	107.931	100.440
<i>From Third Parties</i>		406.045	661.043
Deferred Tax Assets	10	2.477.837	2.082.110
Other Non-Current Assets		2.174.577	1.474.708
TOTAL ASSETS		88.458.389	76.043.841

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Note References	Limited Reviewed 30 June 2023	Audited 31 December 2022
LIABILITIES			
Current Liabilities		35.682.436	29.651.397
Short-term Financial Liabilities	19	7.603.428	5.602.536
Short-term Portion of Long-term Financial Liabilities	19	5.266.828	4.161.402
Trade Payables	5	10.119.080	9.775.271
<i>To Related Parties</i>	4	2.914.803	2.654.902
<i>To Third Parties</i>		7.204.277	7.120.369
Employee Benefit Obligations		798.889	637.239
Other Payables		521.432	369.944
<i>To Related Parties</i>	4	400.000	306.989
<i>To Third Parties</i>		121.432	62.955
Government Grants and Incentives		61.902	69.856
Deferred Income	7	5.943.150	4.100.087
<i>To Related Parties</i>	4	2.574.414	1.661.385
<i>To Third Parties</i>		3.368.736	2.438.702
Corporate Tax Liability		564.218	182
Short-term Provisions		4.780.935	4.881.364
<i>For Employee Benefits</i>	12	526.770	871.333
<i>Other</i>	9	4.254.165	4.010.031
Other Current Liabilities		22.574	53.516
Non-Current Liabilities		7.931.611	6.531.475
Long-term Financial Liabilities	19	2.265.445	1.069.683
Trade Payables	5	273.793	72.720
<i>To Third Parties</i>		273.793	72.720
Other Payables		20.781	16.289
<i>To Third Parties</i>		20.781	16.289
Deferred Income	7	2.041.002	2.157.322
<i>To Related Parties</i>	4	1.151.202	1.320.021
<i>To Third Parties</i>		889.800	837.301
Long-term Provisions		3.323.933	3.210.595
<i>Long-term Provisions for Employee Benefits</i>	12	762.531	579.397
<i>Other</i>	9	2.561.402	2.631.198
Other Non-Current Liabilities		6.657	4.866

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023**

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Note References	Limited Reviewed 30 June 2023	Audited 31 December 2022
EQUITY		44.844.342	39.860.969
Equity Attributable to Equity Holders of the Parent		44.627.733	39.636.982
Share Capital	13	2.280.000	2.280.000
Inflation Adjustments on Share Capital Differences	13	98.621	98.621
Share Premiums		2.796.723	2.796.723
Other Comprehensive Income / (Expense) that will not be Reclassified to Profit or (Loss)		637.364	780.009
<i>Gain on Revaluation of Property, Plant and Equipment</i>		<i>1.100.324</i>	<i>1.100.324</i>
<i>Gain/ Loss on Remeasurement of Defined Benefit Plans</i>		<i>(462.960)</i>	<i>(320.315)</i>
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		4.321.985	4.202.072
<i>Gain (Loss) on Financial Assets That Fair Value Difference Reflected in Other Comprehensive income</i>		<i>4.002.881</i>	<i>4.002.881</i>
<i>Cumulative Translation Adjustments</i>		<i>319.104</i>	<i>199.191</i>
Restricted Reserves	13	640.677	612.077
Retained Earnings		28.438.880	16.951.819
Net Profit for the Year		5.413.483	11.915.661
Non-Controlling Interests		216.609	223.987
TOTAL LIABILITIES AND EQUITY		88.458.389	76.043.841

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Notes References	Limited Reviewed 1 January- 30 June 2023	Not Reviewed 1 April- 30 June 2023	Limited Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2022
PROFIT OR LOSS					
Revenue	14	18.066.880	9.769.679	10.841.207	6.475.951
Cost of Sales (-)	14	(12.309.646)	(6.525.664)	(7.421.958)	(4.369.473)
GROSS PROFIT		5.757.234	3.244.015	3.419.249	2.106.478
General Administrative Expenses (-)		(914.352)	(499.240)	(433.886)	(247.930)
Marketing Expenses (-)		(357.891)	(201.432)	(286.781)	(200.016)
Research and Development Expenses (-)		(482.876)	(260.297)	(261.619)	(127.309)
Other Operating Income	15	12.023.463	8.849.004	6.404.146	3.681.623
Other Operating Expenses (-)	15	(6.470.930)	(4.138.313)	(4.072.639)	(2.298.625)
OPERATING PROFIT		9.554.648	6.993.737	4.768.470	2.914.221
Income from investing activities		19.009	18.992	5.570	5.264
Expense From Investing Activities		(8)	781	--	--
Shares of profit/(losses) of Equity Accounted Investees		(4.920)	(3.360)	(5.509)	2.881
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		9.568.729	7.010.150	4.768.531	2.922.366
Financial Income	16	386.428	106.322	552.554	352.759
Financial Expense (-)	17	(3.793.233)	(3.128.959)	(1.583.426)	(908.489)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		6.161.924	3.987.513	3.737.659	2.366.636
Tax Income from Continuing Operations	10	(755.819)	(835.706)	59.152	(246.766)
- Current Corporate Tax Expense(-)		(1.115.885)	(1.115.588)	(1.131)	(143)
- Deferred Tax Income		360.066	279.882	60.283	(246.623)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		5.406.105	3.151.807	3.796.811	2.119.870
Profit for the Period Attributable to					
Non-Controlling Interest		(7.378)	5.789	(38.796)	(20.147)
Owners of the Company	18	5.413.483	3.146.018	3.835.607	2.140.017
		5.406.105	3.151.807	3.796.811	2.119.870
Earnings for per 100 Shares (in full kuruş)	18	237,43	137,98	168,23	93,86

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

Note References	Limited Reviewed 1 January- 30 June 2023	Not Reviewed 1 April- 30 June 2023	Limited Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2022
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS				
Items that will not to be reclassified subsequently in Profit or Loss				
	(142.645)	(142.645)	(118.795)	(118.795)
Loss on Remeasurement of Defined Benefit Plans	12 (178.306)	(178.306)	(148.494)	(148.494)
Deferred Tax Income / (Expense)	35.661	35.661	29.699	29.699
Items that may be reclassified subsequently to profit or loss				
Foreign Currency Exchange Differences	119.913	98.046	50.811	21.839
	119.913	98.046	50.811	21.839
OTHER COMPREHENSIVE INCOME	(22.732)	(44.599)	(67.984)	(96.956)
TOTAL COMPREHENSIVE INCOME	5.383.373	3.107.208	3.728.827	2.022.914
Total Comprehensive Income Attributable to				
Non-Controlling Interest	(7.378)	5.789	(38.796)	(20.147)
Owners of the Company	5.390.751	3.101.419	3.767.623	2.043.061
	5.383.373	3.107.208	3.728.827	2.022.914

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Share Capital	Inflation Adjustments on Share Capital	Share Issuance Premiums/ (Discounts)	Other Comprehensive Income / Expense that will not to be Reclassified Subsequently to Profit or Loss		Other Comprehensive Income / Expense that may not to be Reclassified Subsequently to Profit or Loss			Retained Earnings				
				Revaluation Reserves	Remeasurement of Defined Benefit Plans	Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other	Translation Reserves	Restricted Reserves	Retained Earnings	Net Profit/(Loss) for the Year	Equity Attributable to Owners of the Company	Non-Controlling Interests	Equity
Balance as of 1 January 2022	2.280.000	98.621	2.796.723	309.535	(123.119)	2.034.249	143.537	542.341	10.350.992	7.130.563	25.563.442	271.768	25.835.210
Transfers	--	--	--	--	--	--	--	69.736	6.600.827	(6.670.563)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(118.795)	--	50.811	--	--	3.835.607	3.767.623	(38.796)	3.728.827
Dividends	--	--	--	--	--	--	--	--	--	(460.000)	(460.000)	(228)	(460.228)
Balance as of 30 June 2022 (Closing Balance)	2.280.000	98.621	2.796.723	309.535	(241.914)	2.034.249	194.348	612.077	16.951.819	3.835.607	28.871.065	232.744	29.103.809
Balance as of 1 January 2023	2.280.000	98.621	2.796.723	1.100.324	(320.315)	4.002.881	199.191	612.077	16.951.819	11.915.661	39.636.982	223.987	39.860.969
Transfers	--	--	--	--	--	--	--	28.600	11.487.061	(11.515.661)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(142.645)	--	119.913	--	--	5.413.483	5.390.751	(7.378)	5.383.373
Dividends	--	--	--	--	--	--	--	--	--	(400.000)	(400.000)	--	(400.000)
Balance as of 30 June 2023 (Closing Balance)	2.280.000	98.621	2.796.723	1.100.324	(462.960)	4.002.881	319.104	640.677	28.438.880	5.413.483	44.627.733	216.609	44.844.342

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

	Note References	Limited Reviewed 1 January- 30 June 2023	Limited Reviewed 1 January- 30 June 2022
A.Cash Flows from Operating Activities		(2.507.423)	392.694
Profit for the Period		5.406.105	3.796.811
Adjustments to Reconcile Profit for the Period		5.048.340	2.962.494
- Adjustments for Depreciation and Amortization Expense	8	392.207	268.323
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		(7.159)	(22.459)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	5	19.894	7.364
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories</i>	6	(27.053)	(29.823)
-Adjustments for Provisions		482.847	798.256
<i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>	12	(211.448)	81.262
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		488.655	347.745
<i>Adjustments for (Reversal of) Warranty Provisions</i>		386.551	384.119
<i>Adjustments for (Reversal of) Other Provisions</i>		(180.911)	(14.870)
-Adjustments for Interest (Income) Expenses		84.890	29.496
<i>Adjustments for Interest Income</i>		(451.625)	(319.065)
<i>Adjustments for Interest Expense</i>		536.515	348.561
- Adjustments for Retained Profit of Equity Accounted Investees		4.920	5.509
- Adjustments for Tax (Income)/Expenses		755.819	(59.152)
-Other Adjustments for which Cash Effects are Investing or Financing Cash Flow		3.025.927	1.085.047
-Other Adjustments to Reconcile Profit (Loss)		308.889	857.474
Changes in Working Capital		(11.761.776)	(5.990.607)
- Decrease (Increase) in Trade Receivables		(2.825.445)	(2.689.747)
- Decrease (Increase) in Other Receivables Related with Operations		234.075	237.619
- Decrease (Increase) in Inventories	6	(4.436.855)	(2.258.572)
- Decrease (Increase) in Prepaid Expenses	7	(1.946.374)	(622.018)
- Increase (Decrease) in Trade Payables	5	978.455	(577.800)
- Increase (Decrease) in Employee Benefit Obligations	12	161.650	75.735
-Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(3.883.112)	(1.721.537)
- Increase (Decrease) in Other Operating Payables		(244.019)	(249.777)
- Increase (Decrease) in Government Grants and Subsidies		(7.954)	2.643
- Increase (Decrease) in Deferred Income		1.078.630	2.366.971
- Other Increase (Decrease) in Working Capital		(870.827)	(554.124)
Cash Flows From Operations		(1.307.331)	768.698
Payments Related with Provisions for Employee Benefits	12	(128.286)	(50.385)
Payments Related with Other Provisions		(519.956)	(323.218)
Income Taxes Refund (Paid)		(551.850)	(2.401)
B.Cash Flows From Investing Activities		(3.625.669)	(2.759.740)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		4.431	1.222
Purchase of Property, Plant and Equipment	8	(1.365.770)	(902.848)
Purchase of Intangible Assets	8	(2.162.914)	(1.720.125)
Dividends Received		10.428	4.959
Other Cash Inflows (Outflows)		(111.844)	(142.948)
C.Cash Flows From Financing Activities		1.265.725	1.951.822
Proceeds from Borrowings		6.548.111	4.255.780
Repayments of Borrowings		(5.282.386)	(2.303.958)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		(4.867.367)	(415.224)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		461.073	144.414
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(4.406.294)	(270.810)
E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5.685.114	2.491.605
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3	1.278.820	2.220.795

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") was established in order to engage principally in research, development, engineering, production, tests, assembly, integration and sales, after sales support, consultancy and trading activities, to provide and conduct all sorts of activities for project preparation, engineering, consultancy, service providing, training, contracting, construction, publishing, trading, operation and internet services regarding various software, equipment, system, tools, material and platforms in the fields of electrical, electronics, microwave, electro-optics, guidance, computer, data processing, encryption, security, mechanics, chemistry and related areas within the army, navy, air force and aerospace applications to all institutions, organizations, companies and individual consumers.

The Company was established at the end of 1975 as a corporation by Turkish Land Forces Foundation. The Company commenced its production activities in Macunköy Facilities in early 1979.

As of the reporting date, the Company has been organized under five divisions under the Vice Presidential Sector with regard to investment and production requirements of projects. These divisions comprise Communication and Information Technologies Vice Presidency ("HBT"), Radar and Electronic Warfare Systems Vice Presidency ("REHİS"), Defence Systems Technologies Vice Presidency ("SST") and Microelectronics, Guidance & Electro-Optics Vice Presidency ("MGEO") and Transportation, Security, Energy, Automation and Medical Systems Vice Presidency ("UGES").

In addition to the Vice Presidencies above, the Company organization also includes the Financial Management Vice Presidency, Corporate Management Vice Presidency, Technology and Strategy Management Vice Presidency, Business Development, Marketing Vice Presidency, Supply Chain Management Vice Presidency and R&D Management Vice Presidency making a total of six Vice Presidencies; in addition to these, there are also Legal Affairs and Private Secreteriat.

The Internal Audit Department and Board of Directors Planning and Coordination Management have been established under the Board of Directors.

The Company maintains production and engineering operations in Ankara, Macunköy, Akyurt and Gölbaşı campuses and engineering operations in METU Teknokent, Hacettepe Teknokent, Teknopark Ankara and Teknopark İstanbul. General Management is located in Ankara Macunköy.

Turkish Armed Forces Foundation ("TSKGV") is the main shareholder of the Company which holds 74,20 percent of the capital and maintains control of the Company. TSKGV was established on 17 June 1987 with the law number 3388, in order to manufacture or import guns, equipment and appliances needed for Turkish Armed Forces.

The Company is registered to Capital Markets Board of Türkiye ("CMB") and its shares have been quoted in Borsa İstanbul Anonim Şirketi ("BİST") since 1990. As of 30 June 2023, 25,80 percent of the Company's shares are publicly traded (31 December 2022: 25,80 percent) (Note 13).

The Company's trade registry address is Mehmet Akif Ersoy Mahallesi İstiklal Marşı Caddesi No:16 06200 Yenimahalle/Ankara. The average number of personnel employed by the Group as of 30 June 2023 is 11.050 (31 December 2022: 10.948).

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

The Company's consolidated subsidiaries are ASELSAN Baku ("ASELSAN Baku"), Mikroelektronik Ar-Ge Tasarım ve Ticaret Ltd. Co. ("Mikro AR-GE"), ASELSANNET Elektronik ve Haberleşme Sistemleri Sanayi Ticaret İnşaat ve Taahhüt Ltd. Co. ("ASELSANNET"), Aselsan Konya Silah Sistemleri Anonim Şirketi ("ASELSAN Konya"), ASELSAN Malaysia Sdn. Bhd. ("ASELSAN Malaysia"), BITES Savunma Havacılık ve Uzay Teknolojileri Yazılım A.Ş. ("BITES"), Aselsan Global Dış Ticaret ve Pazarlama A.Ş. ("ASELSAN GLOBAL"), ASELSAN UKRAINE LLC. ("ASELSAN Ukraine") and ULAK Haberleşme A.Ş. ("ULAK"). They are collectively referred as the "Group" in the accompanying notes.

The Company has four branch offices; Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi EP Co. ("ASELSAN South Africa"), ASELSAN Makedonya Corridor-10 Highway Toll Collection System Project ("ASELSAN Macedonia") and ASELSAN Kıbrıs İleri Teknolojiler Araştırma Merkezi ("ASELSAN N. Cyprus") and ASELSAN Elektronik Sanayi ve Ticaret A.Ş. QSTP-B ("ASELSAN Qatar") located in South Africa, Macedonia, Turkish Republic of Northern Cyprus ("TRNC") and Qatar, respectively. The branches are also included in the consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis of Presentation

Statement of Compliance to TFRS

The accompanying consolidated financial statements are prepared in accordance with the requirements of CMB Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("Communiqué"), which were published in the Official Gazette No: 28676 on 13 June 2013 and in accordance with the Turkish Financial Reporting Standards ("TFRS") and Interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements has been presented with examples of Financial Statement by the POA. All reports have suited the TFRS formats.

The consolidated financial statements are prepared according to historical cost accounting except for the revaluation of land and financial instruments.

The consolidated condensed financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with TAS 34 Interim Financial Reporting. The interim condensed financial statements do not contain all the information and explanations that should be included in the annual financial statements and should be read together with the annual consolidated financial statements of the Group as of 31 December 2022.

Approval of the Consolidated Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors with the resolution number 1201 on 15 August 2023. There is no authority other than General Assembly and legal entities has the right to amend the consolidated financial statements.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment ("Functional Currency") in which the entity operates. The Company's reporting currency is Turkish Lira ("TL"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional, and presentation currency of the Company for the consolidated financial statements. Amounts are expressed in thousands of TL or Foreign Currency unless otherwise stated. Kuruş, Turkish Currency subunit and 1 TL is equal to 100 Kuruş.

Preparation of Financial Statements in Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005 numbered 11/367 declared that companies operating in Türkiye which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflationary accounting. Consequently, in the accompanying financial statements ("TAS/TAS 29") "Financial Reporting in Hyperinflationary Economies" has not been applied since 1 January 2005.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation

Subsidiaries:

The details of the subsidiaries of the Group are as follows:

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			30 June 2023	31 December 2022	
ASELSANNET	Türkiye	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Türkiye	TL	100	100	Export
Mikro AR-GE	Türkiye	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Türkiye	TL	51	51	Weapon and weapon systems
BITES	Türkiye	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	100	Marketing and sales of the group products
ULAK	Türkiye	TL	51	51	Communication systems

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee when if facts and circumstances arise there are changes to one or more of the three elements of control listed above.

Even though the Company has voting rights less than a majority, if it has ability to manage the operation of the investee unintentionally, then the Group assess that it has control over that investee.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Subsidiaries (continued):

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- comparison of voting rights of the Group and the others,
- potential voting rights held by the Group, and others,
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made (including voting patterns at previous shareholders' meeting).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Each item of profit or loss and other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to align with the Group accounting policies and the Group's accounting policies.

All intragroup balances, equity, income and expenses, profits and losses and cash flows relating to transactions between members of the Group are eliminated during consolidation.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures

The details of the Group's interests in joint ventures as of 30 June 2023 and 31 December 2022 are as follows:

Joint Ventures	Principal Activity	Country of establishment and operation	Group's proportion of ownership and voting power held (%)	
			30 June 2023	31 December 2022
ASELSAN Hassas Optik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Optik")	Sensitive optic technologies	Türkiye	50	50
Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Bilkent")	Production of micro and nano sized devices which contains semi-conductive and similar technological materials	Türkiye	50	50
International Golden Group ("IGG") ASELSAN Integrated Systems LLC ("IGG ASELSAN")	Production, integration, sales and technical maintenance service of high technology product	United Arab Emirates	49	49
Kazakhstan ASELSAN Engineering LLP ("ASELSAN Kazakhstan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Kazakhstan	49	49
ASELSAN Middle East PSC ("ASELSAN Jordan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Jordan	49	49
TÜYAR Mikroelektronik Sanayi ve Ticaret Anonim Şirketi ("TÜYAR")	Production of micro and nano-sized devices containing semiconductor	Türkiye	51	51
BARQ QSTP LLC. ("BARQ QSTP LLC.")	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	Qatar	48	48
Teknohab Teknoloji Geliştirme Bölgesi Yönetici Anonim Şirketi ("TEKNOHAB")	To create investment opportunities in technology intensive areas, provide job opportunities to researchers and skilled people, help technology transfers and facilitate foreign capital to enter our country that will enable high technology	Türkiye	13	13
EHSİM Elektronik Harp Sistemleri Müh. Tic. A.Ş. ("EHSİM")	Electronic Warfare and Tactical Command Systems	Türkiye	50	50
TR Eğitim ve Teknoloji A.Ş.	Realizing Human Resources studies, Consultancy with respect to HR studies, accreditation services and trainings for every level, educational, cultural, art, sports, fair organizations and digital marketing operations.	Türkiye	35	35
DASAL Havacılık Teknolojileri A.Ş.	Aviation technologies	Türkiye	40	40
İstanbul Finans ve Teknoloji Üssü A.Ş.	To establish infrastructure activities for the development of the financial technology ecosystem	Türkiye	44	--

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures (continued):

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's joint ventures; EHSİM established in 1998, IGG ASELSAN and ASELSAN Kazakhstan established in 2011, ASELSAN Jordan established in 2012 and ASELSAN Optik and ASELSAN Bilkent established in 2014, TÜYAR established in 2017, TEKNOHAB established in 2018, TR Eğitim established in 2019, DASAL Havacılık Teknolojileri A.Ş. established in 2020 and İstanbul Finans ve Teknoloji Üssü A.Ş. established in 2022 were included in the condensed consolidated financial statements by using the equity method. Since BARQ QSTP LLC has not started to operate yet, there is no material consolidation effect on the Group's financial statements.

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to determine the financial position and performance trends, the Group's consolidated financial statements are presented comparatively with the corresponding figures. For the purpose of having consistency with the current term's presentation of consolidated financial statements, comparative information is reclassified and significant differences are explained if necessary.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.3 Accounting Policies, Changes in Accounting Estimates and Errors

Significant changes in accounting policies and errors are applied retrospectively and prior period financial statements are restated, changes in accounting estimates are reflected to the financial in current period profit/loss.

When change in estimate in accounting policies are related with only one period, changes are applied on the current period but if the estimated changes are for the following periods, changes are applied both on the current and following periods prospectively.

2.4 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows:

TFRS 17 – Insurance Contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.

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

On January 15, 2021, POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The amendments did not have a significant impact on the consolidated financial position and performance of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 New and Revised Turkish Accounting Standards (continued)****Amendments to TAS 1 – Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. The amendments do not have a significant impact on the consolidated financial position and performance of the Group.

Amendments to TAS 8 – Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments do not have a significant impact on the consolidated financial position and performance of the Group.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities Arising From a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments do not have a significant impact on the consolidated financial position and performance of the Group.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

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

2.4 New and Revised Turkish Accounting Standards (continued)

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 30 June 2023

Amendments to TAS 1 – Non-Current Liabilities with Covenants

On December 20, 2022, POA issued amendments to TAS 1 Non-Current Liabilities with Covenants. The amendments set out in 'Non-current Liabilities with Covenants (Amendments to TAS 1)' state that at the reporting date, the entity doesn't need to consider covenants to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements. With these changes, aims to help investors understand the risk that such debt could become repayable early and therefore, has improved the information being provided on the long-term debt.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

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 sellerlessee. 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-slessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. 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 Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash	773	401
Bank		
- <i>Time deposit</i>	824.886	5.243.512
- <i>Demand deposit</i>	452.045	436.452
Other	1.116	4.750
Cash and cash equivalents on the cash flow statement	1.278.820	5.685.115
Interest income accruals	374	1.881
	1.279.194	5.686.996

As of 30 June 2023, the Group has time deposits denominated in foreign currencies with maturities on July 2023 (31 December 2022: January 2023), with the interest rates between 0,10 percent and 4,75 percent (31 December 2022: 0,75 percent and 3,00 percent) amounting to TL 291.427 (31 December 2022: TL 1.682.876) in several banks.

As of 30 June 2023, the Group has time deposits denominated in TL terms with maturities on July 2023 (31 December 2022: January 2023) with the interest rates between 10 percent and 35 percent (31 December 2022: 20 percent) amounting to TL 533.459 (31 December 2022: TL 3.560.636) in several banks.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

4. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation, therefore have not been disclosed in this note.

The trade receivables from related parties generally arise from sales activities with maturity of 1 year.

The trade payables to related parties generally arise from the purchase activities with maturities of 1-4 months.

Total amount of salaries and other short-term benefits paid for key management for the period ended 30 June 2023 is approximately TL 67.238 (The vast majority consists of paid wages and benefits.) (30 June 2022: TL 33.971).

The details of transactions between the Group and other related parties are disclosed in the following pages.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (continued)

	30 June 2023									
	Receivables					Payables				
	Short-term			Long-term		Short-term			Long-term	
Balances with related parties	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables ¹	Trading	Deferred Income
Main shareholder										
TSKGV	109	--	--	--	--	--	22.044	306.989	--	--
Main shareholder's subsidiaries and associates										
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	45.490	111.689	--	16.489	3.248	364.655	--	--	--	--
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	30.531	46.781	--	--	--	72.589	281	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	61.811	--	--	7.194	61.047	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	21.440	--	--	144	120.974	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	784.602	6.673	--	512.240	--	6.676	16.268	--	--	316.124
Türk Havacılık ve Uzak Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	2.021.593	--	--	1.513.325	--	15.221	111.896	--	--	15.291
Financial Instruments										
ASPİLSAN Enerji Sanayi ve Ticaret Anonim Şirketi ("ASPİLSAN")	1.413	30.654	--	--	--	18.863	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	1.387.173	1.241.256	10.428	218.243	--	2.043.885	127.434	--	--	46.154
Joint ventures and its related parties										
ASELSAN Bilkent Mikro Nano	--	44.768	--	--	77.076	54.587	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	49	614	--	--	--	11.664	--	--	--	--
ASELSAN Optik	56.391	139.127	5.729	--	--	32.561	--	--	--	--
IGG	222.616	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	22.820	2.774	--	--	--	20.359	--	--	--	--
ASELSAN Kazakistan	265.201	--	--	--	--	696	5.384	--	--	1.160
ASELSAN Jordan	55.889	565	--	--	--	33.026	--	--	--	--
TÜBİTAK BİLGEM	--	30.760	--	--	12.491	23.768	--	--	--	--
TÜBİTAK-UME	--	134	--	--	--	4	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	16.420	2.992	--	216.756	226	--	5.539	--	--	11.763
TÜBİTAK SAGE Savunma Sanayii	11.682	87.907	--	9.707	2.851	28.087	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	2.866.945	--	--	14.310.708	--	--	2.036.822	--	--	673.470
SSTEK	--	--	--	--	--	--	248.746	--	--	87.240
EHSİM	2.392	733	--	--	4.701	1.960	--	--	--	--
DASAL	--	--	--	--	--	4.097	--	--	--	--
TR Eğitim	--	--	--	--	--	84	--	--	--	--
Shares offered to the public	--	--	--	--	--	--	--	93.011	--	--
	7.791.316	1.830.678	16.157	16.801.704	107.931	2.914.803	2.574.414	400.000	--	1.151.202

¹ All other short term payable is 2023 dividend payments.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2023

(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (continued)

	31 December 2022									
	Receivables					Payables				
	Short-term			Long-term		Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables ¹	Trading	Deferred Income
Balances with related parties										
Main shareholder										
TSKGV	65	--	--	--	--	--	22.044	227.771	--	--
Main shareholder's subsidiaries and associates										
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	12.295	103.679	--	14.842	615	548.575	--	--	--	3
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	20.875	35.787	--	--	--	53.541	281	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	60.729	--	--	2.222	54.537	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	14.763	--	--	1.585	112.535	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	673.187	7.703	--	359.503	--	23.609	948	--	--	133.794
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	1.192.299	--	--	899.546	--	2.292	107.869	--	--	41.278
Financial Instruments										
ASPİLSAN Enerji Sanayi ve Ticaret Anonim Şirketi ("ASPİLSAN")	223	24.544	--	--	--	39.846	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	928.068	731.447	--	189.405	92.435	1.576.944	157.476	--	--	18.630
Joint ventures and its related parties										
ASELSAN Bilkent Mikro Nano	--	27.106	--	--	2.482	7.883	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	276	--	--	--	9.729	--	--	--	--
ASELSAN Optik	41.049	105.420	5.580	--	--	49.316	--	--	--	--
IGG	156.850	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	16.068	2.774	--	--	--	14.466	--	--	--	--
ASELSAN Kazakistan	147.724	--	--	56.172	--	504	5.425	--	--	1.160
ASELSAN Jordan	26.424	565	--	--	--	21.433	--	--	--	--
TÜBİTAK BİLGEM	--	27.508	--	--	--	54.178	--	--	--	--
TÜBİTAK-UME	--	137	--	--	--	119	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	24.505	22.083	--	180.155	1.101	3.117	5.539	--	--	11.260
TÜBİTAK SAGE Savunma Sanayii	815	34.028	--	9.707	--	70.919	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	3.002.165	--	--	12.588.003	--	--	1.279.411	--	--	1.026.656
SSTEK	--	--	--	--	--	413	82.392	--	--	87.240
EHSİM	--	1.342	--	--	--	7.749	--	--	--	--
DASAL	--	--	--	--	--	3.197	--	--	--	--
Shares Publicly traded	--	--	--	--	--	--	--	79.218	--	--
	6.242.612	1.199.891	5.580	14.301.569	100.440	2.654.902	1.661.385	306.989	--	1.320.021

¹ All other short term payable is 2022 dividend payments.

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4. RELATED PARTY DISCLOSURES (continued)

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Transactions with related parties	Purchases	Purchases	Purchases	Purchases
<u>Main Shareholder</u>				
TSKGV	1.121	560	760	409
<u>Main shareholder's shareholders/subsidiaries/associates</u>				
NETAŞ	78.441	66.657	39.066	24.715
İŞBİR	132.550	60.030	69.837	32.528
HTR	111.573	61.931	100.029	27.266
TUSAŞ	9.674	183	1.033	739
HAVELSAN	41.733	16.414	13.570	9.542
STM	4.520	2.722	3.009	2.103
<u>Financial Investments</u>				
ROKETSAN	22.420	--	4.984	4.843
ASPİLSAN	18.393	11.187	10.993	5.894
<u>Joint ventures and its related parties</u>				
İhsan Doğramacı Bilkent Üniversitesi	10.314	--	23.797	11.530
TÜBİTAK BİLGEM	55.904	37.209	58.118	46.922
TÜBİTAK-UME	800	339	806	569
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	--	--	1.775	25
SSTEK	--	--	150	--
DASAL	3.470	--	--	--
TÜBİTAK-SAGE Savunma Sanayii	25.115	20.699	67.381	10.868
	516.028	277.931	395.308	177.953
	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Transactions with related parties	Sales	Sales	Sales	Sales
<u>Main Shareholder</u>				
TSKGV	342	162	285	148
<u>Main shareholder's shareholders/subsidiaries /associates</u>				
TUSAŞ	2.561.352	2.342.174	714.003	407.971
STM	426.751	270.175	470.888	390.826
HAVELSAN	49.767	47.354	10.403	--
HTR	5.806	4.656	21.189	--
NETAŞ	--	--	860	860
TEI	19.947	--	--	--
İŞBİR	3.404	3.404	--	--
<u>Financial Investments</u>				
ROKETSAN	708.485	569.349	225.520	162.786
ASPİLSAN	733	--	--	--
<u>Joint ventures and its related parties</u>				
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	28.505	14.273	10.428	2.127
TÜBİTAK-SAGE Savunma Sanayii	9.992	2.453	1.250	285
Savunma Sanayi Başkanlığı	21.154.701	16.587.845	6.723.915	4.704.672
SSTEK	100.208	7.512	--	--
	25.069.993	19.849.357	8.178.741	5.669.675

Transactions with related parties are generally related to the purchases and sales of goods and services related to projects under TFRS 15 "Revenue from Contracts with Customers".

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5. TRADE RECEIVABLES AND PAYABLES**a) Trade receivables**

Details of the Group's trade receivables are as follows:

	30 June 2023	31 December 2022
Short-term trade receivables		
Trade receivables	9.825.835	8.577.307
Trade receivables from related parties (Note 4)	7.791.316	6.242.612
Notes receivable	23.899	68.421
Other Receivables	4.095	--
Doubtful trade receivables	50.214	30.320
Allowance for doubtful trade receivables (-)	(50.214)	(30.320)
	17.645.145	14.888.340

	30 June 2023	31 December 2022
Long-term trade receivables		
Unbilled receivables from contracts with customers	5.572.446	4.210.491
Trade receivables	643.224	461.858
Unbilled receivables from contracts with customers - Related party (Note 4)	16.776.227	14.283.122
Trade receivables from related parties (Note 4)	25.477	18.447
	23.017.374	18.973.918

The movement for the Group's allowance for doubtful receivables is as follows:

	30 June 2023	30 June 2022
Opening balance	30.320	30.172
Provision for the period	19.894	7.364
Closing balance	50.214	37.536

b) Trade payables

Details of The Group's trade payables are as follows:

	30 June 2023	31 December 2022
Short-term trade payables		
Trade payables	6.714.969	5.865.798
Due to related parties (Note 4)	2.914.803	2.654.902
Notes Payable	431.124	1.149.890
Other trade payables	58.184	104.681
	10.119.080	9.775.271

	30 June 2023	31 December 2022
Long-term trade payables		
Other trade payables	273.793	72.720
	273.793	72.720

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6. INVENTORIES

	30 June 2023	31 December 2022
Raw materials	7.958.194	5.836.075
Work in progress	5.698.586	4.345.877
Goods in transit ¹	1.458.930	874.879
Finished goods	1.576.769	1.163.383
Other inventories	69.782	214.540
Trade goods	363.300	212.466
Allowance for impairment on inventories (-)	(27.514)	(54.567)
	17.098.047	12.592.653

The Group provides an allowance for impairment on inventories when the inventories net realizable values are lower than their costs or when they are determined as slow-moving inventories.

The Group has identified raw material, work-in progress and finished goods inventories below net realizable value within the current year.

Impaired inventory movements for the period ended in 30 June are as follows:

	2023	2022
Opening balance	54.567	54.511
Provision for the period	23.150	17.460
Provision unrealised	(50.203)	(47.283)
Closing balance	27.514	24.688

¹ Goods in transit includes the goods for which significant risks and rewards of ownership has been transferred to the Group due to their shipping terms.

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7. PREPAID EXPENSES AND DEFERRED INCOME

	30 June 2023	31 December 2022
Short-term prepaid expenses		
Order advances given for inventory purchases	3.026.546	1.506.649
Short-term order advances given to related parties for inventory purchases (Note 4)	1.830.678	1.199.891
Work advances	40.743	5.426
Prepaid expenses	463.214	442.909
	5.361.181	3.154.875

	30 June 2023	31 December 2022
Long-term prepaid expenses		
Long-term order advances given to related parties for inventory purchases (Note 4)	107.931	100.440
Order advances given for inventory purchases	77.746	452.022
Order advances given for fixed assets purchases	137.068	124.642
Prepaid expenses	191.231	84.379
	513.976	761.483

	30 June 2023	31 December 2022
Short-term deferred income		
Order advances received	1.523.563	498.529
Order advances received from related parties (Note 4)	2.574.414	1.661.385
Deferred income	1.845.173	1.940.173
	5.943.150	4.100.087

	30 June 2023	31 December 2022
Long-term deferred income		
Order advances received	582.993	516.637
Order advances received from related parties (Note 4)	1.151.202	1.320.021
Deferred income	306.807	320.664
	2.041.002	2.157.322

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8. PROPERTY, PLANT AND EQUIPMENT

Cost	Property, Plant and Equipment	Intangible Assets
Opening balance as of 1 January 2023	8.235.741	4.543.768
Additions	1.376.606	2.162.914
Disposals	(14.834)	(665.357)
Closing balance as of 30 June 2023	9.597.513	6.041.325
Accumulated Depreciation and Amortisation		
Opening balance as of 1 January 2023	1.908.297	1.011.858
Change for the period ¹	289.354	144.338
Disposals	(13.315)	(4.470)
Closing balance as of 30 June 2023	2.184.336	1.151.726
Net book value as of 30 June 2023	7.413.177	4.889.599
Net book value as of 31 December 2022	6.327.444	3.531.910

Cost	Property, Plant and Equipment	Intangible Assets
Opening balance as of 1 January 2022	4.939.007	3.072.587
Additions	966.012	1.720.125
Disposals	(37.233)	(1.020.228)
Transfers	--	--
Closing balance as of 30 June 2022	5.867.786	3.772.484
Accumulated Depreciation and Amortisation		
Opening balance as of 1 January 2022	1.506.858	804.977
Change for the period	189.379	106.823
Disposals	(36.565)	(5.989)
Closing balance as of 30 June 2022	1.659.672	905.811
Net book value as of 30 June 2022	4.208.114	2.866.673
Net book value as of 31 December 2021	3.432.149	2.267.610

In accordance with TFRS 13 "Fair Value Measurement" standard, fair values of the lands are considered as level three of fair value hierarchy, since measurement techniques do not include observable market inputs

¹ The amount of amortization related to inventories are TL 41.485 in the year 2023 (June 2022: TL 27.879)

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9. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	30 June 2023	31 December 2022
Other short-term provisions		
Provision for warranties ¹	1.891.784	1.991.973
Provision for onerous contracts	240.461	280.121
Provision for delay penalties ²	1.868.154	1.302.732
Sales commission	146.051	332.443
Provision for legal cases	32.777	33.305
Provision for cost expenses	48.803	52.881
Other	26.135	16.576
	4.254.165	4.010.031
	30 June 2023	31 December 2022
Other long-term provisions		
Provision for delay penalties	334.055	334.056
Provision for onerous contracts	2.227.347	2.297.142
	2.561.402	2.631.198

b) Legal cases

There has not been any final judicial decision against the Group due to the responsibility related with work accidents within 2023.

As of the dates 30 June 2023 and 31 December 2022, according to the declarations written by the legal counselors, the lawsuits and legal executions in favor of and against the Group are as follows:

	2023	2022
Description		
a) Ongoing lawsuits filed by the Group	36.621	28.956
b) Execution proceedings carried out by the Group	578.098	415.690
c) Ongoing lawsuits filed against the Group	32.777	33.305
d) Executions against the Group	10.017	6.454
e) Lawsuits finalized against the Group within the period	2.424	18.576
f) Lawsuits finalized in favor of the Group within the period	3.023	5.380

- a) Ongoing lawsuits filed by the Group are comprised of lawsuits for patents, trademarks and lawsuits filed by the Group due to the disagreements related to previous lawsuits. These lawsuits will not be recognised in the financial statements until they are finalized.
- b) Execution of proceedings carried out by the Group are comprised of lawsuits that would result in favor of the Group that will be recognised as revenue under "Other Operating Income" line when they are collected.
- c) The Company made provisions for all lawsuits filed against the Group and recognised as "Provisions" in the statement of financial position and "Other Operating Expense" in the statement of profit or loss and other comprehensive income.
- d) Executions against the Group are not included in Financial Statements.
- e) Lawsuits finalized against the Group are recognised in the statement of profit or loss to the extent that the amount differs from the amount previously provided. Amounts in excess of the amount previously provided are recognised under 'Other Operating Expense' when the penalty is paid.
- f) Lawsuits finalized in favor of the Group are recognised in statement of profit or loss and other comprehensive income under "Other Operating Income" line when the final judgement is determined.

¹ The Group's provision for warranty is based on sales under warranty are estimated in accordance with historical data. Provision for warranty is calculated by using warranty rate included in the contract as long as the invoice issued throughout the life of the Contract

² Provision for delay penalties and fines are calculated in accordance with interest rates mentioned in the agreement for default and within the client's knowledge.

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10. TAX

"Deferred Tax Assets" of the Group as of 30 June 2023 is TL 2.477.837 The amount is comprised of the items below.

	30 June 2023	31 December 2022
Carried Forward R&D Incentives Effect	2.577.016	1.456.416
Temporary Differences	(99.179)	625.694
Deferred Tax Assets - Net	2.477.837	2.082.110

The earnings gained within the scope of Technology Development Zones Law numbered 4691 and the Support of Research and Development Activities Law numbered 5746 were exempted from corporate tax until 31 December 2028.

Prospective profit/loss projection and forecasts and expected duration of research and development incentives are considered in calculating deferred tax asset.

In accordance with the law numbered 5746 pertaining to 1 January-30 June 2023 period the Group has calculated "Deferred Tax Asset" amounting to TL 2.577.016 from Research and Development expenses comprising "Outstanding Research and Development Deductions".

	30 June 2023	30 June 2022
Profit before tax from continuing operations	6.161.924	3.737.659
Tax (expense)/income recognized in profit or loss	(755.819)	59.152
Effective tax rate	-12%	2%

Effective tax rate is calculated by dividing profit before tax from continuing operations to net tax income recognized in profit or loss. Increase in profit before tax from continuing operations is mainly due to the sales made by the Company within the current period.

Although the Company does not have corporate tax liability for the current period because of the tax advantage arising from the R&D expenditures the Company has made in the previous years, due to "Law no 7440 on Restructuring Some Receivables and Making Changes in Some Laws" additional amount of TL 1.103.336 tax liability has been accrued besides some companies subject to consolidation have corporate tax liability too.

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11. COMMITMENTS AND CONTINGENCIES

a) Guarantees received

	30 June 2023	31 December 2022
Letters of guarantees received from the suppliers	7.744.347	5.603.873
Collaterals received from the customers	434.071	332.725
Letters of guarantees received from the customers	24.245	237.857
Collaterals received from the suppliers	891.559	665.103
Letters of guarantees received from the suppliers	22.986	26.891
	9.117.208	6.866.449

b) Collaterals / Pledges / Mortgages ("CPM") given

The collaterals/pledges/mortgages ("CPM") given by the Group as of 30 June 2023 and 31 December 2022 is as follows:

In accordance with the terms of the Patrol and Anti-Submarine Warfare Ship Projects ("MİLGEM"), the Company is a guarantor if HAVELSAN cannot be able to fulfill the obligations in this project of an amount of USD 293.470.

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11. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given

30 June 2023	TL Equivalent	TL	USD	EURO	UAE Dirham	ROL	Indian Rupee	British Pound	Qatar Rial
A. Total amount of CPM given on behalf of the legal entity									
-Collateral	15.550.273	875.597	298.200	246.575	--	5.552	--	--	109
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given									
i. Total Amount of CPM on behalf of the main partner									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹									
-Collateral	54.745	--	2.120	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
Total	15.605.018	875.597	300.320	246.575	--	5.552	--	--	109

The Group is responsible as joint guarantor for the portion amounting to EURO 2,5 Million of investment credit amounting to EURO 5 Million which will be used by ASELSAN Optik , the Group's joint venture.

¹ The ratio of the other CPM given by the Group to equity as of 30 June 2023 is 0,12 percent. TL 54.745 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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11. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given (continued)

31 December 2022	TL Equivalent	TL	USD	EURO	UAE Dirham	Polish Zloty	Indian Rupee	British Pound	Qatar Rial
A. Total amount of CPM given on behalf of the legal entity									
-Collateral	13.006.559	1.296.779	346.937	261.893	--	--	--	--	359
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given									
i. Total Amount of CPM on behalf of the main partner									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹									
-Collateral	39.640	--	2.120	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
Total	13.046.199	1.296.779	349.057	261.893	--	--	--	--	359

The Group is responsible as joint guarantor for the portion amounting to EURO 2,5 Million of investment credit amounting to EURO 5 Million which will be used by ASELSAN Optik , the Group's joint venture.

¹ The ratio of the other CPM given by the Group to equity as of 31 December 2022 is 0,10 percent. TL 39.640 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

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12. EMPLOYEE BENEFITS

a) Short-term provisions for employee benefits

	30 June 2023	31 December 2022
Provision for vacation pay and overtime	526.770	281.372
Bonus provision	--	589.961
	526.770	871.333

As of 30 June the movement of the provision for vacation pay and overtime is as follows:

	2023	2022
Opening balance	281.372	170.902
Provision for the period	324.472	68.369
Provision paid during the period	(65.690)	(25.790)
Provision realized during the period	(13.384)	(7.725)
Closing balance	526.770	205.756

b) Long-term provisions for employee benefits

	30 June 2023	31 December 2022
Provision for severance pay	762.531	579.397
	762.531	579.397

As of 30 June the movement of severance and retirement pays are as follows:

	2023	2022
Opening balance	579.397	333.508
Actuarial Loss/Gain	178.306	148.494
Interest cost	8.593	11.794
Service cost	58.831	5.861
Payments	(62.596)	(21.631)
Closing balance	762.531	478.026

Provision for severance pay:

In accordance with the Labor Law Legislations, the Group is obliged to make legal severance indemnity payments to entitled employees whose employment has been terminated. Furthermore, with regard to Social Security Law numbered 506 dated 6 March 1981, number 2422 dated 25 August 1999 and law numbered 4447, article 60 denotes the legal obligation to make severance payments to all employees who are entitled to indemnity by the date of leave of employment.

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12. EMPLOYEE BENEFITS (continued)

Provision for severance pay (continued)

Certain provisions regarding services before retirement, has been annulled on 23 May 2002 during the revision of the related law. As of 30 June 2023 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 19.982,83¹ (31 December 2022: TL 15.371,40)

As of 1 July 2023, the ceiling for the severance payments is TL 23.489,83. ¹

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	30 June 2023	31 December 2022
	(%)	(%)
Interest rate	12,70	12,70
Inflation rate	9,50	9,50
Discount ratio	2,92	2,92
Estimation of probability of retirement ratio	95	95

¹ Amounts are shown in original Turkish Lira values.

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13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

<u>Shareholders</u>	<u>Share (%)</u>	<u>30 June 2023</u>	<u>Share (%)</u>	<u>31 December 2022</u>
TSKGV	74,20	1.691.652	74,20	1.691.652
Publicly held	25,80	588.348	25,80	588.348
Nominal capital	100	2.280.000	100	2.280.000
Share capital adjustment		98.621		98.621
Inflation adjusted capital		2.378.621		2.378.621

The Group's nominal capital is TL 2.280.000 comprising 2.280.000.000 shares each of which is TL 1. A total of 1.210.909.090 of the shares constitutes "Group A" and 1.069.090.910 of the shares constitutes "Group B" shares. All of the shares are nominative. "Group A" shares are privileged nominative shares and 6 Members of the Board of Directors are assigned from the holders of nominative "Group A" type shareholders or from the ones nominated by "Group A" type shareholders. Moreover, the Board of Directors shall be authorized in matters regarding issuing preferred shares or issuing shares above the nominal values. Regarding capital increases by restricting preemptive rights, the shares to be issued shall be "Group B". In accordance with the CMB's legislation, other Members of the Board of Directors, not including elected Independent Members of the Board of Directors, are assigned from nominative "Group A" shareholders or elected from among candidate nominated by "Group A" shareholders.

Restricted reserves

In accordance with Capital Markets Board's Communiqué Serial II No:19.1 "Share of Profit", effective as of 1 February 2014, and with regard to the Turkish Commercial Code ("TCC"), legal reserves in publicly held companies will be generated by 5 percent of income until it reaches 20 percent of paid-in share capital. After the 5 percent of the dividend is paid to shareholders, 10 percent of the total distributed to shareholders and employees can be added in the other legal reserve. Under the TCC, the legal reserves can be used only to offset losses for the going concern of the company or to prevent unemployment as long as the amount does not exceed 50 percent of the paid-in capital.

As of 30 June 2023, The Group's restricted reserves set aside from profit comprises legal reserves. The total of the Group's legal reserves are TL 640.678 (31 December 2022: TL 612.077).

Retained Earnings

Accumulated profits apart from net profit for the year and extraordinary reserves which is accumulated profit by nature are shown under retained earnings. As of 30 June 2023 the extraordinary reserves balance presented in retained earnings is TL 20.031.950 (31 December 2022: TL 12.543.861). According to the statutory records, the Company's profit for the period is TL 414.300 (31 December 2022: TL 10.224.982) and its other funds available for profit distribution is TL 20.180.996 (31 December 2022: TL 12.663.316) and the details are as followings.

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13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

Retained Earnings (continued)

Profit distribution

Publicly traded companies perform dividend distribution in accordance with Capital Markets Board's Communique Serial II No: 19.1 "Share of Profit", effective as of 1 February 2014.

Shareholders, distribute dividend with general assembly decision, within the context of profit distribution policies set by general assembly and related regulations. As part of the communique, no specific minimum distribution ratio is indicated. Companies pay dividend as defined in their articles of association or dividend distribution policies.

On 26 April 2023, in accordance with the consolidated financial statements, the General Assembly of the Company has decided to allocate legal reserve amounting to TL 28.600 of the TL 11.895.835 which is based on the profit distribution, and to distribute TL 400.000 in cash to shareholders for dividend payment, and the remaining TL 11.467.235 to be within the Group. Thus, the cash gross dividend amount for TL 1 nominal value per share is Kuruş 17,54 (31 December 2022: Kuruş 20,18). Within 2023, dividend amounting to TL 400.000 in gross, 17,54 Kuruş per share of TL 1 (net profit amounting to TL 360.000, 15,79 Kuruş per share of TL 1) will be paid to shareholders. (31 December 2022: TL 460.000 in gross, 20,18 Kuruş per share of TL 1 was paid).

14. REVENUE AND COST OF SALES

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
a) Revenue				
Domestic sales	15.870.862	8.239.138	9.243.605	5.526.236
Export sales	2.196.018	1.530.541	1.597.602	949.715
	18.066.880	9.769.679	10.841.207	6.475.951
Revenue Recognized Regarding Performance Obligation				
Over time	12.930.972	6.026.256	8.206.881	5.124.315
Point in time	5.135.908	3.743.423	2.634.326	1.351.636
	18.066.880	9.769.679	10.841.207	6.475.951
b) Cost of Sales (-)				
Cost of raw materials and supplies (-)	8.552.198	4.408.596	5.871.718	3.543.575
Cost of merchandise goods sold (-)	322.540	195.573	174.772	88.153
Cost of services sold (-)	3.076.178	1.726.766	1.133.304	526.904
Cost of other sales (-)	358.730	194.729	242.164	210.841
	12.309.646	6.525.664	7.421.958	4.369.473

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15. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
a) Other Operating Income				
Foreign currency exchange differences from operations	11.534.504	8.840.194	5.992.405	3.603.623
Amortized cost effect of trade payables	433.573	(9.828)	313.651	830
Other income	55.386	18.638	98.090	77.170
	12.023.463	8.849.004	6.404.146	3.681.623
b) Other Operating Expense (-)				
Foreign currency exchange differences from operations	5.681.395	3.706.929	3.654.199	2.211.184
Amortized cost effect of trade receivables	536.515	324.564	348.561	49.603
Other expense and losses	253.020	106.820	69.879	37.838
	6.470.930	4.138.313	4.072.639	2.298.625

16. FINANCIAL INCOME

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Interest income	175.678	55.930	56.231	25.954
Foreign currency exchange gain from bank loans	210.750	50.392	496.323	326.805
	386.428	106.322	552.554	352.759

17. FINANCIAL EXPENSES

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Interest cost of borrowings	537.120	313.255	183.602	119.155
Foreign currency exchange losses from bank loans	3.247.520	2.807.111	1.394.186	783.696
Interest cost related with employee benefits	8.593	8.593	5.638	5.638
	3.793.233	3.128.959	1.583.426	908.489

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18. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period. The Group does not have diluted shares.

For the 30 June 2023 and 2022 earnings per share calculations are as follows:

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Common stock (thousand)	2.280.000	2.280.000	2.280.000	2.280.000
Net profit – TL	5.413.483	3.146.017	3.835.607	2.140.017
Earnings per 100 shares (Kuruş)	237,43	137,98	168,23	93,86
Diluted Earnings per 100 shares (Kuruş)	237,43	137,98	168,23	93,86

19. FINANCIAL LIABILITIES

Financial Liabilities

		30 June 2023	31 December 2022
Short-term financial liabilities	Unsecured loan	7.168.993	5.324.537
Other short-term financial liabilities	Unsecured loan	434.435	277.999
Current portion of long-term financial liabilities	Unsecured loan	5.266.828	4.161.402
Total short-term financial liabilities		12.870.256	9.763.938
Other long-term financial liabilities	Unsecured loan	2.265.445	1.069.683
Total long-term financial liabilities		2.265.445	1.069.683
Total financial liabilities		15.135.701	10.833.621

As of 30 June 2023, 4.228.289 TL of the financial debts included in short-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between January 2023 and May 2024 and the interest rates between 3,53 percent and 6,50 percent. As of 30 June 2023, 193.673 TL of financial debts within short-term borrowings consist of USD Rediscount Foreign Currency Loans, which have maturity dates due October 2023 and the interest rate is 7,50 percent. As of 30 June 2023, 1.795.000 TL of financial debts within short-term borrowings consist of TL Rediscount Foreign Currency Loans, which have maturity dates due between August 2023 and May 2024 and the interest rates between 13,45 percent and 21 percent. As of 30 June 2023, TL 150.000 of the financial debts within short-term borrowings consists of rotating loans.

As of 30 June 2023, TL 664.147 of the financial debts within short-term borrowings have been received under the scope of project financing, the interest rates range from 13,45 percent to 16,01 percent and the maturity dates are between July 2023 and May 2024.

As of 30 June 2023, TL 137.884 of financial debts within short-term borrowings were taken within the scope of business financing, interest rates vary between 13,45 percent and 14,16 percent, and their maturity dates are between July 2023 and March 2024.

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19. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

As of 30 June 2023, there are 2.284.306 TL Rediscount EUR Loans within the short-term borrowings, which have maturity dates due between July 2023 and March 2024, and the interest rates between 6,90 percent and 6,95 percent. As of 30 June 2023, there are 2.935.226 TL Rediscount USD Loans within the short-term borrowings, which have maturity dates due between August 2023 and March 2024, and the interest rates between 7,75 percent and 7,90 percent.

As of 30 June 2023, TL 47.296 of current portion of long-term financial liabilities were taken within the scope of investment credit, interest rates vary between 8,25 percent and 17,50 percent, and their maturity dates are between December 2025 and March 2028.

As of 30 June 2023, all of the remaining short-term financial debts consist of Ziraat Bank credit card debts with a maturity of 45 days with 0,79 percent interest rate to pay social security payments.

As of 30 June 2023, 886.536 TL of the financial debts included in the long-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between February 2025 – March 2025 and the interest rate varies according to EURIBOR. As of 30 June 2023, there are 500.000 TL Rediscount TL Loans within the long-term borrowings, which have maturity dates due between October 2024 – November 2024 and the interest rate is 10,50 percent.

As of 30 June 2023, 126.715 TL of financial debts included in the long-term borrowings were taken within the scope of investment credit, interest rates vary between 8,25 percent and 17,50 percent, and their maturity dates are between December 2025 and March 2028.

As of 30 June 2023, 752.194 TL of the financial debts included in the long-term borrowings has been used within the scope of business financing.

As of 31 December 2022, 3.142.537 TL of the financial debts included in short-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between January 2023 and December 2023 and the interest rates between 1,00 percent and 7,50 percent. As of 31 December 2022, 140.237 TL of financial debts within short-term borrowings consist of USD Rediscount Foreign Currency Loans, which have maturity dates due October 2023 and the interest rate is 7,50 percent.

As of 31 December 2022, there are 1.720.000 TL Rediscount TL Loans within the short-term borrowings, which have maturity dates due between February 2023 and June 2023, and the interest rates between 14,75 percent and 21,00 percent. As of 31 December 2022, 285.090 TL of short-term financial debts have been taken within the scope of business loans and their maturity dates due between February and October 2023, and the interest rates between 14,16 and 21,11 percent.

As of December 31, 2022, TL 3.168.127 of the short-term portion of long-term financial debts consists of EUR Rediscount Foreign Exchange loans, which have maturity dates due between January 2023 and December 2023, and the interest rates between 2,40 percent and 6,95 percent. In addition, 1.028.407 TL of these financial debts consists of USD Rediscount Foreign Exchange loans, which have maturity dates due between August 2023 and October 2023, and the interest rates between 7,75 percent and 7,90 percent.

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19. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

As of 31 December 2022, all of the remaining short-term financial debts consist of Ziraat Bank credit card debts with a maturity of 45 days with 0,79 percent interest rate to pay social security payments. As of 31 December 2022, 327.220 TL of the financial debts included in the long-term borrowings consists of USD Rediscount Foreign Currency Loans, which have maturity dates due between January 2024 – February 2024 and the interest rate varies according to LIBOR. As of 31 December 2022, there are 500.000 TL Rediscount TL Loans within the long-term borrowings, which have maturity dates due between October 2024 – November 2024 and the interest rate is 10,50 percent. TL 60.890 consists of investment loans, which have maturtiy dates due between October 2025 – November 2026 and the interest rate is between 6.6 percent and 18,50 percent.

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20. FOREIGN EXCHANGE POSITION

FOREIGN EXCHANGE POSITION						
30 June 2023	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other ¹
1. Trade receivables	12.663.486	357.648	9.235.590	121.755	3.427.896	--
2a. Monetary financial assets (including cash, bank)	340.719	7.318	188.981	4.926	138.680	13.058
2b. Non- monetary financial assets	2.809.294	47.191	1.218.611	82.539	2.323.806	365.013
3. Other	7.029	99	2.547	155	4.363	119
4. Current assets (1+2+3)	15.820.528	412.256	10.645.729	209.375	5.894.745	378.190
5. Trade receivables	17.824.160	397.716	10.270.262	268.306	7.553.898	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	932.073	372	9.617	65.172	1.834.847	10.187
7. Other	55.100	1.251	32.312	466	13.107	9.681
8. Long-term assets (5+6+7)	18.811.333	399.339	10.312.191	333.944	9.401.852	19.868
9. Total assets (4+8)	34.631.861	811.595	20.957.920	543.319	15.296.597	398.058
10. Trade payables	5.083.441	93.393	2.416.042	91.252	2.573.755	93.644
11. Financial liabilities	9.405.400	121.167	3.134.533	222.333	6.270.867	--
12a. Other monetary financial liabilities	34.459	449	11.616	207	5.838	17.005
12b. Other non-monetary financial liabilities	2.669.148	283.078	7.309.961	164.083	4.619.590	--
13. Current liabilities (10+11+12)	17.192.448	498.087	12.872.152	477.875	13.470.050	110.649
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	940.160	--	--	33.333	940.160	--
16a. Other monetary financial liabilities	5.242	133	3.451	64	1.791	--
16b. Other non-monetary financial liabilities	--	98.171	2.535.090	61.224	1.726.810	--
17. Non-current liabilities (14+15+16)	945.402	98.304	2.538.541	94.621	2.668.761	--

¹ Comprises of the currencies CAD, CHF, GBP, JPY, AUD, DKK, ZAR, AED, PHP, SAR.

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20. FOREIGN EXCHANGE POSITION (continued)

FOREIGN EXCHANGE POSITION						
30 June 2023	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other
18. Total liabilities (13+17)	18.137.850	596.391	15.410.693	572.496	16.138.811	110.649
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9-18+19)	16.494.011	215.204	5.547.227	(29.177)	(842.214)	287.409
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	15.359.663	547.540	14.129.191	47.798	1.328.063	(97.591)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	2.196.018	54.605	1.071.383	51.572	1.068.935	55.700
26. Imports	6.070.264	150.629	3.896.719	59.741	1.684.977	488.568

Accompanying foreign exchange position which was prepared in accordance with TAS is different from the foreign exchange position of the financial statement which is prepared according to General Communiqué on Accounting System Application (GCASA). The difference is mainly due to the adjustments and classifications which are related with TFRS 15 .

"For TL functional currency" calculations regarding "Other non-monetary assets" and "Other non-monetary liabilities" presented under foreign currency position, advances received are considered with regard to historic values therefore "TL equivalent of currency as at balance sheet date" differentiate.

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20. FOREIGN EXCHANGE POSITION (continued)

FOREIGN EXCHANGE POSITION						
31 December 2022	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other¹
1. Trade receivables	9.224.935	356.034	6.657.231	128.804	2.567.704	--
2a. Monetary financial assets (including cash, bank)	1.858.656	54.010	1.009.897	41.987	837.015	11.744
2b. Non- monetary financial assets	1.599.079	43.955	821.880	58.011	1.156.418	271.151
3. Other	3.116	99	1.844	60	1.201	71
4. Current assets (1+2+3)	12.685.786	454.098	8.490.852	228.862	4.562.338	282.966
5. Trade receivables	14.358.138	457.640	8.557.090	291.000	5.801.048	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	941.907	1.096	20.488	72.369	1.442.672	6.983
7. Other	54.479	974	18.209	1.687	33.637	2.633
8. Long-term assets (5+6+7)	15.354.524	459.710	8.595.787	365.056	7.277.357	9.616
9. Total assets (4+8)	28.040.310	913.808	17.086.639	593.918	11.839.695	292.582
10. Trade payables	3.744.940	98.333	1.841.967	88.978	1.776.964	126.009
11. Financial liabilities	7.103.742	62.500	1.170.750	297.083	5.932.992	--
12a. Other monetary financial liabilities	42.318	1.041	19.504	1.142	22.814	--
12b. Other non-monetary financial liabilities	1.704.554	168.328	3.153.120	144.134	2.878.465	--
13. Current liabilities (10+11+12)	12.595.554	330.202	6.185.341	531.337	10.611.235	126.009
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	351.480	18.764	351.480	--	--	--
16a. Other monetary financial liabilities	4.170	155	2.902	64	1.268	--
16b. Other non-monetary financial liabilities	2.618.765	190.131	3.561.534	67.091	1.339.868	--
17. Non-current liabilities (14+15+16)	2.974.415	209.050	3.915.916	67.155	1.341.136	--

¹ Comprises of the currencies CAD, CHF, GBP, JPY, AUD, DKK, ZAR, AED, PHP, SAR.

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20. FOREIGN EXCHANGE POSITION (continued)

FOREIGN EXCHANGE POSITION						
31 December 2022	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other
18. Total liabilities (13+17)	15.569.969	539.252	10.101.257	598.492	11.952.371	126.009
19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9- 18+19)	12.470.341	374.556	6.985.382	(4.574)	(112.676)	166.573
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)	14.195.079	686.891	12.837.615	74.524	1.471.729	(114.265)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	6.196.989	212.754	3.610.941	183.642	2.586.048	--
26. Imports	8.073.937	297.823	5.568.786	125.639	2.504.592	559

Accompanying foreign exchange position which was prepared in accordance with TAS is different from the foreign exchange position of the financial statement which is prepared according to General Communiqué on Accounting System Application (GCASA). The difference is mainly due to the adjustments and classifications which are related with TFRS 15.

"For TL functional currency" calculations regarding "Other non-monetary assets" and "Other non-monetary liabilities" presented under foreign currency position, advances received are considered with regard to historic values therefore "TL equivalent of currency as at balance sheet date" differentiate.

20. FOREIGN EXCHANGE POSITION (continued)

Foreign currency sensitivity

The Group is exposed to foreign currency risk with respect to USD and EURO.

The following table details the Group's sensitivity to a 10 percent increase and decrease in foreign exchange rates. 10 percent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and present 10 percent change in foreign currency rates. This analysis does not include Group companies' balance sheet items which have functional currency other than TL. The effects of 10 percent changes in foreign currency rate on financial statements is as follows;

Foreign currency sensitivity table				
30 June 2023				
	Profit/Loss		Equity¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	1.412.919	(1.412.919)	1.412.919	(1.412.919)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	1.412.919	(1.412.919)	1.412.919	(1.412.919)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/(liabilities)	132.806	(132.806)	132.806	(132.806)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	132.806	(132.806)	132.806	(132.806)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/(liabilities)	(9.759)	9.759	(9.759)	9.759
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(9.759)	9.759	(9.759)	9.759

¹ Comprises of profit/loss effect.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

20. FOREIGN EXCHANGE POSITION (continued)**Foreign currency sensitivity (continued)**

Foreign currency sensitivity table				
31 December 2022				
	Profit/Loss		Equity¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	1.283.762	(1.283.762)	1.283.762	(1.283.762)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	1.283.762	(1.283.762)	1.283.762	(1.283.762)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/(liabilities)	147.173	(147.173)	147.173	(147.173)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	147.173	(147.173)	147.173	(147.173)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/ (liabilities)	(11.426)	11.426	(11.426)	11.426
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(11.426)	11.426	(11.426)	11.426

21. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the Group have signed contracts amounting to USD 2.272,3 Million.

In the Public Disclosure Platform (KAP) dated July 20, 2023; In order to further increase the efficiency and capacity of ASELSAN in technology development activities and to focus on the technologies of the future in line with the needs of the users, it has been resolved by our Board of Directors to change the organization to embed the activities carried out by the R&D Management Vice Presidency within the Sector Presidencies.

It has been resolved by our Board of Directors that; Mehmet ARTAR, Director of Support Services, has been appointed as Vice President of Corporate Management in place of Prof. Dr. Hakan KARATAŞ who was appointed as a Vice President of Defense Industry.

In the Public Disclosure Platform (KAP) dated August 1, 2023; In order to strengthen the coordination and harmony of activities with subsidiaries within the scope of ASELSAN's effective subsidiary management and to focus more on high technologies; ASELSAN's share was increased from 40% to 49% in DASAL Havacılık Teknolojileri Anonim Şirketi by participating in the paid capital increase.

In the Public Disclosure Platform (KAP) dated August 1, 2023; In order to increase the efficiency and focus in management, to carry out the electro-optics production activities more intensively within the subsidiary and to make it a production base; 30% share of SOM A.Ş. in ASELSAN Sivas Hassas Optik A.Ş. has purchased, and ASELSAN's share has been increased from 50% to 80%.

¹ Comprises of profit/loss effect.