

(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  
AS OF AND FOR THE NINE-MONTH  
PERIOD ENDED 30 SEPTEMBER 2023

31 October 2023

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

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

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

	Note References	Not Limited Reviewed 30 September 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>50.239.060</b>	<b>38.299.445</b>
Cash and Cash Equivalents	3	1.727.103	5.686.996
Trade Receivables	5	20.134.641	14.888.340
<i>From Related Parties</i>	4	8.785.959	6.242.612
<i>From Third Parties</i>		11.348.682	8.645.728
Other Receivables		1.096.826	1.026.644
<i>From Related Parties</i>	4	10.428	5.580
<i>From Third Parties</i>		1.086.398	1.021.064
Inventories	6	19.759.068	12.592.653
Prepaid Expenses	7	5.356.073	3.154.875
<i>From Related Parties</i>	4	1.445.090	1.199.891
<i>From Third Parties</i>		3.910.983	1.954.984
Other Current Assets		2.165.349	949.937
<b>Non-Current Assets</b>		<b>49.112.709</b>	<b>37.744.396</b>
Financial Investments		4.296.191	4.288.363
Trade Receivables	5	24.820.772	18.973.918
<i>From Related Parties</i>	4	18.703.465	14.301.569
<i>From Third Parties</i>		6.117.307	4.672.349
Other Receivables		7.178	5.983
<i>From Third Parties</i>		7.178	5.983
Equity Accounted Investments		464.827	298.477
Property, Plant and Equipment	8	8.270.922	6.327.444
Intangible Assets	8	6.175.760	3.531.910
Prepaid Expenses	7	1.023.290	761.483
<i>From Related Parties</i>	4	176.096	100.440
<i>From Third Parties</i>		847.194	661.043
Deferred Tax Assets	10	2.838.490	2.082.110
Other Non-Current Assets		1.215.279	1.474.708
<b>TOTAL ASSETS</b>		<b>99.351.769</b>	<b>76.043.841</b>

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 SEPTEMBER 2023

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

	Note References	Not Limited Reviewed 30 September 2023	Audited 31 December 2022
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>40.072.767</b>	<b>29.651.397</b>
Short-term Financial Liabilities	19	7.769.834	5.602.536
Short-term Portion of Long-term Financial Liabilities	19	6.834.138	4.161.402
Trade Payables	5	11.823.883	9.775.271
<i>To Related Parties</i>	4	3.106.135	2.654.902
<i>To Third Parties</i>		8.717.748	7.120.369
Employee Benefit Obligations		1.100.123	637.239
Other Payables		465.985	369.944
<i>To Related Parties</i>	4	400.000	306.989
<i>To Third Parties</i>		65.985	62.955
Government Grants and Incentives		67.213	69.856
Deferred Income	7	6.383.452	4.100.087
<i>To Related Parties</i>	4	2.164.348	1.661.385
<i>To Third Parties</i>		4.219.104	2.438.702
Corporate Tax Liability		462.110	182
Short-term Provisions		5.068.025	4.881.364
<i>For Employee Benefits</i>	12	483.221	871.333
<i>Other</i>	9	4.584.804	4.010.031
Other Current Liabilities		98.004	53.516
<b>Non-Current Liabilities</b>		<b>9.968.530</b>	<b>6.531.475</b>
Long-term Financial Liabilities	19	1.861.295	1.069.683
Trade Payables	5	168.319	72.720
<i>To Third Parties</i>	4	168.319	72.720
Other Payables		21.192	16.289
<i>To Third Parties</i>		21.192	16.289
Deferred Income	7	4.523.122	2.157.322
<i>To Related Parties</i>	4	1.991.047	1.320.021
<i>To Third Parties</i>		2.532.075	837.301
Long-term Provisions		3.388.257	3.210.595
<i>Long-term Provisions for Employee Benefits</i>	12	719.481	579.397
<i>Other</i>	9	2.668.776	2.631.198
Other Non-Current Liabilities		6.345	4.866

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

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

	<b>Note References</b>	<b>Not Limited Reviewed 30 September 2023</b>	<b>Audited 31 December 2022</b>
<b>EQUITY</b>		<b>49.310.472</b>	<b>39.860.969</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>49.024.724</b>	<b>39.636.982</b>
Share Capital	13	4.560.000	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)		628.365	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>(471.959)</i>	<i>(320.315)</i>
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		4.340.291	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>337.410</i>	<i>199.191</i>
Restricted Reserves	13	642.665	612.077
Retained Earnings		26.156.892	16.951.819
Net Profit for the Year		9.801.167	11.915.661
<b>Non-Controlling Interests</b>		<b>285.748</b>	<b>223.987</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>99.351.769</b>	<b>76.043.841</b>

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

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

	Notes References	Not Limited Reviewed 1 January- 30 September 2023	Not Limited Reviewed 1 July- 30 September 2023	Not Limited Reviewed 1 January- 30 September 2022	Not Limited Reviewed 1 July- 30 September 2022
<b>PROFIT OR LOSS</b>					
Revenue	14	32.066.743	13.999.863	17.728.397	6.887.190
Cost of Sales (-)	14	(22.557.651)	(10.248.005)	(12.286.169)	(4.864.211)
<b>GROSS PROFIT</b>		<b>9.509.092</b>	<b>3.751.858</b>	<b>5.442.228</b>	<b>2.022.979</b>
General Administrative Expenses (-)		(1.568.649)	(654.297)		
Marketing Expenses (-)		(714.935)	(357.044)	(784.379)	(350.493)
Research and Development Expenses (-)		(754.768)	(271.892)	(499.021)	(212.240)
Other Operating Income	15	17.902.672	5.879.209	(466.917)	(205.298)
Other Operating Expenses (-)	15	(10.012.296)	(3.541.366)	8.895.656	2.491.510
<b>OPERATING PROFIT</b>		<b>14.361.116</b>	<b>4.806.468</b>	<b>6.822.622</b>	<b>2.054.152</b>
Income from investing activities		21.814	2.805	6.325	755
Expense From Investing Activities		(8)	--	--	--
Shares of profit/(losses) of Equity Accounted Investees		(6.622)	(1.702)	(18.688)	(13.179)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>		<b>14.376.300</b>	<b>4.807.571</b>	<b>6.810.259</b>	<b>2.041.728</b>
Financial Income	16	779.361	392.933	590.248	37.694
Financial Expense (-)	17	(4.898.240)	(1.105.007)	(2.066.354)	(482.928)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>10.257.421</b>	<b>4.095.497</b>	<b>5.334.153</b>	<b>1.596.494</b>
<b>Tax Income from Continuing Operations</b>	10	<b>(407.094)</b>	<b>348.725</b>	<b>401.081</b>	<b>341.929</b>
- Current Corporate Tax Expense(-)		(1.125.563)	(9.678)	(1.730)	(599)
- Deferred Tax Income		718.469	358.403	402.811	342.528
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>9.850.327</b>	<b>4.444.222</b>	<b>5.735.234</b>	<b>1.938.423</b>
<b>Profit for the Period Attributable to</b>					
Non-Controlling Interest		49.160	56.538	(56.732)	(17.936)
Owners of the Company	18	9.801.167	4.387.684	5.791.966	1.956.359
		<b>9.850.327</b>	<b>4.444.222</b>	<b>5.735.234</b>	<b>1.938.423</b>
<b>Earnings for per 100 Shares (in full kuruş)</b>	18	<b>214,94</b>	<b>96,22</b>	<b>254,03</b>	<b>85,8</b>

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

Note References	Not Limited Reviewed 1 January- 30 September 2023	Not Limited Reviewed 1 July- 30 September 2023	Not Limited Reviewed 1 January- 30 September 2022	Not Limited Reviewed 1 July- 30 September 2022
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>				
<b>Items that will not to be reclassified subsequently in Profit or Loss</b>				
	<b>(151.644)</b>	<b>(8.999)</b>	<b>(123.771)</b>	<b>(4.976)</b>
Loss on Remeasurement of Defined Benefit Plans	12 (189.555)	(11.249)	(154.714)	(6.220)
Deferred Tax Income / (Expense)	37.911	2.250	30.943	1.244
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign Currency Translation Differences	138.219	18.306	82.211	31.400
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(13.425)</b>	<b>9.307</b>	<b>(41.560)</b>	<b>26.424</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>9.836.902</b>	<b>4.453.529</b>	<b>5.693.674</b>	<b>1.964.847</b>
<b>Total Comprehensive Income Attributable to</b>				
Non-Controlling Interest	49.160	56.538	(56.732)	(17.936)
Main Shareholders	9.787.742	4.396.991	5.750.406	1.982.783
	<b>9.836.902</b>	<b>4.453.529</b>	<b>5.693.674</b>	<b>1.964.847</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH ENDED 30 SEPTEMBER 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
<b>Balance as of 1 January 2022</b>	<b>2.280.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>309.535</b>	<b>(123.119)</b>	<b>2.034.249</b>	<b>143.537</b>	<b>542.341</b>	<b>10.350.992</b>	<b>7.130.563</b>	<b>25.563.442</b>	<b>271.768</b>	<b>25.835.210</b>
Transfers	--	--	--	--	--	--	--	69.736	6.600.827	(6.670.563)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(123.771)	--	82.211	--	--	5.791.966	5.750.406	(56.732)	<b>5.693.674</b>
Dividends	--	--	--	--	--	--	--	--	--	(460.000)	(460.000)	(229)	<b>(460.229)</b>
<b>Balance as of 30 September 2022 (Closing Balance)</b>	<b>2.280.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>309.535</b>	<b>(246.890)</b>	<b>2.034.249</b>	<b>225.748</b>	<b>612.077</b>	<b>16.951.819</b>	<b>5.791.966</b>	<b>30.853.848</b>	<b>214.807</b>	<b>31.068.655</b>
<b>Balance as of 1 January 2023</b>	<b>2.280.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>1.100.324</b>	<b>(320.315)</b>	<b>4.002.881</b>	<b>199.191</b>	<b>612.077</b>	<b>16.951.819</b>	<b>11.915.661</b>	<b>39.636.982</b>	<b>223.987</b>	<b>39.860.969</b>
Transfers	--	--	--	--	--	--	--	30.588	11.485.073	(11.515.661)	--	--	--
Capital Increase	2.280.000	--	--	--	--	--	--	--	(2.280.000)	--	--	--	--
Total Comprehensive Income	--	--	--	--	(151.644)	--	138.219	--	--	9.801.167	9.787.742	49.160	<b>9.836.902</b>
Dividends	--	--	--	--	--	--	--	--	--	(400.000)	(400.000)	--	<b>(400.000)</b>
Consolidation Effect of New Share Acquisitions	--	--	--	--	--	--	--	--	--	--	--	12.601	<b>12.601</b>
<b>Balance as of 30 September 2023 (Closing Balance)</b>	<b>4.560.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>1.100.324</b>	<b>(471.959)</b>	<b>4.002.881</b>	<b>337.410</b>	<b>642.665</b>	<b>26.156.892</b>	<b>9.801.167</b>	<b>49.024.724</b>	<b>285.748</b>	<b>49.310.472</b>

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 NINE MONTH ENDED 30 SEPTEMBER 2023**

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

	Note References	Not Limited Reviewed 1 January- 30 September 2023	Not Limited Reviewed 1 January- 30 September 2022
<b>A.Cash Flows from Operating Activities</b>		<b>80.014</b>	<b>558.672</b>
Profit for the Period		9.850.327	5.735.234
<b>Adjustments to Reconcile Profit for the Period</b>		<b>6.467.218</b>	<b>3.643.435</b>
- Adjustments for Depreciation and Amortization Expense	8	682.011	414.921
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		8.882	(22.936)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	5	21.681	558
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories</i>	6	(12.799)	(23.494)
-Adjustments for Provisions		1.253.259	1.299.711
<i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>	12	(236.613)	87.096
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		781.182	581.122
<i>Adjustments for (Reversal of) Warranty Provisions</i>		841.002	649.482
<i>Adjustments for (Reversal of) Other Provisions</i>		(132.312)	(17.989)
-Adjustments for Interest (Income) Expenses		(189.368)	(6.273)
<i>Adjustments for Interest Income</i>		(491.422)	(320.099)
<i>Adjustments for Interest Expense</i>		302.054	313.826
- Adjustments for Retained Profit of Equity Accounted Investees		6.622	18.688
- Adjustments for Tax (Income)/Expenses		407.094	(401.081)
-Other Adjustments for which Cash Effects are Investing or Financing Cash Flow		3.461.397	1.278.299
-Other Adjustments to Reconcile Profit (Loss)		837.321	1.062.106
<b>Changes in Working Capital</b>		<b>(14.495.404)</b>	<b>(8.236.074)</b>
- Decrease (Increase) in Trade Receivables		(4.128.984)	(2.532.769)
- Decrease (Increase) in Other Receivables Related with Operations		(71.377)	124.466
- Decrease (Increase) in Inventories	6	(7.088.284)	(3.726.304)
- Decrease (Increase) in Prepaid Expenses	7	(2.456.595)	(1.055.282)
- Increase (Decrease) in Trade Payables	5	2.612.759	(176.849)
- Increase (Decrease) in Employee Benefit Obligations	12	462.884	256.722
-Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(7.685.571)	(3.007.047)
- Increase (Decrease) in Other Operating Payables		(299.056)	(278.725)
- Increase (Decrease) in Government Grants and Subsidies		(2.643)	(2.756)
- Increase (Decrease) in Deferred Income		5.046.831	2.839.378
- Other Increase (Decrease) in Working Capital		(885.368)	(676.908)
<b>Cash Flows From Operations</b>		<b>1.822.141</b>	<b>1.142.595</b>
Payments Related with Provisions for Employee Benefits	12	(200.970)	(89.225)
Payments Related with Other Provisions		(877.521)	(492.297)
Income Taxes Refund (Paid)		(663.636)	(2.401)
<b>B.Cash Flows From Investing Activities</b>		<b>(6.680.699)</b>	<b>(4.229.864)</b>
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		6.004	5.532
Purchase of Property, Plant and Equipment	8	(2.471.091)	(1.526.558)
Purchase of Intangible Assets	8	(4.047.037)	(2.528.487)
Dividends Received		10.428	4.958
Other Cash Inflows (Outflows)		(179.003)	(185.309)
<b>C.Cash Flows From Financing Activities</b>		<b>2.159.822</b>	<b>2.308.820</b>
Proceeds from Borrowings		9.576.368	7.239.648
Repayments of Borrowings		(7.416.546)	(4.930.828)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>(4.440.863)</b>	<b>(1.362.372)</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>482.746</b>	<b>222.521</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(3.958.117)</b>	<b>(1.139.851)</b>
<b>E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>5.685.115</b>	<b>2.491.606</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3</b>	<b>1.726.998</b>	<b>1.351.755</b>

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 NINE MONTH ENDED 30 SEPTEMBER 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, Gebze IT Valley 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 September 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 September 2023 is 11.454 (31 December 2022: 10.948).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 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"), Aselsan Sivas Hassas Optik San. Tic. A.Ş. ("ASELSAN Optik"), 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. Katar ("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 September 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 1208 on 31 October 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 NINE MONTH ENDED 30 SEPTEMBER 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 September 2023	31 December 2022	
ASELSAN NET	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
ASELSAN Optik	Türkiye	TL	80	50	Sensitive optic technologies
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 NINE MONTH ENDED 30 SEPTEMBER 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 NINE MONTH ENDED 30 SEPTEMBER 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 September 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 September 2023	31 December 2022
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 NINE MONTH ENDED 30 SEPTEMBER 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 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 NINE MONTH ENDED 30 SEPTEMBER 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 30 September 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 1 January 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 1 January 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 do 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 15 January 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 do not have a significant impact on the consolidated financial position and performance of the Group.



(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)****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.

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

**2.4 New and Revised Turkish Accounting Standards (continued)**

**Amendments to TAS 12 Income Taxes – International Tax Reform Pillar Two Model Rules**

On 19 September 2023, POA issued amendments to Amendments to TAS 12 Income Taxes - International Tax Reform Pillar Two Model Rules. With amendments to the International Tax Reform Pillar Two Model Rules, to provide a better understanding of a company's income tax exposure resulting from the Pillar Two Model, additional disclosure obligations have been imposed on companies. As an exception to the requirements in TAS 12, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The exception which are recognized in International Tax Reform Pillar Two Model Rules are applicable immediately however, companies must make disclosures for annual reporting periods beginning on 1 January 2023. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 12.

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

**Amendments to TAS 1 – Non-Current Liabilities with Covenants**

On 20 December 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 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)**

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.

#### **Amendments to TAS 7 and TFRS 7 – Supplier Finance Arrangements**

On September 19, 2023, POA issued amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements.

With these amendments, companies are expected to disclose the following regarding supplier finance agreements:

- The terms and conditions of the arrangements,
- The carrying amounts, and associated line items presented in the entity's statement of financial position, of the financial liabilities that are part of a supplier finance arrangement. The carrying amounts, and associated line items, of the financial liabilities for which suppliers have already received payment from the finance providers,
- The range of payment due dates,
- Liquidity risk disclosures.

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 TAS 7 and TFRS 7.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

**3. CASH AND CASH EQUIVALENTS**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cash	913	401
Bank		
- <i>Time deposit</i>	1.109.940	5.243.512
- <i>Demand deposit</i>	614.364	436.452
Other	1.781	4.750
<b>Cash and cash equivalents on the cash flow statement</b>	<b>1.726.998</b>	<b>5.685.115</b>
Interest income accruals	105	1.881
	<b>1.727.103</b>	<b>5.686.996</b>

As of 30 September 2023, the Group has time deposits denominated in foreign currencies with maturities on October 2023 (31 December 2022: January 2023), with the interest rates between 0,10 percent and 3,50 percent (31 December 2022: 0,75 percent and 3,00 percent) amounting to TL 782.435 (31 December 2022: TL 1.682.876) in several banks.

As of 30 September 2023, the Group has time deposits denominated in TL terms with maturities on October 2023 (31 December 2022: January 2023) with the interest rates between 36 percent and 36,5 percent (31 December 2022: 20 percent) amounting to TL 327.505 (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 NINE MONTH ENDED 30 SEPTEMBER 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 September 2023 is approximately TL 114.551 (The vast majority consists of paid wages and benefits.) (30 September 2022: TL 53.438).

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 NINE MONTH ENDED 30 SEPTEMBER 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 September 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 <sup>1</sup>	Trading	Deferred Income
<b>Main shareholder</b>										
TSKGV	133	--	--	--	--	--	--	296.800	--	--
<b>Main shareholder's subsidiaries and associates</b>										
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	42.597	108.398	--	13.230	3.786	320.989	--	--	--	--
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	10.544	90.244	--	--	--	112.394	281	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	91.846	--	--	50.335	71.011	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	8.760	--	--	380	147.028	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	544.349	5.844	--	614.426	--	14.395	--	--	--	320.728
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	2.524.995	--	--	1.771.333	--	5.519	46.695	--	--	75.354
<b>Financial Instruments</b>										
ASPİLSAN Enerji Sanayi ve Ticaret Anonim Şirketi ("ASPİLSAN")	508	29.222	--	--	--	19.226	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	1.464.453	840.784	10.428	276.885	--	2.113.538	165.053	--	--	38.397
<b>Joint ventures and its related parties</b>										
ASELSAN Bilkent Mikro Nano	--	26.349	--	--	93.209	55.294	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	1.259	--	--	--	4.001	--	--	--	--
IGG	230.117	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	27.084	2.774	--	--	--	21.084	--	--	--	--
ASELSAN Kazakistan	330.741	--	--	--	--	738	22.310	--	--	2.869
ASELSAN Jordan	70.408	565	--	--	--	37.849	--	--	--	--
TÜBİTAK BİLGEM	--	35.663	--	--	12.943	20.137	--	--	--	--
TÜBİTAK-UME	--	134	--	--	--	3	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	13.300	1.445	--	238.505	1.467	1.670	5.484	--	--	12.089
TÜBİTAK SAGE Savunma Sanayii	11.844	200.354	--	9.707	--	159.610	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	3.514.886	--	--	15.775.143	--	--	1.822.084	--	--	1.308.066
SSTEK	--	--	--	--	--	164	102.441	--	--	233.544
EHSİM	--	1.449	--	--	13.976	605	--	--	--	--
DASAL	--	--	--	--	--	112	--	--	--	--
TR Eğitim	--	--	--	--	--	768	--	--	--	--
<b>Shares offered to the public</b>								103.200		
	<b>8.785.959</b>	<b>1.445.090</b>	<b>10.428</b>	<b>18.703.465</b>	<b>176.096</b>	<b>3.106.135</b>	<b>2.164.348</b>	<b>400.000</b>	--	<b>1.991.047</b>

<sup>1</sup> 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 NINE MONTH ENDED 30 SEPTEMBER 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	
Balances with related parties	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables <sup>1</sup>	Trading	Deferred Income
<b>Main shareholder</b>										
TSKGV	65	--	--	--	--	--	22.044	227.771	--	--
<b>Main shareholder's subsidiaries and associates</b>										
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 Havaçılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	1.192.299	--	--	899.546	--	2.292	107.869	--	--	41.278
<b>Financial Instruments</b>										
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
<b>Joint ventures and its related parties</b>										
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	--	--	--	--
<b>Shares Publicly traded</b>	--	--	--	--	--	--	--	79.218	--	--
	<b>6.242.612</b>	<b>1.199.891</b>	<b>5.580</b>	<b>14.301.569</b>	<b>100.440</b>	<b>2.654.902</b>	<b>1.661.385</b>	<b>306.989</b>	<b>--</b>	<b>1.320.021</b>

<sup>1</sup> All other short term payable is 2022 dividend payments.

## 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.)

### 4. RELATED PARTY DISCLOSURES (continued)

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
<b>Transactions with related parties</b>	<b>Purchases</b>	<b>Purchases</b>	<b>Purchases</b>	<b>Purchases</b>
<b><u>Main Shareholder</u></b>				
TSKGV	1.682	561	1.052	292
<b><u>Main shareholder's shareholders/subsidiaries/associates</u></b>				
NETAŞ	180.378	101.937	64.423	25.357
İŞBİR	181.588	49.038	111.502	41.665
HTR	206.141	94.568	142.667	42.638
TUSAŞ	14.646	4.972	1.689	656
HAVELSAN	53.552	11.819	150.252	136.682
STM	18.731	14.211	5.310	2.301
<b><u>Financial Investments</u></b>				
ROKETSAN	1.452.876	1.430.456	9.139	4.155
ASPİLSAN	42.988	24.595	15.851	4.858
<b><u>Joint ventures and its related parties</u></b>				
İhsan Doğramacı Bilkent Üniversitesi	12.577	2.263	25.455	1.658
TÜBİTAK BİLGEM	72.060	16.156	81.044	22.926
TÜBİTAK-UME	1.046	246	992	186
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	--	--	1.775	--
SSTEK	163	--	--	--
TÜBİTAK-SAGE Savunma Sanayii	134.578	109.463	129.745	62.364
	<b>2.373.006</b>	<b>1.860.285</b>	<b>740.896</b>	<b>345.738</b>
	<b>1 January- 30 September 2023</b>	<b>1 July- 30 September 2023</b>	<b>1 January- 30 September 2022</b>	<b>1 July- 30 September 2022</b>
<b>Transactions with related parties</b>	<b>Sales</b>	<b>Sales</b>	<b>Sales</b>	<b>Sales</b>
<b><u>Main Shareholder</u></b>				
TSKGV	18.778	18.436	438	153
<b><u>Main shareholder's shareholders/subsidiaries /associates</u></b>				
TUSAŞ	7.292.509	4.731.157	1.267.809	553.806
STM	1.093.122	666.371	689.987	219.099
HAVELSAN	71.200	21.433	24.101	13.698
HTR	10.744	4.938	21.212	23
NETAŞ	--	--	860	--
TEI	19.947	--	--	--
İŞBİR	3.404	--	--	--
<b><u>Financial Investments</u></b>				
ROKETSAN	1.356.470	647.985	392.637	167.117
ASPİLSAN	1.468	735	--	--
<b><u>Joint ventures and its related parties</u></b>				
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	25.981	--	71.940	61.512
TÜBİTAK-SAGE Savunma Sanayii	15.510	5.518	4.768	3.518
Savunma Sanayi Başkanlığı	39.606.393	18.451.692	10.378.333	3.654.418
TÜBİTAK Uzay Teknolojileri	--	--	7	--
SSTEK	117.154	16.946	--	--
	<b>49.632.680</b>	<b>24.565.211</b>	<b>12.852.092</b>	<b>4.673.344</b>

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".



**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.)

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

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Short-term trade receivables</b>		
Trade receivables	11.314.893	8.577.307
Trade receivables from related parties (Note 4)	8.785.959	6.242.612
Notes receivable	27.036	68.421
Other Receivables	6.753	--
Doubtful trade receivables	52.001	30.320
Allowance for doubtful trade receivables (-)	(52.001)	(30.320)
	<b>20.134.641</b>	<b>14.888.340</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Long-term trade receivables</b>		
Unbilled receivables from contracts with customers	5.453.661	4.210.491
Trade receivables	663.646	461.858
Unbilled receivables from contracts with customers - Related party (Note 4)	18.676.456	14.283.122
Trade receivables from related parties (Note 4)	27.009	18.447
	<b>24.820.772</b>	<b>18.973.918</b>

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

	<b>30 September 2023</b>	<b>30 September 2022</b>
Opening balance	30.320	30.172
Provision for the period	21.681	558
<b>Closing balance</b>	<b>52.001</b>	<b>30.730</b>

**b) Trade payables**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Short-term trade payables</b>		
Trade payables	7.671.611	5.865.798
Due to related parties (Note 4)	3.106.135	2.654.902
Notes Payable	1.004.391	1.149.890
Other trade payables	41.746	104.681
	<b>11.823.883</b>	<b>9.775.271</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Long-term trade payables</b>		
Other trade payables	129.717	72.720
Notes Payable	38.601	--
	<b>168.319</b>	<b>72.720</b>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

**6. INVENTORIES**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raw materials	9.546.174	5.836.075
Work-in progress	6.916.524	4.345.877
Goods in transit <sup>1</sup>	1.244.221	874.879
Finished goods	1.648.827	1.163.383
Other inventories	96.313	214.540
Trade goods	348.776	212.466
Allowance for impairment on inventories (-)	(41.767)	(54.567)
	<b>19.759.068</b>	<b>12.592.653</b>

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 September are as follows:

	<b>2023</b>	<b>2022</b>
Opening balance	54.566	54.511
Provision for the period	37.404	23.789
Provision unrealised	(50.203)	(47.283)
<b>Closing balance</b>	<b>41.767</b>	<b>31.017</b>

<sup>1</sup> 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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(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

**7. PREPAID EXPENSES AND DEFERRED INCOME**

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Short-term prepaid expenses</b>		
Order advances given for inventory purchases	3.267.310	1.506.649
Short-term order advances given to related parties for inventory purchases (Note 4)	1.445.090	1.199.891
Work advances	137.095	5.426
Prepaid expenses	506.578	442.909
	<b>5.356.073</b>	<b>3.154.875</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Long-term prepaid expenses</b>		
Long-term order advances given to related parties for inventory purchases (Note 4)	176.096	100.440
Order advances given for inventory purchases	504.570	452.022
Order advances given for fixed assets purchases	131.052	124.642
Prepaid expenses	211.572	84.379
	<b>1.023.290</b>	<b>761.483</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Short-term deferred income</b>		
Order advances received	2.289.011	498.529
Order advances received from related parties (Note 4)	2.164.348	1.661.385
Deferred income	1.930.093	1.940.173
	<b>6.383.452</b>	<b>4.100.087</b>

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Long-term deferred income</b>		
Order advances received	2.248.708	516.637
Order advances received from related parties (Note 4)	1.991.047	1.320.021
Deferred income	283.367	320.664
	<b>4.523.122</b>	<b>2.157.322</b>

**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.)

**8. PROPERTY, PLANT AND EQUIPMENT**

<b>Cost</b>	<b>Property, Plant and Equipment</b>	<b>Intangible Assets</b>
Opening balance as of 1 January 2023	8.235.741	4.543.768
Additions	2.496.167	4.047.037
Disposals	(19.088)	(1.211.396)
<b>Closing balance as of 30 September 2023</b>	<b>10.712.820</b>	<b>7.379.409</b>
<b>Accumulated Depreciation and Amortisation</b>		
Opening balance as of 1 January 2023	1.908.297	1.011.858
Change for the period <sup>1</sup>	551.081	196.261
Disposals	(17.480)	(4.470)
<b>Closing balance as of 30 September 2023</b>	<b>2.441.898</b>	<b>1.203.649</b>
<b>Net book value as of 30 September 2023</b>	<b>8.270.922</b>	<b>6.175.760</b>
<b>Net book value as of 31 December 2022</b>	<b>6.327.444</b>	<b>3.531.910</b>
<b>Cost</b>		
Opening balance as of 1 January 2022	4.939.007	3.072.587
Additions	1.592.017	2.528.487
Disposals	(41.164)	(1.271.712)
Transfers	--	--
<b>Closing balance as of 30 September 2022</b>	<b>6.489.860</b>	<b>4.329.362</b>
<b>Accumulated Depreciation and Amortisation</b>		
Opening balance as of 1 January 2022	1.506.858	804.977
Change for the period	299.745	158.575
Disposals	(36.916)	(3.838)
<b>Closing balance as of 30 September 2022</b>	<b>1.769.687</b>	<b>959.714</b>
<b>Net book value as of 30 September 2022</b>	<b>4.720.173</b>	<b>3.369.648</b>
<b>Net book value as of 31 December 2021</b>	<b>3.432.149</b>	<b>2.267.610</b>

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

<sup>1</sup> The amount of amortization related to inventories are TL 65.331 in the year 2023 (September 2022: TL 43.399)

**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.)

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Other short-term provisions</b>		
Provision for warranties <sup>1</sup>	2.019.189	1.991.973
Provision for onerous contracts	217.242	280.121
Provision for delay penalties <sup>2</sup>	2.043.536	1.302.732
Sales commission	146.051	332.443
Provision for legal cases	35.249	33.305
Provision for cost expenses	107.012	52.881
Other	16.525	16.576
	<b>4.584.804</b>	<b>4.010.031</b>
<b>Other long-term provisions</b>		
Provision for delay penalties	334.056	334.056
Provision for onerous contracts	2.334.720	2.297.142
	<b>2.668.776</b>	<b>2.631.198</b>

**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 September 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:

	<b>2023</b>	<b>2022</b>
<b>Description</b>		
a) Ongoing lawsuits filed by the Group	37.165	28.956
b) Execution proceedings carried out by the Group	595.396	415.690
c) Ongoing lawsuits filed against the Group	35.249	33.305
d) Executions against the Group	10.811	6.454
e) Lawsuits finalized against the Group within the period	3.625	18.576
f) Lawsuits finalized in favor of the Group within the period	4.281	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.

<sup>1</sup> 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

<sup>2</sup> 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.

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

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### 10. TAX

"Deferred Tax Assets" of the Group as of 30 September 2023 is TL 2.838.490. The amount is comprised of the items below.

	<b>30 September 2023</b>	<b>31 December 2022</b>
Carried Forward R&D Incentives Effect	3.381.727	1.456.416
Temporary Differences	(543.237)	625.694
<b>Deferred Tax Assets - Net</b>	<b>2.838.490</b>	<b>2.082.110</b>

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 September 2023 period the Group has calculated "Deferred Tax Asset" amounting to TL 3.381.727 from Research and Development expenses comprising "Outstanding Research and Development Deductions".

	<b>30 September 2023</b>	<b>30 September 2022</b>
Profit before tax from continuing operations	10.257.421	5.334.153
Tax (expense)/income recognized in profit or loss	(407.094)	401.081
Effective tax rate	-4%	8%

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

### 11. COMMITMENTS AND CONTINGENCIES

#### a) Guarantees received

	<b>30 September 2023</b>	<b>31 December 2022</b>
Letters of guarantees received from the suppliers	8.337.297	5.603.873
Collaterals received from the customers	447.577	332.725
Letters of guarantees received from the customers	25.266	237.857
Collaterals received from the suppliers	938.635	665.103
Letters of guarantees received from the suppliers	29.092	26.891
	<b>9.777.867</b>	<b>6.866.449</b>

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

The collaterals/pledges/mortgages ("CPM") given by the Group as of 30 September 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 293.371.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

#### 11. COMMITMENTS AND CONTINGENCIES (continued)

##### c) Guarantees given

30 September 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	14.309.637	976.180	299.100	176.092	--	5.552	--	--	109
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation									
-Collateral	116.122	--	--	4.000	--	--	--	--	--
-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 <sup>1</sup>									
-Collateral	58.039	--	2.120	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>14.483.798</b>	<b>976.180</b>	<b>301.220</b>	<b>180.092</b>	<b>--</b>	<b>5.552</b>	<b>--</b>	<b>--</b>	<b>109</b>

<sup>1</sup> The ratio of the other CPM given by the Group to equity as of 30 September 2023 is 0,12 percent. TL 58.039 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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(Amounts are expressed in thousands of Turkish Lira ("TL") and in thousands of "Foreign Currency" unless otherwise stated.)

### 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 <sup>1</sup>									
-Collateral	39.640	--	2.120	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>13.046.199</b>	<b>1.296.779</b>	<b>349.057</b>	<b>261.893</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>359</b>

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.

<sup>1</sup> 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

### 12. EMPLOYEE BENEFITS

#### a) Short-term provisions for employee benefits

	30 September 2023	31 December 2022
Provision for vacation pay and overtime	483.221	281.372
Bonus provision	--	589.961
	<b>483.221</b>	<b>871.333</b>

As of 30 September 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	334.681	73.640
Provision paid during the period	(108.195)	(52.392)
Provision realized during the period	(24.637)	(12.031)
<b>Closing balance</b>	<b>483.221</b>	<b>180.119</b>

#### b) Long-term provisions for employee benefits

	30 September 2023	31 December 2022
Provision for severance pay	719.481	579.397
	<b>719.481</b>	<b>579.397</b>

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

	2023	2022
Opening balance	579.397	333.508
Actuarial Loss/Gain	189.555	154.714
Interest cost	12.485	7.532
Service cost	30.819	17.954
Payments	(92.775)	(36.833)
<b>Closing balance</b>	<b>719.481</b>	<b>476.875</b>

#### 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.

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

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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 September 2023 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 19.982,83<sup>1</sup> (31 December 2022: TL 15.371,40)

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:

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>(%)</b>	<b>(%)</b>
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

<sup>1</sup> Amounts are shown in original Turkish Lira values.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

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

### 13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

#### Capital

<u>Shareholders</u>	<u>Share (%)</u>	<u>30 September 2023</u>	<u>Share (%)</u>	<u>31 December 2022</u>
TSKGV	74,20	3.383.302	74,20	1.691.652
Publicly held	25,80	1.176.698	25,80	588.348
Nominal capital	100	4.560.000	100	2.280.000
Share capital adjustment		98.621		98.621
<b>Inflation adjusted capital</b>		<b>4.658.621</b>		<b>2.378.621</b>

The Group's nominal capital is TL 4.560.000 comprising 4.560.000.000 shares each of which is TL 1. A total of 2.421.818.182 of the shares constitutes "Group A" and 2.138.181.818 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 September 2023, The Group's restricted reserves set aside from profit comprises legal reserves. The total of the Group's legal reserves are TL 642.665 (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 September 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 1.655.033 (31 December 2022: TL 10.224.982) and its other funds available for profit distribution is TL 20.186.308 (31 December 2022: TL 12.663.316) and the details are as followings.

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

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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 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
<b>a) Revenue</b>				
Domestic sales	28.567.588	12.696.726	14.523.327	5.279.722
Export sales	3.499.155	1.303.137	3.205.070	1.607.468
	<b>32.066.743</b>	<b>13.999.863</b>	<b>17.728.397</b>	<b>6.887.190</b>
<b>Revenue Recognized Regarding Performance Obligation</b>				
Over time	22.941.166	10.010.194	13.371.625	5.164.744
Point in time	9.125.577	3.989.669	4.356.772	1.722.446
	<b>32.066.743</b>	<b>13.999.863</b>	<b>17.728.397</b>	<b>6.887.190</b>
<b>b) Cost of Sales (-)</b>				
Cost of raw materials and supplies (-)	15.813.272	7.261.074	9.098.007	3.226.289
Cost of merchandise goods sold (-)	613.174	290.634	242.025	67.253
Cost of services sold (-)	5.546.582	2.470.404	2.657.582	1.524.278
Cost of other sales (-)	584.623	225.893	288.555	46.391
	<b>22.557.651</b>	<b>10.248.005</b>	<b>12.286.169</b>	<b>4.864.211</b>

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

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### 15. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
<b>a) Other Operating Income</b>				
Foreign currency exchange differences from operations	17.338.875	5.804.371	8.466.166	2.473.761
Amortized cost effect of trade payables	468.548	34.975	315.217	1.566
Other income	95.249	39.863	114.273	16.183
	<b>17.902.672</b>	<b>5.879.209</b>	<b>8.895.656</b>	<b>2.491.510</b>
<b>b) Other Operating Expense (-)</b>				
Foreign currency exchange differences from operations	9.423.796	3.742.401	5.387.231	1.733.032
Amortized cost effect of trade receivables	302.054	(234.461)	313.826	(34.735)
Other expense and losses	286.446	33.426	63.888	(5.991)
	<b>10.012.296</b>	<b>3.541.366</b>	<b>5.764.945</b>	<b>1.692.306</b>

### 16. FINANCIAL INCOME

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Interest income	274.592	98.914	79.310	23.079
Foreign currency exchange gain from bank loans	504.769	294.019	510.938	14.615
	<b>779.361</b>	<b>392.933</b>	<b>590.248</b>	<b>37.694</b>

### 17. FINANCIAL EXPENSES

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Interest cost of borrowings	926.848	317.173	346.252	162.650
Foreign currency exchange losses from bank loans	3.958.907	711.387	1.712.570	318.384
Interest cost related with employee benefits	12.485	76.447	7.532	1.894
	<b>4.898.240</b>	<b>1.105.007</b>	<b>2.066.354</b>	<b>482.928</b>

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

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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 September 2023 and 2022 earnings per share calculations are as follows:

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Common stock (thousand)	4.560.000	4.560.000	2.280.000	2.280.000
Net profit – TL	9.801.167	4.387.684	5.791.966	1.956.359
<b>Earnings per 100 shares (Kuruş)</b>	<b>214,94</b>	<b>96,22</b>	<b>254,03</b>	<b>85,8</b>
<b>Diluted Earnings per 100 shares (Kuruş)</b>	<b>214,94</b>	<b>96,22</b>	<b>254,03</b>	<b>85,8</b>

### 19. FINANCIAL LIABILITIES

#### Financial Liabilities

		30 September 2023	31 December 2022
Short-term financial liabilities	Unsecured loan	7.233.124	5.324.537
Other short-term financial liabilities	Unsecured loan	536.710	277.999
Current portion of long-term financial liabilities	Unsecured loan	6.834.138	4.161.402
<b>Total short-term financial liabilities</b>		<b>14.603.972</b>	<b>9.763.938</b>
Other long-term financial liabilities	Unsecured loan	1.861.295	1.069.683
<b>Total long-term financial liabilities</b>		<b>1.861.295</b>	<b>1.069.683</b>
<b>Total financial liabilities</b>		<b>16.465.267</b>	<b>10.833.621</b>

As of 30 September 2023, 4.416.428 TL of the financial debts included in short-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between December 2023 and May 2024 and the interest rates between 3,53 percent and 6,50 percent. As of 30 September 2023, 342.209 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 September 2023, 630.000 TL of financial debts within short-term borrowings consist of TL Rediscount Foreign Currency Loans, which have maturity dates due between May 2023 and July 2024 and the interest rates between 14 percent and 27,50 percent. As of 30 September 2023, TL 1.250.000 of the financial debts within short-term borrowings consists of rotating loans.

## 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.)

### 19. FINANCIAL LIABILITIES (continued)

#### Financial Liabilities (continued)

As of 30 September 2023, there are 3.277.598 TL Rediscount EUR Loans within the short-term borrowings, which have maturity dates due between December 2023 and September 2024, and the interest rates between 8,85 percent and 9,10 percent. As of 30 September 2023, there are 3.499.655 TL Rediscount USD Loans within the short-term borrowings, which have maturity dates due between October 2023 and August 2024, and the interest rates between 7,75 percent and 9,00 percent.

As of 30 September 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.(536.709 TL)

As of 30 September 2023, TL 56.885 of current portion of long-term financial liabilities were taken within the scope of investment credit, their maturity dates vary depending on the decision of MPC. Payment status is 1 year non-refundable, twice a year payment and 5 years maturity.

As of 30 September 2023, 443.634 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 September 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 September 2023, 917.661 TL of financial debts included in the long-term borrowings were taken within the scope of investment credit, their maturity dates vary depending on the decision of MPC. Payment status is 1 year non-refundable, twice a year payment and 5 years maturity.



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

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### 19. FINANCIAL LIABILITIES (continued)

#### Financial Liabilities (continued)

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.

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 maturity dates due between October 2025 – November 2026 and the interest rate is between 6.6 percent and 18,50 percent.

## 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

FOREIGN EXCHANGE POSITION						
30 September 2023	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other <sup>1</sup>
1. Trade receivables	14.497.362	369.421	10.113.532	151.008	4.383.830	--
2a. Monetary financial assets (including cash, bank)	928.151	23.939	655.366	8.914	258.765	14.020
2b. Non- monetary financial assets	2.963.491	60.819	1.665.020	75.758	2.199.300	53.962
3. Other	2.836	99	2.703	--	--	133
<b>4. Current assets (1+2+3)</b>	<b>18.391.840</b>	<b>454.278</b>	<b>12.436.621</b>	<b>235.680</b>	<b>6.841.895</b>	<b>68.115</b>
5. Trade receivables	19.465.158	415.548	11.376.330	278.632	8.088.828	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	809.461	859	23.528	34.638	1.005.564	10.396
7. Other	42.587	756	20.705	549	15.924	5.958
<b>8. Long-term assets (5+6+7)</b>	<b>20.317.206</b>	<b>417.163</b>	<b>11.420.563</b>	<b>313.819</b>	<b>9.110.316</b>	<b>16.354</b>
<b>9. Total assets (4+8)</b>	<b>38.709.046</b>	<b>871.441</b>	<b>23.857.184</b>	<b>549.499</b>	<b>15.952.211</b>	<b>84.469</b>
10. Trade payables	6.195.393	111.194	3.044.135	104.183	3.024.493	126.765
11. Financial liabilities	11.273.672	140.333	3.841.864	256.000	7.431.808	--
12a. Other monetary financial liabilities	39.387	450	12.308	320	9.298	17.781
12b. Other non-monetary financial liabilities	1.823.135	225.207	6.165.419	141.183	4.098.613	--
<b>13. Current liabilities (10+11+12)</b>	<b>19.331.587</b>	<b>477.184</b>	<b>13.063.726</b>	<b>501.686</b>	<b>14.564.212</b>	<b>144.546</b>
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	483.842	--	--	16.667	483.842	--
16a. Other monetary financial liabilities	5.496	133	3.652	64	1.844	--
16b. Other non-monetary financial liabilities	--	152.951	4.187.297	101.339	2.941.918	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>489.338</b>	<b>153.084</b>	<b>4.190.949</b>	<b>118.070</b>	<b>3.427.604</b>	<b>--</b>

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

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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)**

<b>FOREIGN EXCHANGE POSITION</b>						
<b>30 September 2023</b>	<b>TL Equivalent (Functional currency)</b>	<b>USD</b>	<b>TL equivalent by using closing rates</b>	<b>EURO</b>	<b>TL equivalent by using closing rates</b>	<b>Other</b>
<b>18. Total liabilities (13+17)</b>	<b>19.820.925</b>	<b>630.268</b>	<b>17.254.675</b>	<b>619.756</b>	<b>17.991.816</b>	<b>144.546</b>
<b>19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)</b>	--	--	--	--	--	--
<b>19a. Hedged total financial assets</b>	--	--	--	--	--	--
<b>19b. Hedged total financial liabilities</b>	--	--	--	--	--	--
<b>20. Net foreign currency asset/liability (9- 18+19)</b>	<b>18.888.121</b>	<b>241.173</b>	<b>6.602.509</b>	<b>(70.257)</b>	<b>(2.039.605)</b>	<b>(60.077)</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)</b>	<b>16.892.881</b>	<b>556.798</b>	<b>15.243.269</b>	<b>61.320</b>	<b>1.780.138</b>	<b>(130.526)</b>
<b>22. Fair value of derivative financial instruments used in foreign currency hedge</b>	--	--	--	--	--	--
<b>23. Hedged foreign currency assets</b>	--	--	--	--	--	--
<b>24. Hedged foreign currency liabilities</b>	--	--	--	--	--	--
<b>25. Exports</b>	<b>3.499.155</b>	<b>80.015</b>	<b>1.741.371</b>	<b>90.268</b>	<b>1.757.784</b>	--
<b>26. Imports</b>	<b>10.463.539</b>	<b>245.770</b>	<b>6.728.374</b>	<b>91.610</b>	<b>2.659.484</b>	<b>1.075.681</b>

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

**20. FOREIGN EXCHANGE POSITION (continued)**

<b>FOREIGN EXCHANGE POSITION</b>						
<b>31 December 2022</b>	<b>TL Equivalent (Functional currency)</b>	<b>USD</b>	<b>TL equivalent by using closing rates</b>	<b>EURO</b>	<b>TL equivalent by using closing rates</b>	<b>Other<sup>1</sup></b>
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
<b>4. Current assets (1+2+3)</b>	<b>12.685.786</b>	<b>454.098</b>	<b>8.490.852</b>	<b>228.862</b>	<b>4.562.338</b>	<b>282.966</b>
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
<b>8. Long-term assets (5+6+7)</b>	<b>15.354.524</b>	<b>459.710</b>	<b>8.595.787</b>	<b>365.056</b>	<b>7.277.357</b>	<b>9.616</b>
<b>9. Total assets (4+8)</b>	<b>28.040.310</b>	<b>913.808</b>	<b>17.086.639</b>	<b>593.918</b>	<b>11.839.695</b>	<b>292.582</b>
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	--
<b>13. Current liabilities (10+11+12)</b>	<b>12.595.554</b>	<b>330.202</b>	<b>6.185.341</b>	<b>531.337</b>	<b>10.611.235</b>	<b>126.009</b>
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	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>2.974.415</b>	<b>209.050</b>	<b>3.915.916</b>	<b>67.155</b>	<b>1.341.136</b>	--

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

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**20. FOREIGN EXCHANGE POSITION (continued)**

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

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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(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**

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;

<b>Foreign currency sensitivity table</b>				
<b>30 September 2023</b>				
	<b>Profit/Loss</b>		<b>Equity<sup>1</sup></b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD against TL by 10%:</b>				
1- USD denominated net assets/(liabilities)	1.524.327	(1.524.327)	1.524.327	(1.524.327)
2- Hedged amount against USD risk (-)	--	--	--	--
<b>3- Net effect of USD (1+2)</b>	<b>1.524.327</b>	<b>(1.524.327)</b>	<b>1.524.327</b>	<b>(1.524.327)</b>
<b>Change of EURO against TL by 10%:</b>				
4- EURO denominated net assets/(liabilities)	178.014	(178.014)	178.014	(178.014)
5- Hedged amount against EURO risk (-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>178.014</b>	<b>(178.014)</b>	<b>178.014</b>	<b>(178.014)</b>
<b>Change of other currencies against TL by 10%:</b>				
7- Other currencies denominated net assets/(liabilities)	(13.053)	13.053	(13.053)	13.053
8- Hedged amount against other currencies risk (-)	--	--	--	--
<b>9- Net effect of other currencies (7+8)</b>	<b>(13.053)</b>	<b>13.053</b>	<b>(13.053)</b>	<b>13.053</b>

<sup>1</sup> Comprises of profit/loss effect.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2023

(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)**

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

**21. EVENTS AFTER THE REPORTING PERIOD**

After the reporting period, the Group have signed contracts amounting to USD 17,6 Million.

In order to increase the efficiency and focus in the company management of BİTES Savunma Havacılık ve Uzay Teknolojileri Yazılım Elektronik Ticaret A.Ş., to carry out artificial intelligence, augmented reality, military and civil software activities more intensively in our company, ASELSAN's share in the partnership was increased from 51% to 100% by purchasing the 49% share of the company's other partner.

<sup>1</sup> Comprises of profit/loss effect.