

National Production as a Global Power

aselsan

Annual Report 2022

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On the same path...

In embarking on a path to support our country's ascent and its economic development, we are undertaking great responsibilities. We shoulder these responsibilities steadfastly and in harmony, uniting on this same path with our country, our people and our stakeholders.

We are reducing our country's dependence on foreign resources through an advanced technological framework and investments alongside a qualified workforce and experienced engineers. We are enhancing our national production capacity and escalating our achievements while lowering our reliance on foreign resources. We certify our accomplishments in the global arena, ranking 49th on the Defense News 'Top 100 Global Defense Companies' list.

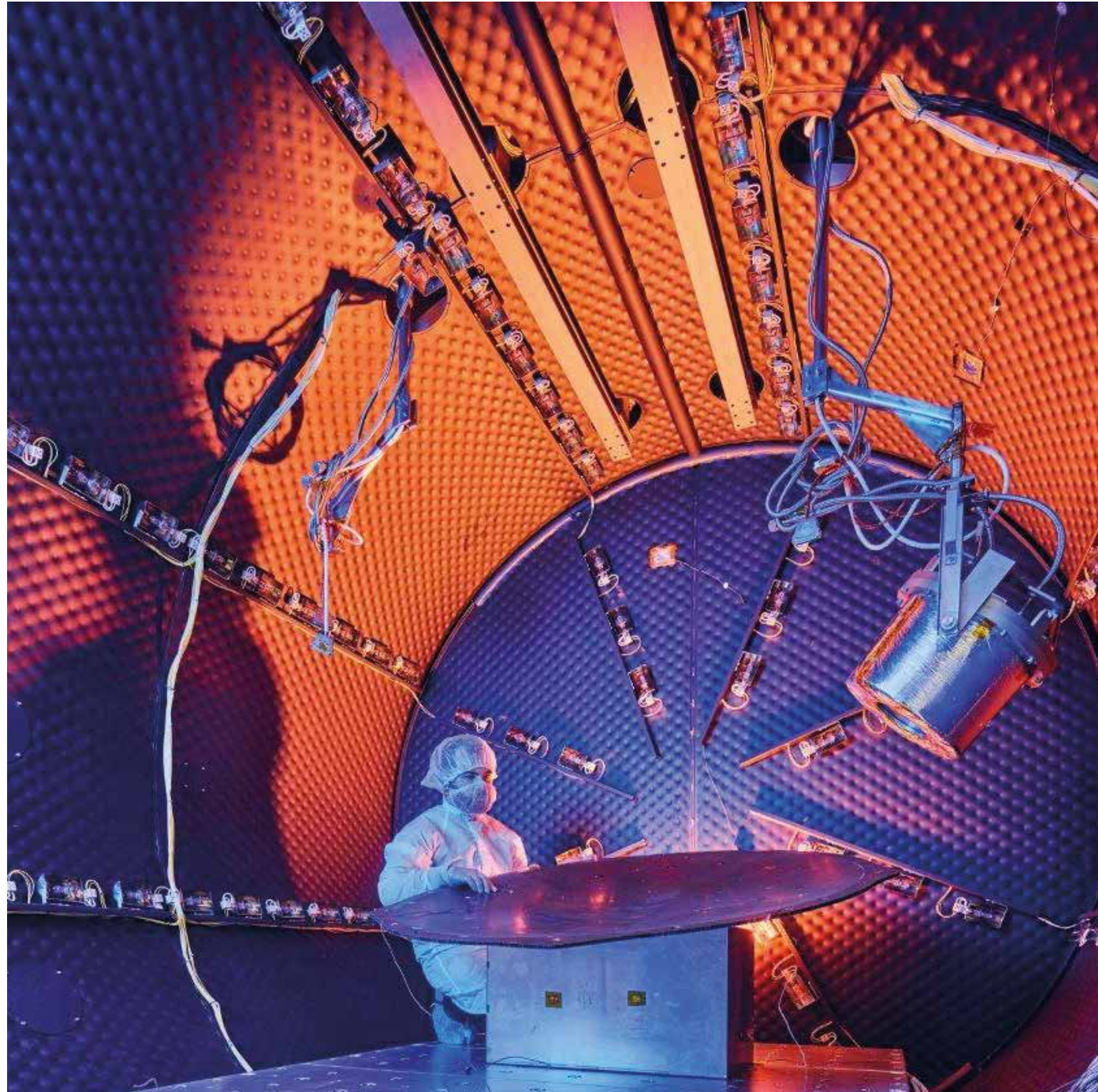
We maintain our sustainable rise and steady growth, advancing unabated into the new century of Türkiye with systems and products that contribute value to our country.

We have a common goal!

From day one, we have produced rational, state-of-the-art solutions that meet the needs of our stakeholders, intersecting with them on common goals. We offer a wide range of diverse products, primarily to meet the needs of domestic and foreign authorities, particularly the Turkish Armed Forces, in communication and information technology, defense systems and technologies, and transportation, security and energy.

75%

Net sales growth



We take steps as one!

The principal factor in our unrelenting progress towards achieving our goals is the determination and perseverance of our employees. As a technology company, we reinforce these qualities by providing educational support to our employees. In all our activities, we pursue technology and innovation; with our skilled workforce, we contribute to the sustainable progress that we have pledged for our country.

9,935

Number of employees



We are strong together!

Steadfastly standing by our suppliers, who are the lifeblood of our country's economic development and ascent, we strengthen our national production capacity. We issued more than USD 1 billion worth of purchase orders to domestic suppliers in 2022 and led the nationalization of more than 160 products. We have achieved visible progress in reducing our country's dependence on foreign sources and increasing global recognition of our suppliers.

1.5

USD billion

Total purchase orders



We contribute as one!

Through an environmentally and socially conscious sustainability approach, we represent our country across the global arena in the renewable energy field. In the global fight against climate change, we are fully committed to working towards the provision of sustainable and long-term benefits for both society and the environment. Accordingly, we also offer contributions that leave a positive mark on our planet through our electric transportation and smart city solutions.

17.70%

Total waste reduction



We have a common vision!

With the same tenacity we have shown since our establishment, we continue to progress and achieve new successes armed with the strength we receive from our nation and stakeholders – as reflected in our financial results. We enhance our market capitalization and become stronger together through a trust-oriented cooperation with our investors and a shared vision for the future.

415

USD million

Amount of new export contract



Vision

To be a reliable, competitively preferred, environmentally friendly, and human-conscious technology firm, which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its national purpose in the establishment.

Mission

By focusing primarily on the needs of the Turkish Armed Forces; to provide high value-added, innovative, and reliable products, and solutions to both local and foreign customers in the fields of electronic technologies and system integration and become a defense company that reduces Türkiye's dependence on foreign technology, achieves its global goals by increasing its brand awareness, and makes the Turkish nation proud.



Our Cultural Manifesto and Values



ASELSAN Cultural Manifesto

It is difficult to gain the trust of a Nation; it requires drawing its strength from its values. First of all, it requires a spirit of unity. It requires sharing responsibility and progressing together with the synergy of differences. Its secret lies in always looking for excellence while competing with the world. It is about using the resources of this country in the most appropriate way to achieve the best. The way to do this is to put innovation at the center of philosophy. It is about constantly producing new ideas, trying the untried, and doing what is said to be impossible to pioneer in technology. It requires targeting development in every

field and seeing challenges as opportunities. It is about acting as a source of wisdom for the present and inspiration for the future by continuously improving with feedback. If we do all these by keeping our promise and providing confidence, only then we will become competitively preferred, reliable like a partner, and an environmentally friendly and human-conscious national technology firm that grows with our values. And only then, we can be a reliable technology worldwide as ASELSAN of Türkiye. We are ASELSAN. We are the ones producing technologies of the future with our values and working culture that make us who we are.

Our Values



Unity

We believe in the power of solidarity and togetherness in every situation. We protect each other's rights, encourage and appreciate one another. We share our knowledge and experience, respect differences, and create synergy with them.



Trust

We value open, clear and transparent communication. We do what we say, we say what we do. We keep our promises, and deliver on time. We focus on solving the problem, not on the person who causes it.



Excellence

We work according to the processes and look for ways to improve them. By using our resources efficiently, we meet the expectations of our stakeholders in the best manner. We attach importance to the traceability and reproducibility of our work.



Development

We learn constantly and take responsibility for our personal development. We recognize the value of feedback on the path to improvement. We develop our potential with challenging goals. We contribute to the development of our internal and external stakeholders.



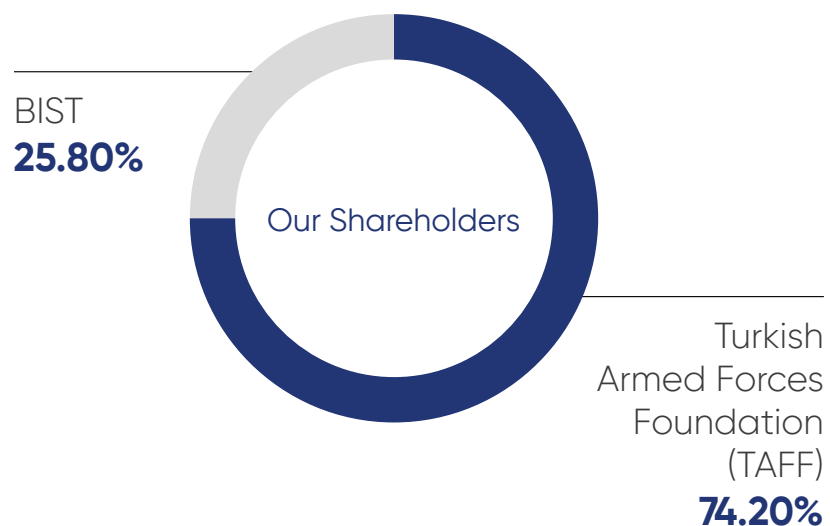
Innovation

We challenge the ordinary, generate new ideas, and support creative solutions. While we are not afraid of making mistakes, we see them as opportunities to learn. We expand with different ideas and reflect innovative approaches around the world to our business.

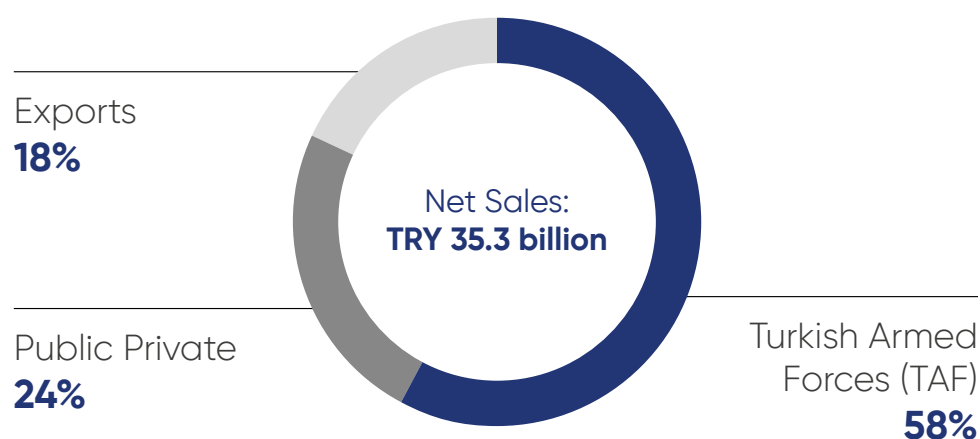
ASELSAN Shareholding Structure and Financial Position

The Turkish Armed Forces Foundation owns 74.20% of the shares in ASELSAN.

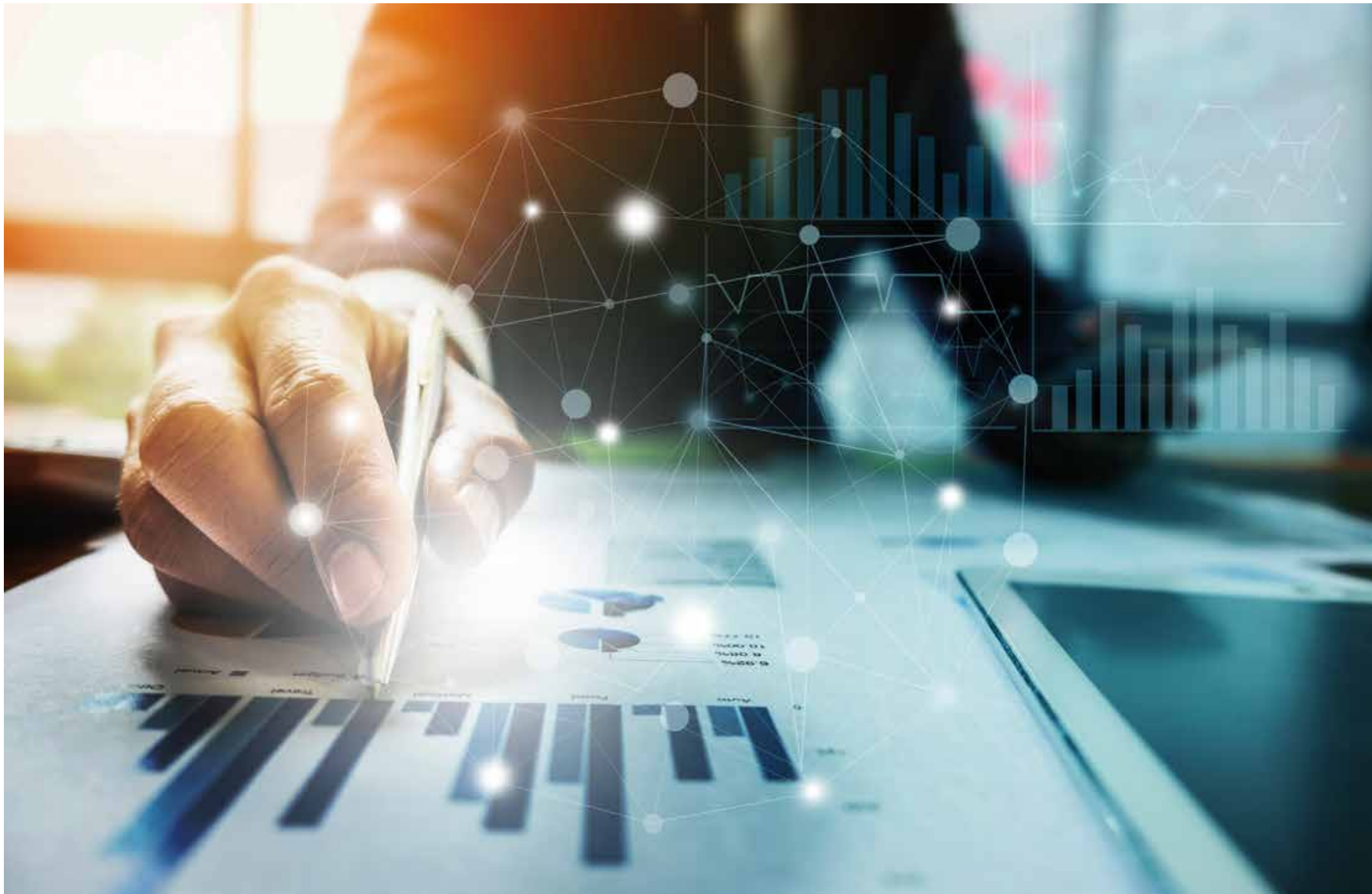
ASELSAN's Shareholding Structure



ASELSAN's Financial Position



Our Shareholders	Share Amount (TRY)	Share Ratio (%)
Turkish Armed Forces Foundation (TAFF)	1,691,651,248.92	74.20
Free Float (BIST)	588,348,751.08	25.80
Total	2,280,000,000.00	100.00



Local Affiliates

ASELSAN maintains its operations for the development of our country, with its subsidiaries located in six provinces.



MICROELECTRONICS R&D DESIGN AND TRADING LTD. CO.

Istanbul

Share Amount TRY1,700,000
ASELSAN's Share Ratio (%): 85

MICROELECTRONICS Ltd. Co. was established to design and develop integrated circuits and electronic systems in Istanbul. In 2010, ASELSAN became a partner in the company with a share of 85%.

ASELSANNET ELECTRONIC AND COMMUNICATION SYSTEMS INDUSTRY, TRADE, CONSTRUCTION AND CONTRACTING LTD. CO.

Ankara

Share Amount: TRY 100,000,000
ASELSAN's Share Ratio (%): 100

The company was established in Ankara in 2004 to meet the electronic and communication device requirements of civilian institutions and organizations. Since 2009, it has also added turn-key and installation work for communication system infrastructures among its activities. ASELSAN is the company's 100% shareholder.

ASELSAN KONYA WEAPONS SYSTEMS INC.

Konya

Share Amount: TRY 239,700,000
ASELSAN's Share Ratio (%): 51

The company was established in Konya in 2018 in order to carry out research, design, development and engineering activities for defense industry products,

especially for weapons and weapon systems, to make production, testing, assembly and integration, sales and marketing, importing and exporting of these products. The company also aims to provide training, maintenance and after sales services, and carry out all kinds of commercial and industrial activities related to these issues. ASELSAN holds a 51% stake in the company.

ROKETSAN ROCKET INDUSTRY AND TRADE INC.

Ankara

Share Amount: TRY 149,838,564
ASELSAN's Share Ratio (%): 14.897

The company was established in Ankara in 1988 to manufacture all kinds of missiles, rockets, rocket launchers, and rocket fuel and their engines, warheads, and other components, and also to manufacture, market, and sell all kinds of military and civilian products and their parts where a high level and sensitive technology is required. ASELSAN holds a 14.897% stake in the company.

ASPILSAN ENERGY INDUSTRY AND TRADE INC.

Kayseri

Share Amount: TRY 4,498,740
ASELSAN's Share Ratio (%): 1

The company was originally established in the Kayseri Organized Industrial Zone on May 21, 1981, to meet the basic requirements of the Turkish Armed Forces for rechargeable nickel-cadmium batteries. Today, the company produces all kinds of civil and military back/hand radios, combat tools and equipment, and batteries for aircraft and helicopters. ASELSAN holds a 1% stake in the company.

TÜYAR MICROELECTRONICS INDUSTRY AND TRADE INC.**Gebze-Kocaeli****Share Amount: TRY 8,905,875**
ASELSAN's Share Ratio (%): 51

The company was established in the Gebze district of Kocaeli in 2017 in order to perform activities related to micro and nano dimensional devices that contain semiconductors and similar technological materials. ASELSAN holds a 51% stake in the company.

ASELSAN SİVAS PRECISION OPTICS INDUSTRY AND TRADE INC.**Sivas****Share Amount: TRY 6,500,000**
ASELSAN's Share Ratio (%): 50

The company was established in Sivas in 2014 in order to carry out research and development studies for the optical, optical set, and optical devices for all types of ultraviolet, visible, and near-infrared bands, and to manufacture and sell such optical elements. ASELSAN holds a 50% stake in the company.

ULAK COMMUNICATION INC.**Ankara****Share Amount: TRY 32,640,000**
ASELSAN's Share Ratio (%): 51

The company was established in Ankara in 2017 in order to carry out R&D and engineering activities of mobile and broadband communication systems used

by commercial network operators, to manufacture, test, install and integrate, sell and market, import and export such systems and spare parts, and to provide training, maintenance and support services. ASELSAN owns 51% of the company's capital since 2018.

ASELSAN BİLKENT MICRO NANO TECHNOLOGIES INDUSTRY AND TRADE INC.**Ankara****Share Amount: TRY 16,500,000**
ASELSAN's Share Ratio (%): 50

In 2014, the company was established in Bilkent, Ankara with a 50% participation of ASELSAN to carry out research and development activities for the applications of all types of semiconductors and similar technological materials, and to manufacture and sell micro and nano dimensional devices that contain these materials. ASELSAN holds a 50% stake in the company.

BİTES DEFENCE AVIATION AND SPACE TECHNOLOGIES SOFTWARE ELECTRONICS INC.**Ankara****Share Amount: TRY 127,500**
ASELSAN's Share Ratio (%): 51

The company was established in Ankara to operate mainly in the fields of augmented reality, artificial intelligence, simulation software, research, design, development, and engineering. ASELSAN owns 51% of the company's capital since 2019.

EHSİM ELECTRONIC WARFARE SYSTEMS ENGINEERING TRADE INC.**Ankara****Share Amount: TRY 125,000**
ASELSAN's Share Ratio (%): 50

The company was established to operate mainly in the fields of Electronic Warfare and Tactical Command Control Systems in Ankara. ASELSAN owns 50% of the company's capital since 2019.

DASAL AVIATION TECHNOLOGIES INC.**Istanbul****Share Amount: TRY 4,000,000**
ASELSAN's Share Ratio (%): 40

The company was established in 2019 in order to operate in the field of aviation technologies. ASELSAN owns 40% of the company's capital since 2020.

TEKNOHAB TECHNOLOGY DEVELOPMENT ZONE MANAGEMENT INC.**Ankara****Share Amount: TRY 6,000,000**
ASELSAN's Share Ratio (%): 13.04

The company was established in Ankara in 2018 in order 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. ASELSAN owns 13.04% of the company's capital.

TR EDUCATION AND TECHNOLOGY INC.**Ankara****Share Amount: TRY 2,590,000**
ASELSAN's Share Ratio (%): 35

The company operates in the fields of carrying out human resource activities, giving consulting, coaching, and accreditation services, and performing education, teaching, culture, art, sports, and exhibition organizations and digital marketing activities at all levels. ASELSAN owns 35% of the current capital of the company which started its operation in 2018.

ASELSAN GLOBAL FOREIGN TRADE INC.**Ankara****Share Amount: TRY 250,000**
ASELSAN's Share Ratio (%): 100

The company was founded to carry out import, export and marketing activities of all kinds of civil and military electronic products and systems. 100% of the current capital of the company established in 2019 belongs to ASELSAN.

ISTANBUL FINANCE AND TECHNOLOGY BASE INC.**Istanbul****Share Amount: TRY 20,000,000**
ASELSAN's Share Ratio (%): 44.44

It was founded with the aim of establishing a structure to respond to the development and needs of the financial sector and financial technology entrepreneurship. Established in 2022, 44.44% of the current capital of the company belongs to ASELSAN.

Global Affiliates

ASELSAN operates abroad through seven subsidiaries, four branches and two offices.



ASELSAN BAKU COMPANY Baku-Azerbaijan

Share Amount: TRY 1,601,978

ASELSAN's Share Ratio (%): 100

The company was established in 1998 with a 100% participation of ASELSAN in order to carry out the promotion/marketing and sales activities of military and civil communication devices.

ASELSAN MALAYSIA SDN. BHD. Kuala Lumpur-Malaysia

Share Amount: MYR 100

ASELSAN's Share Ratio (%): 100

The company was established in 2017 with the title ASELSAN Malaysian Sdn. Bhd., 100% is owned by ASELSAN, to engage in the field of remote-controlled weapon systems.

ASELSAN UKRAINE LLC. Kyiv-Ukraine

Share Amount: UAH 8,410,730

ASELSAN's Share Ratio (%): 100

The company was established in 2020 with a 100% participation of ASELSAN in order to undertake marketing and business development activities in Ukraine.

ASELSAN MIDDLE EAST PSC. Amman–Jordan

Share Amount: JOD 1,225,000
ASELSAN's Share Ratio (%): 49

The company was established in 2012 with a participation ratio of 49% by ASELSAN and 51% by KADDB Investment Group (KIG) in order to carry out the design, production, development, and marketing of night vision and thermal imaging devices to meet the requirements of the Jordanian Armed Forces.

IGG ASELSAN Integrated Systems LLC. Abu Dhabi–UAE

Share Amount: AED 9,800,000
ASELSAN's Share Ratio (%): 49

The company was established in 2011, with ASELSAN holding a 49% stake and IGG holding a 51% stake in the company, with the aim of producing, testing, and integrating ASELSAN products in the United Arab Emirates (UAE), selling them in the Gulf countries, primarily in the UAE, and providing after-sales technical support.

KAZAKHSTAN ASELSAN ENGINEERING LLP. Nur-Sultan–Kazakhstan

Share Amount: KZT 3,464,300,000
ASELSAN's Share Ratio (%): 49

It was established in 2011 with the participation of ASELSAN 49%, the Presidency of Defense Industries (SSB) 1% and Kazakhstan Engineering 50% in order to manufacture, develop and perform maintenance and repair activities of electronic devices and systems to meet the military and civilian needs of Kazakhstan.

BARQ QSTP LLC. Doha–Qatar

Share Amount: QAR 480,000
ASELSAN's Share Ratio (%): 48

The company was established in 2018, in order to operate with command and control systems, thermal and night vision camera, crypto, remote-controlled warfare systems. 48% of the company belongs to ASELSAN, while 51% belongs to Barzan Holding, and 1% to SSTEK Inc.

Our Branches

ASELSAN SOUTH AFRICA EXTERNAL PROFIT COMPANY (ASELSAN SOUTH AFRICA BRANCH) Pretoria–Republic of South Africa

The company was established as a branch in 2011 to design optical systems and to operate in the promotion and marketing of ASELSAN products in South Africa and neighboring countries.

ASELSAN MACEDONIA BRANCH Skopje–Macedonia

Founded as a branch at the end of 2014 within the Macedonian Corridor-10 Highway Toll Collection System project, ASELSAN Macedonia operates with the aim of fulfilling the local obligations related to the project.

ASELSAN CYPRUS ADVANCED TECHNOLOGIES RESEARCH CENTER Güzelyurt–TRNC

The ASELSAN Cyprus Advanced Technologies Research Center, operating in the Middle East Technical University Northern Cyprus Campus Kalkanlı Technology Valley (METU KALTEV), was opened in 2019.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.QSTP–B Doha–Qatar

The company was founded as a branch in 2021 to fulfill maintenance, repair, and business development activities in Qatar.

Our Offices

- ASELSAN Saudi Arabia Office
- ASELSAN Pakistan Office

Facilities



Macunköy Facility

138,761 m²

Indoor area

186,848 m²

Total area

It was established on a total area of 186,848 m², of which 138,761 m² is covered. ASELSAN Macunköy Facility hosts the Headquarters, and the Presidencies of Communications and Information Technologies, Defense System Technologies and Transportation, Security, Energy, Automation, and Healthcare Systems.

Innovative solutions

ASELSAN produces innovative solutions at its campuses.



Akyurt Facilities

Akyurt-1

Indoor area 90,004 m²

Land area 231,828 m²

Akyurt-2

Indoor area 20,631 m²

Land area 55,214 m²

Akyurt-3

Indoor area 12,920 m²

Land area 15,360 m²

It was established on a total area of 302,402 m², of which 123,555 m² is covered. The Microelectronics Guidance and Electro-Optic Business Sector is located in the ASELSAN Akyurt Facility.



Gölbaşı Facilities

Gölbaşı-1

Indoor area 161,803 m²

Land area 335,114 m²

Gölbaşı-2

Indoor area 22,429 m²

Land area 158,738 m²

Gölbaşı-3

Indoor area 11,760 m²

Land area 171,950 m²

Radar and Electronic Warfare Systems Business Sector, which undertakes activities for radar and electronic warfare systems for land, air, sea, aerospace, and unmanned platforms, is in charge of this facility established in the Gölbaşı district of Ankara. The facility was established on a total area of 665,802 m², of which 195,992.75 m² is covered.



Başkent Organized Industrial Zone Facility

28,536 m²

Indoor area

381,730 m²

Indoor area

The campus was built on an open area of 381,730 m² and has a total covered area of 28,536 m². ASELSAN BOSB facility also houses several units of Defense Systems Technologies and some of the test systems within Transportation, Security, Energy, Automation, and Healthcare Systems.



Teknopark Istanbul Facility

36,400 m²

Indoor area

5,244 m²

Indoor area

It was established on a total area of 5,244 m², of which 36,400 m² is covered.

METU Technopolis

6,675 m²

Building area

7,052 m²

Indoor area

Hacettepe Technopolis

1,350 m²

Office area

Test Fields

GÖLBEK Test Field

Total area: > 3,294,000 m²

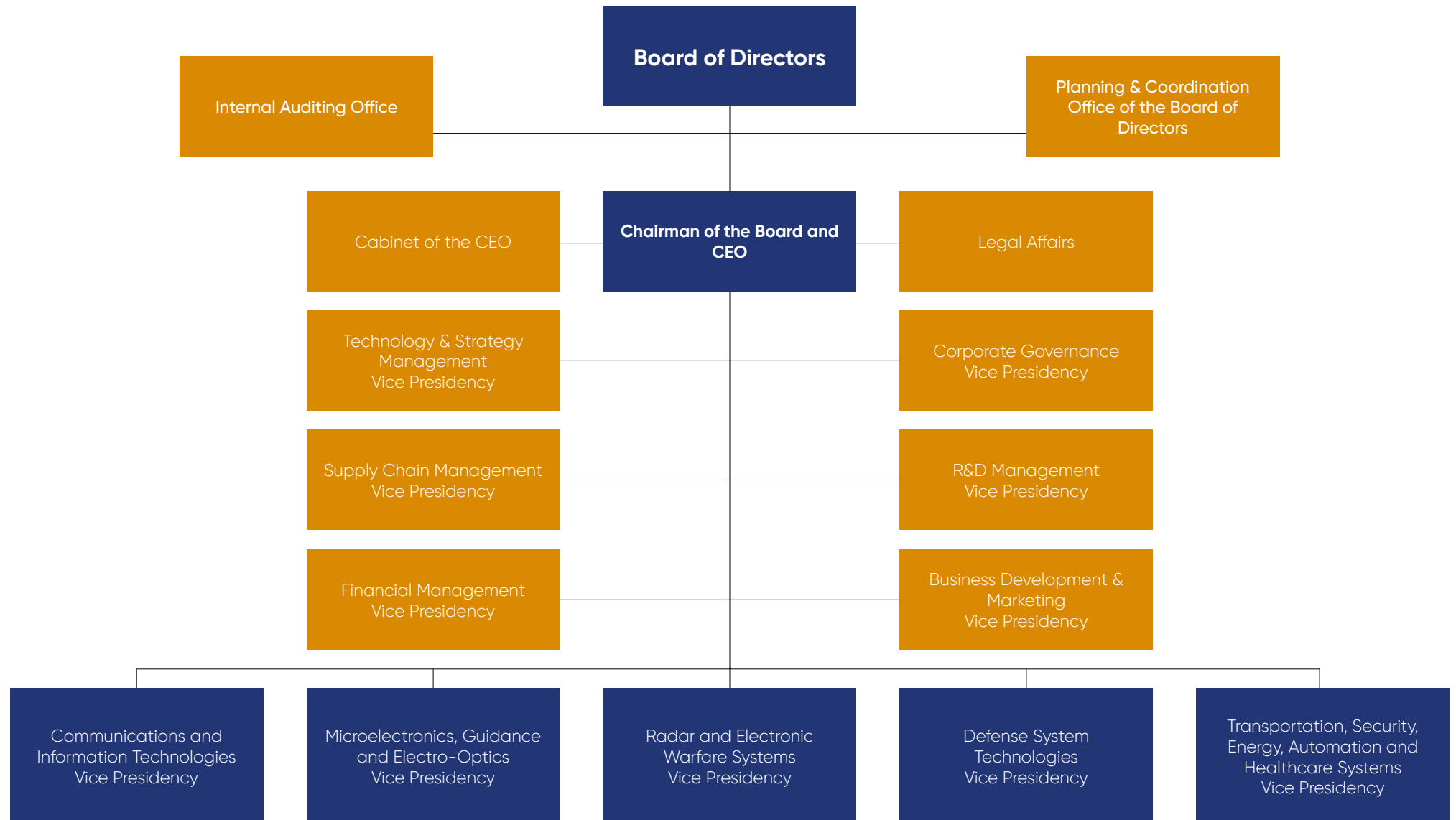


Akyurt Test Field

Total area: > 333,000 m²



Organizational Structure



Main Financial Indicators

ASELSAN achieved a strong financial performance in 2022 and increased its total assets to TRY 76 billion.

Condensed Balance Sheet (TRY million)	2022	2021
Total Assets	76,043	46,413
Tangible Fixed Assets	6,327	3,432
Intangible Fixed Assets	3,532	2,268
Total Shareholders' Equity	39,861	25,835

Condensed Income Statement (TRY million)	2022	2021
Net Sales	35,282	20,139
EBITDA	9,472	5,502
Net Profit for the Period	11,868	7,127

Main Financial Indicators	2022	2021
R&D Spending (TRY million)	9,995	5,615
Operating Profit Per Employee (TRY thousand)	811	512
EBITDA Margin (%)	27	27
Net Cash Provided by Operations (TRY million)	5,762	2,433
Cash (TRY million)	5,687	2,492

64%

Total Asset Growth

75%

Net Sales Growth

72%

EBITDA Growth

67%

Net Profit Growth

Backlog (USD billion)

2022	8.2
2021	8.5

Net Cash Provided by Operations (TRY million)

2022	5,762
2021	2,433

Net Sales (TRY million)

2022	35,282
2021	20,139

EBITDA Margin (%)

2022	27
2021	27

Operating Profit Per Employee (TRY thousand)

2022	811
2021	512

EBITDA (TRY million)

2022	9,472
2021	5,502

Sustainability Performance

ASELSAN realized TRY 8,142 million in outsourced R&D expenditures in 2022.

ECONOMIC VALUE CREATED

Total Revenue (TRY million)

2022	35,282
2021	20,139
75% Increase	

Total Assets (TRY million)

2022	76,043
2021	46,413
64% Increase	

Total EBITDA (TRY million)

2022	9,472
2021	5,502
72% Increase	

TÜRKİYE'S LARGEST R&D CENTER

- Total R&D Expenditure: **TRY 9,995 million**
- Total External R&D Expenditure: **TRY 8,142 million**
- R&D Expenditure from Total Equity: **TRY 1,853 million**
- 207 Patent Applications and **63** Registration Certificates in 2022

A WORLD-CLASS PROFESSIONAL CORPORATE GOVERNANCE APPROACH

- Corporate Governance Rating: **9.34**
- Shares traded on Istanbul Stock Exchange: **25.80%**

COMPETENT AND DYNAMIC HUMAN RESOURCES

- Total Number of Employees: **9,935**
- Number of Talent-A Employees: **205**

OHS PRACTICES WITH A FOCUS ON BUSINESS CONTINUITY AND EFFICIENCY

- Award in the Distinction and Best of Country categories at the British Safety Awards 2022 OSPA Achievement Awards-Silver Award
- A Leading Company with ISO 45001:2018 Certification in Türkiye
- Total Training Provided to Employees: 238,846 hours
- A Responsible Management Approach Minimizing Environmental Impacts
- A score above the global average in CDP Climate Change Reporting, in which it has been included for years
- A- score in the CDP Water Reporting, in which it was included in 2021 for the first time

SOCIAL INVESTMENTS STRENGTHENED BY EMPLOYEE PARTICIPATION

- A Social Responsibility Movement Led by Employees: ASELSAN Social Innovation Leaders (ASİL), and the Solidarity Foundation established under the ASİL Structure
- Türkiye's most preferred Vocational High School: ASELSAN Vocational and Technical Anatolian High School

Message from the Chairman, President and CEO

In 2022, we placed USD 1.5 billion worth of orders with more than 5,000 suppliers, 3,300 of which were domestic suppliers.



Dear Stakeholders,

In 2022, the year in which we put our advanced technologies into the service of our country, our national responsibilities took on an even sharper focus. As the world confronted macroeconomic and geopolitical risks and global inflation drove cost pressures worldwide, ASELSAN continued its work uninterrupted, growing steadily throughout this challenging year.

We ranked 49th among the world's defense industry giants, maintaining our sustainable success. As of the end of 2022, our turnover increased by 75% to TRY 35.3 billion. ASELSAN's net profit rose by 67% compared to the same period last year and reached TRY 11.9 billion.

And yet again ASELSAN demonstrated its leadership mission for our country, receiving new orders worth USD 1.604 billion in 2022, a year dominated by macroeconomic risks across the world.

As of year-end, ASELSAN's total outstanding orders amounted to USD 8.2 billion, of which 92% consisted of defense orders and 8% non-defense orders.

35.3
TRY billion

Net Sales

11.9
TRY billion

Net profit

**Nationalized
products**

153 products
were successfully
nationalized in
2022.

ASELSAN's business development and marketing activities for its high-tech products continued in a comprehensive manner in 2022. Closely following shifting political-military-economic conditions around the world, we seized new business opportunities through our capacity to dynamically adapt to target markets. Thanks to collaborations we developed with solution partners, we reached more users.

In 2022, we expanded our market, initiating exports of ASELSAN products to three new countries. In the past four years, the number of countries utilizing our products reached 81, with the addition of 18 new countries. We introduced fifty different products, previously never sold abroad, to the international arena via international sales contracts signed during the previous four years. Our international backlog reached USD 1 billion.

Our procurement activities are fully integrated with the goal of achieving cost-effectiveness, making strategic purchases, and ensuring that nationalization, which is at the core of our spirit, is a sustainable practice. Despite the global raw material and chip crisis, we seamlessly maintained supply processes and delivery schedules. In 2022, we placed orders worth USD 1.5 billion with more than 5,000 suppliers, 3,300 of which are domestic suppliers. This year, we expanded the number of our strategic partners to 100. We reached 495 approved sub-industry companies – an increase of 12%. In 2022, our procurement teams succeeded in saving USD 150 million through extraordinary efforts and strategies adopted in procurement processes.

To keep our promise to our children, we included a net zero emission decision for 2050 on our strategic roadmap.

As the pride of our country and as Türkiye's ASELSAN, we successfully implemented numerous projects in Türkiye and abroad. We continued our nationalization efforts with determination and perseverance. In 2022, we localized 153 products, bringing the total number of nationalized products since 2018 to 660. As a result, we ensured that more than USD 450 million stayed in our country. We received orders worth USD 135 million for the products we nationalized.

In sync with global standards, we embedded the R&D management approach into our corporate culture and became the organization allocating the most resources to R&D activities in our country. Within the framework of this new understanding, we are carrying out numerous basic research projects at full speed through collaborations established with reputable universities and private sector companies. We are raising the number of our systems, products and technologies through our self-financed R&D projects. In 2022, a total of 47 projects were initiated with a total budget of USD 134 million.

Another topic poised to become a game-changer across many fields in the near future is quantum technologies. While only a few countries are making the necessary breakthroughs in the field of quantum technologies, we are proud to announce the opening of KUANTAL, the ASELSAN Quantum

Technologies Research Laboratory, as a result of our collaboration with TOBB Economics and Technology University.

As we always say, our most important assets are our valuable colleagues. In 2022, more than 1,300 people started working at ASELSAN. As part of the Next Big Move to Türkiye program, six professionals joined the ASELSAN Family. The "a Future" program provided internship opportunities to 865 students. Through the ATİK program, 226 students are continuing their vocational training. ASELSAN Academy provided training to 602 students; 87 were PhD candidates and 198 employees graduated from the program. Thirty-four journal articles and 133 papers were published and 13 patents and three utility model applications were submitted within the scope of these.

Our ASELSAN Family conducts its activities in an environmentally sensitive structure. To keep our promise to our children, we have included a net zero emission decision for 2050 on our strategic roadmap.

We are working diligently to contribute to our zero-emission vision by using energy efficiently and modernizing technological infrastructure. In this regard, we constructed solar heating systems for the generation of hot water with a capacity of 150 kW and a roof-type SPP with a capacity of 1 MW on the rooftops of the new sections at our Gölbaşı campus.

In 2022, our efforts towards energy efficiency resulted in a 4% reduction in electricity consumption and a 6% reduction in natural gas consumption. We developed greywater projects designed to reduce our water consumption and accordingly were able to reuse 25,000 cubic meters of water annually. By switching to electric and hybrid vehicles in our fleet, we increased our savings.

50

Number of products exported abroad for the first time

9.5

billion
EBITDA

39.9

billion
Equity

The Carbon Disclosure Project (CDP) recognized ASELSAN with an "A" rating for our Climate Change Supply Chain Management, which exhibited a performance that surpassed both the global and national averages. We were awarded a number of international accolades for our work towards achieving our goal of Net Zero Emissions.

We continued working for the benefit of our newest family members by developing projects for the generations to come. In September 2022, we inaugurated new daycare centers and kindergartens at our Gölbaşı and Akyurt campuses. By collaborating with experts in the field, we enhanced our educational system to provide the best opportunities for 427 students, while also expanding nearly four-fold the number of students who can benefit from ASELSAN's offerings.

Thanks to your support, the ASİL (Social Innovation Leaders) Association provided aid across various categories to those in need throughout 2022. Our work, particularly in the areas of healthcare and education, brought hope to thousands of individuals. We extend our sincere thanks to you, our dear friends, who have touched the hearts of so many people through the ASİL Association...

Together with you, we will accomplish even more for our country in 2023, when we celebrate the centennial of our Republic. I believe this with all my heart. May the new year bring blessings to our nation, our country and the ASELSAN Family.

Kindest regards.

Prof. Dr. Haluk Görgün
Chairman, President and CEO

Members of the Board of Directors



Prof. Dr. Haluk Görgün
Chairman, President and CEO



Alpaslan Kavaklıoğlu
Member and Vice Chairman of the Board of Directors



Prof. Dr. Turan Erol
Independent Member of the Board of Directors



Mehmet Fatih Kacır
Member of the Board of Directors



Salih Kul
Member of the Board of Directors



Prof. Dr. İbrahim Özkol
Independent Member of the Board of Directors



Dr. Nurşen Sarı
Independent Member of the Board of Directors



Mustafa Murat Şeker
Member of the Board of Directors
(Managing Member)

Prof. Dr. Haluk Görgün**Chairman, President and CEO**

Prof. Dr. Haluk GÖRGÜN completed his undergraduate and graduate education in the Electrical Engineering Department of Yıldız Technical University and his Ph.D. in Rensselaer Polytechnic Institute in New York, USA in 2003. After completing his Ph.D. studies, he engaged in scientific studies at the University of Connecticut between 2004 and 2005. He became an associate professor in 2008, and a professor in 2013 at Yıldız Technical University where he served from 2005 to 2008 as an assistant professor. Between 2014 and 2018, he served as the Rector at Gebze Technical University where he made significant contributions in the establishment phase. He still continues to serve as the Chairman of the Board of Trustees and Board of Directors at Gebze Technical Education and Research Foundation. Prof. Görgün was elected as an Associate Member of the Türkiye Academy of Sciences in 2013, and he served as a Member of the Board of Directors in the Informatics Valley. Having served on various committees and boards at TÜBİTAK and the Council of Higher Education (YÖK), Görgün owns many national and international articles/memorandums besides publishing editorship and projects. He was elected as a Member of the Board of Directors at the ASELSAN Ordinary General Assembly held on 15 March 2017. As per the resolution taken at the Board of Directors meeting held on April 17, 2018, he was appointed as the CEO of ASELSAN on April 27, 2018, in addition to his position as the Chairman (Managing Member).

Alpaslan Kavaklıoğlu**Member and Vice Chairman of the Board of Directors**

He graduated from Ankara University, Faculty of Political Science, Department of Business Administration. He received long-term training in disaster management, regional development, and restructuring in Japan, and social development in Taiwan. He served as the District Governor in several towns, and as the Deputy Governor in some cities of Türkiye. He worked as the Head of Department at the Republic of Türkiye, Ministry of Interior, as a Legal Consultant, and as Vice President at the Türkiye Emergency Management Presidency under the Prime Ministry of the Republic of Türkiye. He graduated from the National Security Academy and then served as the General Director of the Prime Ministry of Security Affairs of the Republic of Türkiye Kavaklıoğlu who was elected as a Member of Parliament from Niğde for the 24th, 25th and 26th Terms served as the Chairman of the Committee on Security and Intelligence, Member of the Committee on Internal Affairs (Spokesman), Member of the Committee on National Defense (Spokesman), Head of the Türkiye - Japan Inter-Parliamentary Friendship Group, Member of the Turkish Group of the Inter-Parliamentary Union. As a Member of the Board of the Parliamentary Assembly, Kavaklıoğlu was later appointed as Deputy Minister at the Ministry of Defense of the Republic of Türkiye with the decision of the Presidency dated August 9, 2018, and numbered 2018/91. From the Ordinary General Assembly meeting on April 26, 2019, Kavaklıoğlu has been a member of the ASELSAN Board of Directors. Since the Board of Directors meeting on June 30, 2021, he has also held the position of Vice Chairman.

Prof. Dr. Turan Erol**Independent Member of the Board of Directors**

He obtained his bachelor's degree in Economics in 1985 and his master's degree in 1989 from the same department. In 1996, he obtained his Ph.D. in Economics from the Netherlands Tinbergen Institute/ Erasmus University. From 1997 to 2003, he served as an Associate Professor at Başkent University, lectured, and conducted research in Economics and Finance. In 2003, he received the Best Economic Research Award from the Union of Chambers and Commodity Exchanges of Türkiye (TOBB). He still continues to serve as a Professor at the Faculty of Business and Management Sciences, Istanbul Sabahattin Zaim University. As a public service, he served as the Chairman, the Deputy Chairman, and a Member of the Capital Markets Board from 2003 to 2009, and the Chief Advisor to the Prime Minister from 2009 to 2018. In the private sector, he served as a consultant and as a member of the Board of Directors in eligible companies such as THY (Turkish Airlines) and its subsidiaries, ASELSAN, Tümosan, and Ostim Yatırım at certain intervals as of 2010. Erol served as a Member of the Board of Directors between March 2016 and March 2017. He was elected as an Independent Member of the Board at the ASELSAN Ordinary General Assembly held on June 19, 2020.

Mehmet Fatih Kaçır**Member of the Board of Directors**

Mehmet Fatih Kaçır was born in Istanbul in 1984. He attended middle and high school at Istanbul Boys' High School. In 2003, he ranked 12th in Türkiye in the university entrance exams. He received his bachelor's degree in Industrial Engineering from Boğaziçi University in 2008 with Honors. He was a student representative during his university years. He has led interdisciplinary research and project management trainings. After his university graduation, he chose to become an entrepreneur. In the companies he founded and directed, he developed utility models and industrial designs and realized innovative applications. He has also taken an active role in non-governmental organizations as well as entrepreneurship. Kaçır, who served as Chairman of the Board of Directors of the Turkish Technology Team Foundation (T3 Foundation) until 2018, was a pioneer in the establishment of DENEYAP Technology Workshops, the Technology Stars of the Future Program for gifted students, the Science Center and Enterprise Center programs, and TEKNOFEST, the world's largest Aviation, Space, and Technology Festival. He joined the TÜBİTAK Scientific Board in 2018. By Presidential Decree on July 31, 2018, he was appointed Deputy Minister of Industry and Technology. Kaçır oversaw the activities of TÜBİTAK, the Turkish Patent and Trademark Office, the Turkish Academy of Sciences, the Turkish Space Agency, and the General Directorate of National Technology, Strategic Research, and Productivity, as well as the National Technology Move and the Ministry's strategic transformation initiatives. During his tenure as Deputy Minister, he served as Chairman of the Program Committee of the Technology-Oriented Industrial Move, an R&D and Investment Incentive Program for high-tech products and innovative technologies, Chairman of the Executive Committee of TEKNOFEST, an annual festival held in Türkiye and Azerbaijan, Chairman of the Steering Committee of the DENEYAP Türkiye project which was organized in 81 cities of Türkiye, and Chairman of the National Technology Entrepreneurship Council. He acted as the driving force behind the creation of Türkiye Open Source Platform and 42 Software Schools, a new generation education model. He oversaw the development of Türkiye's Vehicle Togg technology

roadmap and its implementation with the ministry's assistance. The 2023 Industry and Technology Strategy, the National Artificial Intelligence Strategy, the National Space Program, the National Technology Entrepreneurship Strategy, Mobility Technologies, and the Roadmap for Smart Life and Health Technologies are all part of the National Technology Entrepreneurship Strategy. He was responsible for the implementation of action plans under the strategies and the restructuring of the ministry. Mr. Kaçır is a board member of ASELSAN and Prof. Dr. Fuat Sezgin Foundation for the History of Islamic Science Research and is fluent in English and German. He is married with two children.

Salih Kul**Member of the Board of Directors**

In 1984, he graduated from the Department of Electrical and Electronics Engineering, the Turkish Military Academy as a Communications Lieutenant. Following several local and international responsibilities, Kul worked as commander of the First Army Kul, who served as the Battalion Commander of the Army Communication Regiment's Army Regional Communication System Battalion and TASMUS Battalion, organized the activities for the establishment of the TASMUS Battalion after the abolition of the Army Regional Communication Battalion and chaired the Ministry of National Defense Inspection Commission Committee during the inventory of TASMUS systems. From 2006 to 2012, he served as the Branch Manager, Erkan Head, and Electronics Regiment Commander at the General Staff Electronic Systems Command. Following these assignments, Kul was appointed as an Inspector in the Ministry of National Defense's Inspection Department for one year and was promoted one year early due to his professional achievements. He was appointed Head of the Communication Electronic Systems Department at the Ground Forces Command in 2013, from which he retired on August 30, 2015. At ASELSAN's Ordinary General Assembly Meeting on April 26, 2019, he was elected to the Board of Directors.

Prof. Dr. İbrahim Özkal**Member of the Board of Directors**

Prof. Dr. İbrahim Özkal was born in Izmir in 1962. He started his undergraduate studies in the Department of Aeronautics and Engineering at the Faculty of Aeronautics and Astronautics, Istanbul Technical University and completed his master's and Ph.D. studies in the same department. He suspended his academic career for 15 months from 1992 to 1993 when he was assigned by the Undersecretariat for Defense Industries (SSM) for the "CASA-3000" and "CN235" projects in Spain. In 1996, he returned to the academic world and continued his career in the academic world and received the title of Professor in 2005. Özkal served as the Vice Rector of Istanbul Technical University between 2012 and 2018. He still continues to serve as a lecturer at the Department of Aeronautical Engineering, the Faculty of Aeronautics and Astronautics, Istanbul Technical University (İTÜ). He works as a researcher and executive in many projects supported by the Presidency of Defense Industries (SSM) and TÜBİTAK. Özkal is also the founder of the İTÜ Air Transport Management Graduate Program which is founded in 2013 and the first program in this field among universities in Türkiye. Özkal worked as an Independent Board Member and Chairman of the Board of Directors between March 2017 and April 2018, and as an Independent Board Member from March 2017 until June 2021. On May 25, 2022, he was elected as an Independent Board Member of ASELSAN at the Ordinary General Assembly meeting held.

Dr. Nurşen Sarı**Independent Member of the Board of Directors**

Nurşen Sarı was born in Erzurum in 1970. She earned her Bachelor's degree from the Department of Electronics and Communications Engineering, Kocaeli Faculty of Engineering, Yıldız University, and her master's and doctorate degrees at Istanbul Technical University, Institute of Science, Electronics and Communication Engineering Department in the field of Electronics and Communications in 2006. She served as a Research Assistant at Kocaeli University Electronics and Communication Engineering Department from 1992 to 1997. She worked as a Software Design Engineer at NETAŞ R&D between 1997 and 1998, and as a System Engineer in the Electronic Warfare Research Group at the Presidency of the Naval Forces Command, Research Center Command between 1998 and 2001. Sarı began to serve as a Senior Researcher at TÜBİTAK MAM Information Technologies Institute in 2001 and was assigned as a Visiting Researcher at NRL (Naval Research Laboratory) and Virginia Technical University in Alexandria, the USA from January to July 2003. In May 2013, she undertook the position of Deputy Director in charge of Underwater Defense and Acoustic Systems at TÜBİTAK BİLGEM Advanced Technologies Research Institute. Sarı assumed this position until March 2015. In March 2015, she started to work as Deputy General Manager in charge of Engineering and Programs at C Tech Bilişim Teknolojileri Sanayi ve Ticaret A.Ş. She still holds this position. Sarı who won the TÜBİTAK Bilgem Best Research Group award in 2012 and the TÜBİTAK BİLGEM Best Product Development award in 2014 has many articles/papers presented and published in national and international congresses, conferences, and symposiums. Sarı was elected as an Independent Member of the Board at the ASELSAN Ordinary General Assembly held on June 29, 2021.

Mustafa Murat Şeker**Member of the Board of Directors (Managing Member)**

Mustafa Murat Şeker was born in 1968 in Kayseri. He graduated from the Department of Electrical and Electronics Engineering at METU in 1992 and began his career at the Undersecretariat of Defense Industries in the same year. After working as an Assistant Specialist and a Specialist in several projects such as MEBS, Radar, Electronic Warfare, Satellite Communication, Helicopter, and Aircraft Modernization, he was assigned as Project Manager to the Radar and Satellite Projects group in 2002. Under this title, he managed the Göktürk project, Türkiye's first reconnaissance, and surveillance satellite. Appointed as the Head of Marine Vehicles Department in 2011, Şeker carried out comprehensive and big projects such as Milgem and New Type Submarine. In 2014, he was assigned as the Head of the Electronic Warfare and Radar Systems Department. He coordinated the management of over fifty projects, including the Early Warning Radar and Stand-off Jammer projects. Şeker who was appointed as the Deputy Undersecretary in 2015 and still serves as the Defense Industry Vice President responsible for Electronic Warfare and Radar, MEBS, Cyber Security and Informatics, and R&D. He worked as a Member of the Board of Auditors at MİKES and HEAŞ companies between 2010 and 2013, and as the Chairman of the Board of Directors of ASELSAN A.Ş. and the Board Member between 2013 and 2020, and Chairman of the Board of Directors of HAVELSAN A.Ş., and the Board Member of Turkish Accelerator and Radiation Laboratory (TARLA) in 2021. Mustafa Murat Şeker was elected as a member of the Board of Directors of ASELSAN A.Ş. at the Ordinary General Assembly meeting dated June 29, 2021. He also serves as the Deputy Chairman of the Board of Directors of Ankara Aerospace Specialized OİZ.

Corporate Governance

Aselsan continued its steady progress in corporate governance processes in 2022.

Our Shareholders

ASELSAN, which is a company of the Turkish Armed Forces Foundation (TAFF), is a joint stock company with 74.20% of its shares belonging to TAFF and 25.80% of the shares listed on Borsa Istanbul (BİST).

Our Shareholders	Share Amount (TRY)	Share (%)
TAFF	1,691,651,248.92	74.20
Publicly Held (BİST)	588,348,751.08	25.80
Total	2,280,000,000.00	100.00

Corporate Governance

Taking into consideration the sensitivity of the sector in which it operates, ASELSAN keeps the principles of fairness, transparency, responsibility and accountability, which are the basic principles of corporate governance, accelerating its stable growth and protecting the interests of stakeholders at the core of its activities. In order to carry its leadership in the national platform to the international arena, the company continues its works without slowing down to ensure full compliance with corporate governance and legal regulations.

As a result of the changing and developing global conditions, our company, which adopts the understanding of "corporate sustainability" in order to fulfill its economic, social and environmental responsibilities, fulfills its responsibilities towards the society by maintaining both being sustainable and ethical values with its work in the field of corporate governance.

ASELSAN, which has adopted the concept of corporate governance as a core principle, has been publishing a Compliance Report on the Principles of Corporate Governance every year since 2004. The rights of shareholders, Annual General Meetings, dividend distribution policy, disclosure policy, human resources and ethical principles, relations with stakeholders, corporate social responsibility, the structure, formation, activity essentials and committees of members of

board, risk management and internal audit including minority rights which are under the headings of shareholders, informing the public and transparency, interest groups and members of the board within the scope of the Corporate Governance Principles regulated by Capital Markets Board are detailed within the report. The Report on the Compliance of Corporate Governance Principles and its activity reports are published on the Company's website (www.aselsan.com.tr) and in the annual reports.

ASELSAN's Corporate Governance Grade Score was revised to 9.34.

ASELSAN was awarded a score 8.77 out of 10 on 13 December 2012 by the SAHA Corporate Governance and Credit Grading (SAHA) in 2012. This mark is the second best preliminary mark among the corporate governance grading marks given in Türkiye Since then, our Company's level of compliance of corporate governance principles is evaluated and updated by an independent rating institution.

ASELSAN's Corporate Governance rating, which was 9.35 out of 10 on 10.12.2021, was revised to 9.34 out of 10 according to the report published by SAHA on 09.12.2022 as a result of the activities conducted to improve the Corporate Governance rating during 2021.

Corporate governance ratings in 2021 and 2022 and their sub topics are presented below.

2021 Rating Distribution	2022 Rating Distribution
Shareholders : 89.59 / 100	Shareholders : 89.59 / 100
Public Disclosure and Transparency : 98.72 / 100	Public Disclosure and Transparency : 98.72 / 100
Stakeholders : 99.17 / 100	Stakeholders : 99.17 / 100
Board of Directors : 90.16 / 100	Board of Directors : 89.82 / 100
Average 9.35 / 10.00	Average 9.34 / 10.00

ASELSAN's Corporate Governance Rating Reports published by SAHA are available on www.aselsan.com.tr.

ASELSAN has been included in Borsa Istanbul Corporate Governance Index since the Company obtained its first corporate governance rating.

ASELSAN'S MANAGEMENT STRUCTURE

ASELSAN Board of Directors

There is a board of directors consisting of 9 members elected by the general assembly in accordance with the TCC and the articles of association.

Three members of the Board, which consists of nine members in total, are independent.

Three committees formed in accordance with the corporate governance regulations of the Capital Markets Board, operate to enable the Board to fully execute its duties and responsibilities in ASELSAN.

Audit Committee

The committee consists of three independent members of the board. The main responsibilities of the committee are to inform the public regarding financial issues and monitor ASELSAN's accountancy systems, independent internal and external auditing and internal control systems' effectiveness and efficiency. The Internal Auditing Office Head reports directly to the Audit Committee and Members of the Board. The Audit Committee convenes at least four times a year.

Corporate Governance Committee

The committee consists of four members of the board. The head of the committee is an independent member of the board. The investor relations manager also is a member of the committee in accordance with the regulations of the Capital Markets Commission. The committee proposes suggestions to members of the board for the compliance with corporate governance principles and the realization of improvement activities. It also observes the activities conducted by the Investor Relations Department. The committee convenes at least four times a year.

Early Detection and Management of Risk Committee

The committee was established to determine the risks arising from the Company's strategic, operational, financial and external factors and to manage the risks identified in line with the Company's corporate risk profile. There are three members of the board in the committee. The chairman of the committee is an independent member of the Board of Directors. The Committee meets at least six times a year and reports to the Board of Directors.

The principles regarding the formation of committees and the manner in which they work, meet and report are determined by the Members of the Board. Detailed information regarding the corporate management structure of ASELSAN, Members of the Board and the committees may be obtained from the www.aselsan.com.tr website.

Committees at ASELSAN

Three committees have been formed in accordance with the Capital Markets Board's Principles of Corporate Governance by ASELSAN's Members of Board.

Audit Committee	Corporate Governance Committee**	Early Detection and Management of Risk Committee
Nurşen SARI* (Committee Chairman)	İbrahim ÖZKOL* (Committee Chairman)	Turan EROL* (Committee Chairman)
İbrahim ÖZKOL* (Committee Member)	Yavuz ÇELİK (Committee Member)	Yavuz ÇELİK (Committee Member)
Turan EROL* (Committee Member)	Salih KUL (Committee Member)	Salih KUL (Committee Member)
	Mustafa Murat ŞEKER (Committee Member)	
	Pınar ÇELEBİ (Committee Member)	

*Independent Board Member

**The Nomination Committee and Compensation Committee were not formed due to the structure of the Members of Board. The duties and responsibilities of these committees are undertaken by the Corporate Governance Committee.

Senior Management



Prof. Dr. Haluk Görgün
Chairman, President and CEO



Mehmet Fatih Güçlü*
Vice President, Chief Financial Officer



Prof. Dr. Hakan Karataş
Vice President, Corporate Management



Nuh Yılmaz
Vice President, Supply Chain Management



Taha Yücel
Vice President, Technology and Strategy Management



Prof. Dr. Sezai Elagöz
Vice President, R&D Management



Osman Devrim Fidancı*
Vice President, Business Development and Marketing



Mustafa Yaman
Vice President, Communication and Information Technologies



Ahmet Akyol
Vice President, Microelectronics, Guidance and Electro-Optics



Dr. M. Mustafa Akkul
Vice President, Radar and Electronic Warfare Systems



Behcet Karataş
Vice President, Defense System Technologies



Prof. Dr. Mehmet Çelik
Vice President, Transportation, Security, Energy, Automation and Healthcare Systems

Prof. Dr. Haluk Görgün**Chairman, President and CEO**

Prof. Dr. Haluk GÖRGÜN completed his undergraduate and graduate education in the Electrical Engineering Department of Yıldız Technical University and his Ph.D. in Rensselaer Polytechnic Institute in New York, USA in 2003. After completing his Ph.D. studies, he engaged in scientific studies at the University of Connecticut between 2004 and 2005. He became an associate professor in 2008, and a professor in 2013 at Yıldız Technical University where he served from 2005 to 2008 as an assistant professor. Between 2014 and 2018, he served as the Rector at Gebze Technical University where he made significant contributions in the establishment phase. He still continues to serve as the Chairman of the Board of Trustees and Board of Directors at Gebze Technical Education and Research Foundation. Prof. Görgün was elected as an Associate Member of the Türkiye Academy of Sciences in 2013, and he served as a Member of the Board of Directors in the Informatics Valley. Having served on various committees and boards at TÜBİTAK and the Council of Higher Education (YÖK), Görgün owns many national and international articles/memorandums besides publishing editorship and projects. He was elected as a Member of the Board of Directors at the ASELSAN Ordinary General Assembly held on 15 March 2017. As per the resolution taken at the Board of Directors meeting held on April 17, 2018, he was appointed as the CEO of ASELSAN on April 27, 2018, in addition to his position as the Chairman (Managing Member).

Mehmet Fatih Güçlü***Vice President, Chief Financial Officer**

He completed his undergraduate studies in Economics at the Faculty of Economics of Istanbul University. Mehmet Fatih Güçlü started his professional career in 1996 at Eksim Dış Ticaret A.Ş. and assumed different positions in various sectors. He worked at several group companies under Çalık Holding between 2005 and 2009 as Reporting Manager to Affiliates and Budgeting Department, Manager of Financial Affairs, and Director of Finance. He served as CFO and Assistant General Manager in Medicalpark Hospitals Group from 2009 to 2011, and as CFO and Assistant General Manager at BH Airlines, a partnership of THY in Bosnia-Herzegovina, from 2011 to 2012. He worked as CFO and Assistant General Manager at SunExpress Airlines in Antalya and Germany between 2012 and 2016. He served as General Coordinator at Deima Elektromekanik Ürünler between 2016 and 2017. Throughout these years, he also carried out the tasks as the Chairman of the Advisory Board and Strategic Committee of Iran Airtour. Güçlü began to work as the Director of the Accounting and Financial Affairs at ASELSAN in 2017. As of 1 October 2019, he has been appointed as the CFO and Vice President with the resolution of the ASELSAN Board of Directors.

* Mehmet Fatih Güçlü resigned on 06.03.2023 due to retirement.

Prof. Dr. Hakan Karataş**Vice President, Corporate Management**

Hakan Karataş completed his undergraduate degree in the Department of English Language and Literature, the Faculty of Science and Literature, Istanbul University. He worked as an English Teacher at the prestigious Kabataş High School between 1996 and 2000, and as a Lecturer in the Foreign Languages Department of Yıldız Technical University (YTU) in 2000, where he also continued his career as Deputy Head of the Human Resources Development Centre in 2003. Karataş who served as Executive Assistant of the YTU Rector from 2004 to 2008 completed his Master's Degree with a major in Education Programs and Teaching Studies, in the Department of Educational Sciences in 2007. He later earned his Doctorate degree from the same Department in 2011. He began to work as an Assistant Professor at the YTU Faculty of Education in 2012. In 2016, he was awarded Associate Professorship in the field of Educational Sciences by the Inter-University Board. Karataş has published numerous articles, papers, publications, and projects. Between April 24 and July 02, 2018, he served as the Consultant of the Board of Directors at ASELSAN A.Ş. He was assigned as the Corporate Governance Vice President on July 2, 2018.

Nuh Yılmaz**Vice President, Supply Chain Management**

Nuh Yılmaz was born in Kırşehir in 1975. He graduated from Dokuz Eylül University Faculty of Law in 1997. He received his master's degree from Başkent University Business Administration Department in 2021. He began his professional career as an Inspector in the banking sector in 1997. Following his eight years of experience as an Inspector, he worked as Manisa Regional Manager, Bursa Regional Manager and Istanbul Anatolian Side Regional Manager. During this period, he took charge of numerous projects in the fields of Commercial and Individual Marketing, Communication, and Customer Management and provided training and seminars for employees of the industry. He has one book published about banking and customer management, and several articles published on Participation Banking. After 17 years of banking experience, he began to serve as a Business Development Manager at TÜBİTAK Marmara Research Center in 2015. He performed business development, strategic business partnership development, and proposal preparation activities for over 200 projects of seven Institutes within the Center. Besides, he coordinated the Corporate Communication activities of the Center. He was assigned as Vice President of TÜBİTAK, TEYDEB (Technology and Innovation Funding Programmes Directorate) in 2018. During his tenure, he took charge of the coordination of the TÜBİTAK R&D Support Program, University-Industry Support Program, Technology Transfer Offices Support Program, Venture Capital Support Program, and Project Markets Support Programs. He joined the ASELSAN family in September 2018. In December of the same year, he was appointed as Finance Director under the Financial Management Vice Presidency. With the resolution of the ASELSAN Board of Directors dated March 30, 2021, he was assigned as the Vice President of Supply Chain Management.

Taha Yücel**Vice President, Technology and Strategy Management**

After graduating with high honors from Bilkent University's Department of Electrical and Electronics Engineering in 1993, he earned his Master's degree (MScEEE) in Electrical and Electronics Engineering from Boğaziçi University in 1996. His thesis focused on digital terrestrial broadcasting planning, and he received the degree of Master Engineer. He then pursued his Master of Business Administration (MBA) degree at Başkent University, where he ranked first in the program and graduated in 1998. From 1993 to 1998, he worked as a Technical Audit Specialist at RTÜK and was involved in various commissions related to frequency planning, regulation preparation, and allocation, as well as radio and television standards preparation. He then joined TGRT as a Technical Assistant General Manager, where he was appointed as acting General Manager for a year. Until 2005, he served as the Chairman of the Technical Commission of the Television Broadcasters Association. In 2005, he was elected as a member of the Radio and Television Supreme Council by the Turkish Grand National Assembly. He was re-elected for a second term in 2011 with 460 of the 476 valid votes. On March 15, 2011, he became the Deputy Chairman of the Radio and Television Supreme Council and was unanimously re-elected in July 2011. Finally, on September 26, 2017, he was appointed as ASELSAN Deputy General Manager during the Board of Directors meeting. During his tenure as Assistant General Manager and UGES Sector President at ASELSAN, he was elected as a member of the Radio and Television Supreme Council for the third time in the 8th meeting held on October 16, 2017. On June 28, 2022, he was appointed as the Assistant General Manager of Technology and Strategy Management effective from July 1, 2022, at the ASELSAN Board of Directors meeting.

Prof. Dr. Sezai Elagöz**Vice President, R&D Management**

Prof. Dr. Sezai ELAGÖZ was born in Sivas in 1963. After finishing his bachelor's degree in Physics from Ankara University's Faculty of Science, he pursued his graduate studies at the University of Michigan's Racham Graduate School in the field of Condensed Matter Physics, where he received the MEGSB scholarship and earned both his master's and doctorate degrees in 1993. From 1993 to 2011, he served as a professor at Cumhuriyet University's Faculty of Science, starting as an assistant professor and later becoming an associate professor. Subsequently, he founded the Department of Nanotechnology Engineering at Cumhuriyet University's Faculty of Engineering. Throughout his academic life, he held several positions such as Dean of the Faculty of Science, Dean of the Faculty of Technology, Director of the Institute of Science, Head of the Department of Physics, Head of the Department of Nanotechnology Engineering, member of the Board of Directors of Cumhuriyet University Scientific Projects Directorate, member of the Board of Directors of various faculties, member of the University Senate and Board of Directors. Aside from establishing numerous graduate programs, he also held various other positions such as serving as the Chairman of the University Ethics Committee, the Director of the 100-2000 PhD program, and a member of the Turkish Nanotechnology Working

Group. He co-founded Cumhuriyet University Nanophotonics Application and Research Center (CÜNAM), Cumhuriyet University Optics Research and Application Center and Cumhuriyet University Advanced Technology Application and Research Center (CÜTAM), which operate in the field of advanced technology. He served as the Chairman of the Board of Directors and Director of the Center since the establishment of CÜNAM and as a member of the Board of Directors at CÜTAM. He participated in the writing, execution and finalization of the Ministry of Development projects for the establishment of CÜTAM and CÜNAM centers. Prof. Dr. Sezai ELAGÖZ supervised many Ph.D. and M.Sc. students' theses, published national and international articles/ papers, edited publications and national/international projects (SSM-ASELSAN, COST, TÜBİTAK 1007, 1003, 1001, SANTEZ). From 2013 to 2018, he was responsible for the establishment and commissioning of ERMAKSAN Optoelectronics infrastructure, the national production of high-power laser diodes, and took part in many scientific panels. Prof. Dr. Sezai ELAGÖZ assumed the position of Microelectronics, Guidance and Electrooptics (MGEO) Sector President and ASELSAN Executive Vice President from June 13, 2018 until November 2, 2020. As of November 2, 2020, he was appointed as Advisor to the General Manager. As of early 2021, he was appointed as ASELSAN R&D Management Assistant General Manager with the decision of the Board of Directors. Prof. Dr. Sezai ELAGÖZ also serves as the Chairman of the Board of Directors of TÜYAR Mikroelektronik Sanayi ve Ticaret A.Ş. (TÜYAR A.Ş.) since September 28, 2021. Married with 4 children, Prof. Dr. Sezai ELAGÖZ has a good command of English.

Osman Devrim Fidancı***Vice President, Business Development and Marketing**

He received his BS degree from Dokuz Eylül University Electrical and Electronics Engineering Dept. in 1999, an MS degree from George Washington University (GWU) Electrical and Computer Engineering Dept. in 2002, and an MBA degree from Istanbul Bilgi University in 2009. He began his professional career at Nortel Networks/Netaş as the Hardware/VLSI Design Engineer in 1999 and then conducted research studies and made publications in the fields of high-performance computing and cryptanalysis while working as the teaching and research assistant at GWU High-Performance Computing Laboratory (HPCL) from 2001 to 2003. He held various managerial and leadership roles at various defense contractors including the Program Manager role at Vestel Defence for the G-class Frigate Modernization Program (GENESIS) between 2005-2008, the Business Development and Strategic Planning Manager role at RMK Marine from 2008 to 2012. As the Public and Defense Solutions Director of Türk Telekom/Argela, he took the leadership role in the business development and initiation phases of the National Base-station Development Program (ULAK) between 2012 and 2014. Mr. FIDANCI worked as the Business Development Director at Honeywell between 2014 and 2017. Following his role at BMC as the International Business Development Director, Fidancı joined ASELSAN in July 2018 and as per the Board Resolution dated January 29, 2019, he is appointed as the Vice President of Business Development and Marketing.

* Osman Devrim Fidancı resigned from his position voluntarily on 31.01.2023.

Senior Management

Mustafa Yaman

Vice President, Communication and Information Technologies

He graduated from the Department of Electrical and Electronics Engineering, Middle East Technical University in 1997. He received his master's degree from Ankara University, Department of Electronic Engineering in 2005. Having begun his professional career as a Candidate Engineer at ASELSAN in 1996, he later held the positions of Engineer and Technical Leader. Between 2008 and 2014, he worked as Radar System Engineering Manager in the Radar and Electronic Warfare Systems Sector. Between 2014 and 2017, he worked as Radar System Engineering Director, and between 2017 and 2022, he served as Radar Program Director. In addition to ASELSAN, he was a referee in TÜBİTAK KAMAG projects. He was appointed as the Assistant General Manager in charge of the Communication and Information Technology Sector Presidency during the June 28, 2022, Board of Directors meeting, beginning July 1, 2022.

Ahmet Akyol

Vice President, Microelectronics, Guidance and Electro-Optics

Ahmet Akyol, born in 1982 in Kocaeli, graduated from Kocaeli University, Faculty of Engineering, Department of Computer Engineering in 2005. In 2010, he received his bachelor's degree in public administration from Anadolu University's Faculty of Economics. In 2018, he attended Stanford University for "Innovation Leadership" training. He took training sessions at Cranfield University in electro-optics and communications. He continues his master's degree in Political Science and Public Administration at Yıldırım Beyazıt University. He fulfilled his military service as an Ensign in Ankara and Izmir in 2006-2007. After working as an Engineer, Manager, Consultant, Head of Department and Board Member at the Ministry of Science, Industry and Technology, Ministry of National Defense, TÜBİTAK, HAVELSAN, Quantum3D and Presidency of Defense Industries from 2007 to 2022, he was appointed as ASELSAN Deputy General Manager and MGEO Sector President on July 1, 2022. Furthermore, he continues to serve as a member of the Board of Directors at Havelsan Teknoloji Radar (HTR) and TÜBİTAK SAGE, and as a Board Member of the NATO STO Sensor and Electronics Panel.

Dr. M. Mustafa Akkul

Vice President, Radar and Electronic Warfare Systems

He earned his bachelor's, master's and doctorate degrees in Electrical and Electronics Engineering at the Middle East Technical University in 1989, 1992 and 1999, respectively. Starting his career at ASELSAN in 1988 as a Candidate Engineer. From 1989 to 2001, he worked as RF and Microwave Design Engineer, Chief Engineer, and Technical Leader. He worked in a private company in the UK between 2001 and 2007, first as Chief Design Engineer and then as Engineering Manager. In 2007, he rejoined the ASELSAN family and was assigned as Microwave Design Department Manager in Radar and Electronic Warfare Systems (REHİS) Sector between 2007-2014. He served as Radar Program Director between 2014-2017, Radar Systems Group President between 2017-2019, and Radar System Engineering Director between 2019-2022. At the June 28, 2022, Board of Directors meeting, he was appointed as the Assistant General Manager responsible for REHİS Sector Presidency, effective as of July 1, 2022.

Behcet Karataş

Vice President, Defense System Technologies

He graduated from the Department of Electrical and Electronics Engineering, Middle East Technical University in 1989. He received his master's degree also from the Department of Electrical and Electronics Engineering, Middle East Technical University in 1994. Karataş started his professional career in Türkiye Electricity Authority in 1989 and continued his career as an Engineer in ASELSAN in 1993. He was assigned as the Manager of the Remote Controlled Weapon Systems Program Department in 2010 and carried out that duty until 2014. Afterward, he served as an Integrated Logistics Support Director in Defense System Technologies Business Sector from 2014 to 2017, and as a Naval Systems Program Director between 2017 and 2020 in the same Business Sector. He was assigned as the Vice President responsible for the Defense System Technologies Business Sector in the Board of Directors meeting dated October 27, 2020, to be effective as of November 3, 2020.

Prof. Dr. Mehmet Çelik

Vice President, Transportation, Security, Energy, Automation and Healthcare Systems

He graduated from METU Mechanical Engineering with a BSc degree in 1989, an MSc degree in 1991 and a PhD degree in 1997. He worked as a Research Assistant at the Department of Mechanics in the same department between 1989-1997 and as a Visiting Scientist at Ohio State University between 1995-1996. From 1998 to 2010, he worked as Senior Design Leader and Mechanical Analysis-Test Unit Manager at MST/REHİS Group. He became an Associate Professor in the Department of Mechanics in 2003. After his assignment to KTO Karatay University as a Prof. Dr. in 2010, Çelik worked as the Head of the Department of Mechatronics and Mechanical Engineering, Chairman of the Bologna Coordination Commission, Vice Dean and Acting Director of the Institute of Science and Technology, Member of KOSGEB Project Evaluation Board, Academic Jury Membership, referee in TÜBİTAK projects and congresses. Between 2012-2015, he worked as Training and Technical Consultant and Project Technical Manager at MGEO Sector Presidency. He was the Vice President of TÜBİTAK, a member of TÜBİTAK Science Board, Vice President and a member of the Quality Board of Higher Education Council. He still continues to serve as a lecturer in the Department of Mechanical Engineering, KTO Karatay University, and he is also a Regular Member of the Turkish Academy of Sciences (TÜBA). Çelik acted as Advisor to the Board of Directors of ASELSAN from February to April 2017, and served as Vice President in charge of Technology and Strategy Management at ASELSAN from April 2017 to June 2022, in addition to serving as the Chairman of the ASELSAN Academy Board. He was assigned as a Member of the Council of Higher Education on July 14, 2018 and as a Member of the Presidential Science, Technology and Innovation Policies Board on October 8, 2018 by presidential decree. Appointed on January 6, 2022 as the Deputy General Manager of Transportation, Security, Energy, Automation and Healthcare Systems, he was formally promoted to the position of Deputy General Manager of Transportation, Security, Energy, Automation and Healthcare Systems at the ASELSAN Board of Directors meeting held on June 28, 2022, effective as of July 1, 2022. In addition, he is also the Chairman of the Board of Directors of ASELSANNET Electronic and Communication Systems and the Chairman of the Board of Directors of ASELSAN Sivas Precision Optics.





Highlights of 2022



Antarctic research area expanded thanks to ASELSAN

ASELSAN provided domestic and national equipment to assure the safety of all scientists participating in the expedition in Antarctica, where Türkiye is organizing the 6th National Science Expedition in 2022. The 15 3700 Radios, Mobile Repeater Radios, and Portable Hybrid Power Support Units provided by ASELSAN, which assists scientists traveling to Antarctica to conduct scientific studies with communication and energy technologies, aided the Turkish team's work in the cold and harsh conditions of Antarctica. Thanks to ASELSAN's radio repeater system, scientific studies have been spread to different regions.



ASELSAN Konya Weapon Systems Factory launched

With the manufacturing of air defense, remote-controlled weapon systems, and electrically propelled automatic cannons, the ASELSAN Konya Weapon Systems Factory, which was officially launched by our President Recep Tayyip Erdoğan, has begun to strengthen the Turkish defense sector.

ASELSAN Konya Weapon Systems Factory was incorporated on December 17, 2020 with a project capital of USD 65 million. The factory, where unique products are being developed, is aimed to contribute to defense industry exports with its technical infrastructure and production capacity. A total of 286 personnel, 116 of whom are engineers, are employed at the factory.

ASELSAN signature in Antarctica

ASELSAN provided domestic and national equipment to assure the safety of all scientists participating in the expedition in Antarctica, where Türkiye is organizing the 6th National Science Expedition in 2022.

Weapon Systems Factory launched

ASELSAN Konya Weapon Systems Factory has become a powerhouse of the Turkish defense industry.

BAYKAR and ASELSAN achieve joint success: Exact hit on target

BAYKAR announced the completion of the ASELSAN LGK fire test using the Bayraktar AKINCI OUAV and ASELSAN CATS cameras. BAYKAR's Twitter account posted the following: "The ASELSAN LGK fire test conducted with the ASELSAN CATS camera has been successfully accomplished." In the test fire, the MK-82 bomb with the LGK Guidance Kit integrated, also developed by ASELSAN, was used.



ASELSAN ranks in the top 50 among world giants

ASELSAN continues to build on its achievements in the Turkish military industry while also achieving success on a worldwide scale. ASELSAN, a subsidiary of the Turkish Armed Forces Foundation, retained its leadership in Türkiye by ranking 49th in the Defense News Top 100 list, which is issued annually and names the top 100 defense sector businesses in the globe.

Entering the list of world defense industry giants in 2007 in 97th place, ASELSAN was the only Turkish company in the top 50. Published annually by Defense News magazine based on the sales in the defense industry of the previous year, "Defense News Top 100" is accepted as the world's most prestigious defense industry list.



ASELSAN at EFES-2022

By utilizing self-developed military technologies, ASELSAN took part in the EFES-2022 Joint Combined Joint Practical Fire Land Drill. ASELSAN displayed the solutions it has developed for various demands at its stand in the exhibition area set up under the coordination of the President of Defense Industries for Turkish military industry products within the framework of the drill.

Presenting a briefing to President Recep Tayyip Erdoğan at the exhibition area, Prof. Dr. Haluk Görgün, Chairman, President and CEO of ASELSAN, commented: "Such opportunities become occasions we attach utmost importance to, work meticulously and take our place with pride. As the number of our domestic and national products increases, we are pleased to see them being used both in drills and in the field."

ASELSAN among world giants

ASELSAN ranked 49th in the Defense News Top 100 list, maintaining its leadership in Türkiye.

ASELSAN mark on EFES-2022

By utilizing self-developed military technologies, ASELSAN took part in the EFES-2022 Joint Combined Joint Practical Fire Land Drill.



Award to ASELSAN from e-Human Program

ASELSAN got the award for the Employer with the Most Effective Participation in the "Talent is Everywhere" Regional Career Fairs in the e-Human Program organized by the Presidential Human Resources Office, which contributes significantly to the careers and employment of young people.

In 2022, Prof. Dr. Haluk Görgün, Chairman, President and CEO of ASELSAN, received the award from President Recep Tayyip Erdoğan, based on the number of career fairs participated in Talent is Everywhere Regional Career Fairs, the number of career events held at the fairs and the results of the satisfaction survey completed by students/graduates.

Highlights of 2022



The first deliveries of mortars modernized with indigenous-national capabilities were carried out

The first modernized mortars were handed over to the Turkish Land Forces Command as part of the project initiated by the Presidency of the Republic of Türkiye's Presidency of Defense Industries (SSB). The 60 mm, 81 mm and 120 mm mortars that were modernized have gained the capability to be fired in a shorter time, with higher precision and with fewer personnel when necessary.



HiSAR on duty

The HiSAR A+ (Low Altitude Air Defense Missile System) and HiSAR O+ (Medium Altitude Air Defense Missile System) systems, which were developed with domestic and national capabilities led by the Presidency of Defense Industries, continue to impress with their capabilities.

HiSAR A+ and HiSAR O+ systems actively took part in the Land Forces Air Defense Command and Control Drill organized by the Land Forces Command. During the drill, HiSAR A+ and HiSAR O+ proved their capabilities in tactical use once again, demonstrating that they are a serious force multiplier in the country's air defense. Mass production activities for the systems, as well as work on new capabilities, continue at full speed.

HiSAR systems make an impression

HiSAR A+ and HiSAR O+ systems actively took part in the Land Forces Air Defense Command and Control Drill organized by the Land Forces Command.

Collaboration for green transportation

KARSAN plans to build the e-JEST model equipped with the ASELSAN traction system.



Domestic and national electric minibus by ASELSAN and KARSAN

ASELSAN and KARSAN signed a domestic and national cooperation for modern and environmentally friendly transportation. As part of the cooperation, KARSAN will produce the e-JEST model equipped with ASELSAN's traction system. The domestic and national electric traction system will feature a 65-kWh battery, a 70-KW electric motor, a motor driver, a vehicle control computer, a driver display panel, and a charging control unit. For a fully independent supply chain ecosystem, the battery system will be produced by ASPİLSAN Energy, which meets the battery, battery and battery needs of our country nationally. KARSAN e-JESTs will be equipped with ASELSAN's fast charging infrastructure and will be charged in approximately one hour.



MARLIN SIDA stands out in its class with its superior technology capabilities

As the first unmanned surface vehicle to represent Türkiye in NATO, MARLIN has surpassed its competitors with the superior technology capabilities developed by ASELSAN.

The MARLIN Armed Unmanned Naval Vehicle (ASELSAN), domestically and nationally developed in collaboration with ASELSAN and Sefine Shipyard under the coordination of the Presidency of the Presidency of Defense Industries, stood out with its features in the NATO exercise held in Portugal.

As the first unmanned surface vehicle with electronic warfare capability worldwide, MARLIN SIDA is planned to be used in offshore or onshore naval warfare operations for defense and offensive purposes.



Successful young people choose ASELSAN once again

Founded with the aim of contributing to the training of qualified workforce in the defense industry, ASELSAN Vocational and Technical Anatolian High School (MTAL) is the choice of successful young people who aspire on becoming a part of the national technology move.

Having an English preparatory class, the school received students from the 0.44th percentile of the High School Transition Examination (LGS) preference results. Since its foundation in 2019, ASELSAN MTAL has enrolled students from the top 1 percentile, with 0.46 percent in 2019, 0.33 percent in 2020, and 0.55 percent in 2021.

ASELSAN MTAL offers a distinguished five-year education in two branches: "Defense Electronic Systems" and "Defense Mechanical Systems". The education programs of both branches have been specially developed for the needs of the defense industry with a working team formed by ASELSAN and the Directorate General for Vocational and Technical Education of the Ministry of National Education.

Successful young people favor ASELSAN

The ASELSAN Vocational and Technical Anatolian High School has been the preferred choice of successful young people who want to be part of the national technology move.

Participation in SAHA EXPO 2022

ASELSAN participated in SAHA EXPO 2022 as the company with the largest booth area and the widest product range.

Full speed ahead on nationalization

Organized by SAHA Istanbul and under the auspices of the Presidency of the Republic of Türkiye, ASELSAN participated in SAHA EXPO 2022 as the company with the largest booth area and the widest product range.

ASELSAN, Türkiye's largest defense technology company, hosted visitors in an area larger than one acre in addition to the event area at SAHA EXPO, and conducted special activities for its strategic partners with nationalization efforts that support the increase in domestic production potential and independent production power.

Having the largest participation in the exhibition, ASELSAN exhibited a wide range of products, from unmanned systems to satellite systems, from naval systems to electro-optical systems, as well as products nationalized with domestic strategic partners.

ASELSAN, which exports its products to 81 countries including Azerbaijan, Kazakhstan, Pakistan and Jordan, in addition to direct sales, including technology transfer and joint production of its products, introduced its products and systems to the visitors as well as its works on supply chain management.



Highlights of 2022



No passage for sea mines from SARPER

The Turkish Naval Forces Command continues to conduct aircraft mine surveillance with all of its elements in order to locate drifting sea mines in the Black Sea. Within this scope, ASELSAN SARPER Synthetic Aperture Radar (SAR) systems, integrated into the ANKA Unmanned Aerial Vehicle in the inventory of the Naval Forces Command, are successfully detecting sea mines.

SAR systems are used in manned and unmanned aerial platforms for high-resolution imaging of the earth and moving target detection. SAR systems, which can operate day and night in all weather conditions and so perform imaging and moving target detection even in wet and overcast settings, can be utilized for aerial surveillance in a variety of military and civilian applications.

Zero Waste Summit

The Third International Zero Waste Summit and Award Ceremony was realized on the fifth anniversary of the Zero Waste Project, launched under the auspices of President Recep Tayyip Erdoğan's wife Emine Erdoğan.

ASELSAN was deemed worthy of the Zero Waste Best Practice Award in the corporate organization category at the summit held by the Ministry of Environment, Urbanization and Climate Change at the Haliç Congress Center. ASELSAN Chairman, President and CEO Prof. Dr. Haluk Görgün, who received the award from Emine Erdoğan, had the following remarks:

"The Zero Waste approach, which we developed to enhance the prospects for a sustainable future, has once more gained national recognition. Our Zero Waste approach, which we implemented on our campuses in 2019, was recognized with an award at the Zero Waste Summit. We have an environment, climate, water and future to protect. ASELSAN, as our leading technological power, will continue to be a national power for a sustainable world. We express our gratitude to Murat Kurum, Minister of Environment, Urbanization and Climate Change, and Mrs. Emine Erdoğan, the host of our Zero Waste march, for their leadership and appreciation."

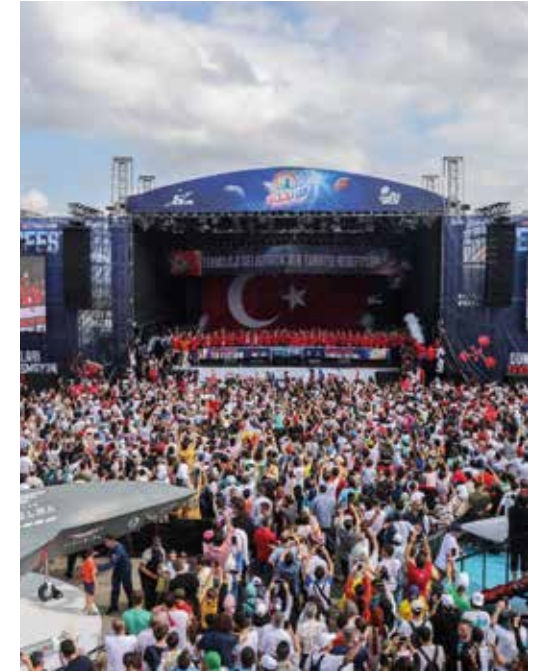


Zero waste award

At the Third International Zero Waste Summit and Award Ceremony, ASELSAN was granted the Zero Waste Best Practice Award in the corporate organization category.

ASELSAN at TEKNOFEST

With over 50 high-tech products, ASELSAN proved to be one of the technology companies that attracted the most attention and interest at the festival.



National technology mark on TEKNOFEST

ASELSAN made its mark at TEKNOFEST, the world's largest aviation, space and technology festival organized in Samsun in 2022.

With its electric buses that provide transportation, the Tekno Adventure area set up at the ASELSAN stand to host children, and more than 50 high-tech products, ASELSAN became one of the most striking technology companies at TEKNOFEST.

Transportation during TEKNOFEST was provided by the Turkish automotive industry's first 100% domestic electric buses, built in collaboration with ASELSAN and TEMSA, and thousands of visitors were brought to the venue by electric buses.



TOLUN hit with pinpoint precision

The National OUAV Bayraktar AKINCI hit its target with pinpoint accuracy in a test fire with the TOLUN (Guided Miniature Bomb), which was developed indigenously and fired from an OUAV for the first time.

Bayraktar AKINCI, taking off from Tekirdağ/Çorlu Bayraktar AKINCI Flight Training and Test Center with four TOLUN ammunition carried on the SADAK-4T (4-pack Smart Release), which was also domestically produced and developed by ASELSAN, took to Konya/Karapınar Fire Test and Evaluation Center to conduct a fire test, where the TOLUN released from Bayraktar AKINCI hit the target with pinpoint precision using GPS/INS guidance.



Performance of ASELSAN equipment in space approved

Having been on its journey to the orbit where it will be positioned in space for a while, the first signals of the Türksat-5B satellite and the ASELSAN equipment on board were picked up from the ground control station as the Türksat-5B satellite reached its orbit. Following the transmission of the first signals to the Earth, ASELSAN Ku-Band Receiver (Low Noise Amplifier and Frequency Downconverter) and Ka-Band LNA (Low Noise Amplifier) equipment on the Türksat 5B satellite, which has been subjected to orbital tests, successfully passed these tests and demonstrated its ability to operate in the space environment, becoming Türkiye's first space equipment to reach the THS-8 level at 36,000 km geostationary orbit.



VURAL system delivered

The last lot of the VURAL Radar Electronic Warfare System was handed over to the Turkish Armed Forces.

VURAL, which was developed within the framework of the contract signed between ASELSAN and the Presidency of Defense Industries, is composed of two products: an electronic support (ES) version and an electronic attack (EA) sub-version. Among these, the ED version provides the detection of hostile radar and radar-guided systems and the extraction of technical parameters of these systems. And the ET version carries out electronic attacks to degrade or destroy the effectiveness of target systems in the field.

Also, able to prevent target systems from detecting friendly elements, the ET variant can also hinder and degrade the guidance capabilities of targets against friendly elements, or cause false information to be transmitted to these systems. Featuring national software and hardware infrastructure, VURAL is mounted on a tactical wheeled vehicle.



First vehicle handover in IFV modernization project

The handover of the first mass production vehicles in the modernization project, which was undertaken in order to increase the survivability and firepower of the Armoured Combat Vehicles (ACVs) in the inventory of the Land Forces Command, to provide situational awareness, positioning and navigation capabilities and to improve the comfort conditions of the personnel for the mission, was carried out with a ceremony held at ASELSAN Temelli Başkent OSB campus.

Human Value Management at ASELSAN

A total of 23 employees attended the online "ASELSAN Development Center" applications and got feedback in line with their competencies. A total of 137 employees and their managers were provided with suggestions for improvement.

Organizational Development Activities

- Under the Organizational Development Project, the Company reviewed existing unit structures and established new unit structures in order to create the necessary infrastructure by understanding the internal team structures for the transition to the Team Leadership Career Path and to ensure more effective and efficient human resources management.

Employee Satisfaction and Loyalty Activities

- Employee Loyalty and Satisfaction for 2021 was measured, manager-employee meetings were held in line with the results, and action plans were determined. Furthermore, efforts have been made to revise the content and method of the survey used for the 2022 evaluation, with modifications made to the item content and the survey methodology revamped to enhance its user-friendliness.

Candidate Communications

- **a Talent:** The a Talent program seeks to develop young talents in terms of professional competencies prior to their entry into the workforce; this development is aided by Mentoring and Reverse Mentoring processes. ASELSAN hired 194 a Talents in the fiscal year 2021-2022. 146 of the a Talents were appointed as company staff. Almost 200 a Talents chosen from 6500 candidates joined ASELSAN during the 2022-2023 year. Industrial

introduction days were organized for all a Talents, and among the a Talents who worked on projects with their mentors, those ranking in the project presentation were given awards by Prof. Dr. Haluk Görgün, Chairman, President and CEO of ASELSAN, at the closing event.

- **Next Big Move to Türkiye:** ASELSAN participated in international career fairs held by ASELSAN and the Presidential Human Resources Office. In these fairs, ASELSAN made technical presentations and interviews, in addition to promoting ASELSAN. ASELSAN strengthened its role in guiding talents who want to pursue a career in the defense industry by representing our country at these fairs. Within the scope of Next Big Move To Türkiye (NBMT), nearly 70 experts in their fields have started to work at ASELSAN since 2019.

Career and Talent Management Activities

- **Performance Development and Feedback System (PGGS):** The PGGS was made accessible from outside the campuses. Improvements were made to the screen where 360° competency assessment results are shared; a detailed result report was shared with employees.
- A total of 77 manager positions were advertised for employees to apply for. A total of 533 employees submitted applications to the advertisements, and 211 employees participated in the Assessment Center

37
thousand

Number of followers
for ASELSAN Yaşam
Instagram account

Back-up
activities

Back-up activities
were conducted
for critical positions
within the scope
of the Talent
Management model.

- practices and received feedback on their strengths and areas open to improvement.
- Back-up activities were conducted for critical positions within the scope of the Talent Management model.
- A total of 23 employees attended the online "ASELSAN Development Center" applications and got feedback in line with their competencies. A total of 137 employees and their managers were provided with suggestions for improvement.
- An update was made to the Career Development Planning System and a screen was designed for employees and managers to track their action plans throughout the year.

Internal Communication Activities

- ASELSAN Yaşam Instagram account has reached 37 thousand followers.
- The campus period was completed by meeting with student clubs and career centers, meeting with 105,000+ students, participating in 250 different online and face-to-face career events, and hosting 15 webinars.
- ASELSAN employees attend the "ASELSAN'lılar Sizin İçin Geliyor (ASELSAN Employees Are Coming for You)" program to meet with high school students and share their experiences about university life. Within this context, in 2022, they visited 12 high schools and met with 750 students.
- The Business Life 101 program, which started in 2021, has accepted 218 students from 103 universities, 40 departments and 22 cities.
- Opening ceremonies were organized for over 1000 a Future participants who joined the Company.
- Closing events for a Talent program for 2021 - 2022 and opening events for a Talent program for 2022 - 2023 were held.
- Activities to introduce ASELSAN with "Our Future is with You" organized for newly recruited ASELSAN employees continue.
- The Seniority Award Ceremony, including employees with 5 and 10 years of seniority, was held at ATO Congressium with the participation of 1,500 employees.

- Activities were successfully completed at all campuses on the Sacrifice and Ramadan Fests, Mother's Day, Father's Day, Father's Day, Women's Day, New Year's Day and the 47th anniversary of the Company's founding.
- ASİL Sports and Arts Communities have become much more systematized, with 28 active communities achieving success in a variety of professions and organizing events as a result.
- The Trailblazers Award Ceremony for 2021 was held, where the most influential projects of 2021 and the "best" of the Gelişim Atölyesi, İyi ki Varsın, and Pusula categories were awarded.
- Six projects were launched in 2022 with the "Value Ambassadors". Time Defenders, one of these projects, was completed with the participation of 2,000 employees. The champion was determined with the final round held in Gölbaşı Pond with 8 tracks.
- The number of active members of the Ailem ASELSAN (My Family ASELSAN) application has reached 8,400. Announcements are made through the application and various competitions are organized on special occasions.

Core and Managerial Competencies Development Trips

- 42 development trips were designed in the ASELSAN Competency Model; thus, 9,329 basic and managerial competency training requests were met. Participant satisfaction rate for development trips and webinars reached 86%. 25,798 asynchronous and synchronous training applications were realized.
- Of the technical training requests, 1,861 training requirements were met under the coordination of the Learning and Development Directorate. Participant satisfaction rate for 25 technical trainings was 88%.

- **a BİL-GE:** The ASELSAN Development Catalog, comprising 7,000+ trainings on more than 700 subjects accessed through a BİL-GE internet and mobile application, was integrated and presented to employees. The total number of videos published under the Knowledge Sharing Program reached 573.
- **Certification Trainings and ERASMUS+ Program:** Internal trainers provided standard trainings to employees and a total of 721 certificates were issued. International mobility activities were realized within the scope of Erasmus+ accreditation.
- **Leadership Development School:** Face-to-face training modules of the Leadership Development School were finalized. 19 Action Learning projects were identified and assigned to 69 Action Learning Teams.
- **Talent Programs:** Training programs under 32 different training topics were organized for a Talents in order to improve their technical and personal development. 860 higher education students had summer internships at ASELSAN between June and September as part of the a Future Program. 230 students were accepted to the ATİK Talent program and started their skills training at ASELSAN.
- **PRIZMA Mentorship Program:** PRIZMA Mentorship Program continued with new terms and a total of 148 mentees were mentored.

ASELSAN MTAL

- ASELSAN Vocational and Technical Anatolian High School established workshops in accordance with the curriculum.
- 8 students from ASELSAN MTAL completed internships abroad and 5 teachers participated in training within the scope of Erasmus+ accreditation.
- 119 students completed 15 working days of internship at ASELSAN during the summer semester. Students were mentored and Career Talks were organized.

Prestigious awards

ASELSAN was awarded silver in the "Internal Communication Activities" category and bronze in the "Values Communication Activities" category at the 2022 Stevie Awards.

ASELSAN Development Catalog integration

Integration of the ASELSAN Development Catalog, which consists of 7,000+ trainings on more than 700 topics accessed through the a BİL-GE internet and mobile application, was carried out.



Awards Received in Year

- ASELSAN received five awards (four Gold and one Bronze) at the Brandon Hall Human Capital Management (HCM) Excellence Awards, and five silver awards in the Technology category.
- ASELSAN was awarded silver in the "Internal Communication Activities" category and bronze in the "Values Communication Activities" category at the 2022 Stevie Awards.
- a Talent Program received the first prize in the "MT Program Most Admired by Young People" category at the Youth Awards, while "a Future" Program received the gold award for "Best Intern Selection and Placement Process" in the "Talent Acquisition" category.
- The Information Management Directorate-backed Recruitment Portal, which offers a smooth user and candidate experience, was awarded the silver prize in the "Best Candidate Experience Management Technology Application" category by Brandon Hall.
- ASELSAN Life was awarded the "Company with the Career Account Most Liked and Followed by Young People on Social Media" award at Youthall.

Procurement and Nationalization Activities

ASELSAN actively works with more than 5,500 companies, of which 3,300 are domestic.

In line with ASELSAN's vision of continuous growth and evolution, a significant transformation was implemented in the supply structure, similar to other fields. The activities that were previously integrated into the upper level of supply chain management in 2021 were restructured to form an organization that prioritizes materials and enhances category expertise as of 2022. The company's procurement activities are fully integrated with the goal of achieving cost-effectiveness, making strategic purchases, and making nationalization, which is at the core of ASELSAN's spirit, a sustainable practice. Procurement teams began to be involved in the processes from the design and planning stages.

The Vice Presidency of Supply Chain Management managed to demonstrate its positive contribution both through its activities and the awareness it raised among internal and external stakeholders. It was started to manage purchasing activities with a central perspective that manages the needs of Sector Presidencies together with them and prioritizes the interests of ASELSAN.

All the necessary measures were taken against the global raw material and chip crisis and the supply chain was ensured to operate in a way that would not disrupt delivery plans. Aiming to keep its sound communication with suppliers, ASELSAN formed alternatives for the products it supplies, ensured mutual cooperation, and generated long- and short-term solutions.

Through the work of the Component Engineering unit, established under the auspices of the Vice President of Supply Chain Management, contributions are now being made to ASELSAN at the design stage in the creation of alternative materials.

Purchasing strategies have been diversified in the previous period. The proactive approach demonstrated by Supply Chain Management teams in procurement and foreign trade processes, strategy changes, process improvements, and customs procedures led to savings of USD 220 million in 2022.

Order volume and the number of companies worked actively carried on rising in 2022 as well. ASELSAN actively works with more than 5,500 companies, of which 3,300 are domestic.

100
Strategic Partner

USD 220
million in
savings

The proactive approach demonstrated by Supply Chain Management teams in procurement and foreign trade processes, strategy changes, process improvements, and customs procedures led to savings of USD 220 million in 2022.

Great importance is placed on improving the procurement competencies of ASELSAN day by day, including new companies in the procurement ecosystem and increasing the competencies of existing companies. Strategic collaboration agreements are signed every year with suppliers that increase added value and adopt ASELSAN's growth targets. The number and quality of strategic partners are increasing day by day with the new strategic partnership vision adopted. In October 2022, at the ASELSAN - Strategic Partnership Ceremony held at Saha EXPO, it was announced that the number of ASELSAN's strategic partners increased to 100. As a result, the number of ASELSAN's strategic partners doubled in the last two years.

Among ASELSAN's main objectives are the development of the supply chain and bringing new capabilities to the supplier ecosystem. To this end, the ecosystem was developed with the participation of new suppliers in 2022. In 2022, the number of suppliers in the sub-industry category, for which certain audits are carried out in the approval processes, was increased by 12% to 495.

Purchase orders totaling USD 1.5 billion were placed in the past year. ASELSAN maintained its strong financial support to its suppliers in 2022, as in previous years. In this context, more than USD 1 billion was transferred to ASELSAN suppliers. Under the Supplier Financing System, nearly 50 suppliers were provided with USD 12 million in funding through 13 banks.



Suppliers have not only been supported in terms of payment, but efforts have also been stepped up to ensure that new orders are placed domestically in the highest possible amounts. Within this framework, in 2022, orders placed with domestic companies amounted to more than USD 1 billion. Of the total purchase orders, 70% were placed with Turkish companies. Moreover, ASELSAN-approved sub-industry companies, strategic partners, and subsidiaries received more than 53% of domestic orders.

To achieve the sustainability of the domestic supplier ecosystem, several collaborations are being carried out in collaboration with several institutions and organizations of our country, as well as many clusters and associations of the defense industry. The development of the supply ecosystem continued in 2022. Meetings were held with important institutions and organizations such as TOBB and MÜSİAD throughout the year. Following the negotiations, a protocol on Supplier Development and Nationalization was concluded with TOBB, and the first events within this framework are planned to be held in 2023. The first Industrialization Event was organized with MÜSİAD, with which similar meetings were held, and 170 supplier meetings were held in a one-day period.

12
USD
million

Supplier
Finance System
sourcing

495
approved
sub-
industry
companies

In 2022, the number of suppliers in the sub-industry category, for which certain audits are carried out in the approval processes, was increased by 12% to 495.

In 2021, the Nationalization Call with KOSGEB was concluded. 13 companies qualified for support as a result of the evaluation. The related companies were announced at the event held within the scope of SAHA EXPO with the participation of Mustafa Varank, Minister of Industry and Technology. At the same time, the second call for nationalization was released.

In 2022, 15 organizations such as SAHA EXPO, Productivity and Technology Fair, Border Security Fair and MÜSİAD EXPO were attended in six different cities. At the events, over 1,500 face-to-face meetings were held with existing and potential suppliers. Ties with suppliers were strengthened, the supply ecosystem was equipped with new capabilities and the existing collaborations were consolidated.

Significant projects were launched in 2022 in the field of digitalization. In order to track ASELSAN's open purchase orders in a digital environment, improvements were made in the Supplier Portal. Within the body of ASELSAN, the "Cost Change Calculation Platform" (MAHİR) was introduced, so that all teams involved in pricing, cost and market monitoring can examine the changes and trends of the main factors such as raw materials, energy, labor, exchange rates and inflation that make up the cost of the product from a common window. By inputting the factors constituting the cost and their weights, cost changes can be easily monitored both on spot and average basis in US dollars, Euros and Turkish Lira.

Procurement and Nationalization Activities

ASELSAN successfully maintained its nationalization and localization efforts in 2022 to minimize foreign dependency in the defense sector and strengthened its leading position in the sector.

ASELSAN Export Control Compliance Policy drafted by the Compliance Department, responsible for determining the policies necessary for ASELSAN to act in compliance with all applicable export control legislation, and to carry out the necessary controls and guidance in the supply chain, was approved. The policy was published on the ASELSAN website in April 2022. Within the framework of this policy, several goals have been achieved including but not limited to; delivery of export control compliance trainings through ASELSAN's internal learning management system, update of internal procedures and submission of compliance reports to top management.

Under the Domestic Logistics Directorate, created to increase efficiency and ensure the necessary coordination from the logistics operations of suppliers to material acceptance processes, the sector-based Material Acceptance process was transformed into a campus-based structure, thereby increasing efficiency. Preliminary monitoring and facility inspections were completed within the scope of the five-year renewal application for the Authorized

Economic Operator Status (AEO). Also, AEO-I status application was approved and defined to the Company in addition to the aforementioned status.

Throughout 2022, successful initiatives in nationalization and localization have been carried out to minimize external reliance in defense, leading to the consolidation of ASELSAN's prominent position in the industry. By means of the Nationalization and Supplier Development Directorate, which concentrates exclusively on nationalization endeavors, a unified and organized superstructure has been established to oversee and harmonize the nationalization activities of ASELSAN and its suppliers. In accordance with this, ASELSAN's nationalization endeavors are executed via self-financed R&D undertakings, contracted assignments, and technical information pamphlets. Each nationalization project is designed and the stages of the process are closely monitored. In the past year, 160 products were nationalized thanks to the extensive efforts of ASELSAN and its suppliers. Since 2018, the nationalization of approximately 670 products has been successfully completed. Over the years,

Nationalization vision

Nationalized products were displayed at the events participated in order to promote ASELSAN's nationalization vision and raise awareness.

Nationalization continues unabated

Nationalization efforts for nearly 670 products have been successfully completed since 2018.

orders for nationalized products have also gradually increased. With purchase orders amounting to USD 135 million for nationalized products, ASELSAN has directly contributed to keeping close to USD 500 million within the borders of our country in the last four years. Nationalization efforts are currently underway for nearly 400 products with 265 suppliers. Nationalized products were displayed at the events participated in order to promote ASELSAN's nationalization vision and raise awareness. Awareness of nationalization was raised by shared success. ASELSAN's nationalization efforts will continue with the understanding that nationalization is a necessity rather than a preference.



Technology and Strategy Management

The year 2022 marked the inaugural Strategic Planning Workshop, which involved the attendance of Board members and Deputy General Managers.

STRATEGY MANAGEMENT

By operating the ASELSAN Strategy Management System, the strategies based on ASELSAN's vision, mission and values are developed in line with the strategies of other critical stakeholders, especially the Turkish Armed Forces Foundation (TAFF).

The year 2022 marked the inaugural Strategic Planning Workshop, which involved the attendance of Board members and Deputy General Managers. A Strategy Map was created with the consolidation of the workshop outputs, and the strategic objectives, corporate performance indicators and strategic activities in the Strategic Plan were revised and approved by the Board Members. Strategic goals, objectives and activities are identified as a result of the workshops, and the implementation of these activities and developments are being monitored through electronic systems.

Strategic Planning

ASELSAN Strategic Plan is set as a result of the strategic analyses in view of growth, globalization, generating value for customers, carrying out R&D activities, being competitive and efficient, and strengthening the workforce and financial structure. The five-year plan is updated annually.

Activities are planned to achieve the strategic objectives and goals in the Strategic Plan and realizations are reported during/at the end of the year with the Strategic Plan Monitoring System. As part of the Productivity Roadmap, projects are being tracked, periodically measured and reported on to increase resource efficiency, improve product/service quality, enhance process/performance, and reduce costs.

Corporate Performance

Authorized managers monitor the progress of ASELSAN Corporate Score Cards, which can be accessed electronically and are updated on an annual basis in accordance with the ASELSAN Strategic Plan and as a result of stakeholder meetings, throughout the year. At the end of the year, the Corporate Performance Measurement is carried out, and the results are utilized for the development of new strategies.

Digital solutions

In 2022, the Project Management Office developed digital solutions for live monitoring of projects at strategic and operational levels, enabling effective and prompt decision-making.

ASELSAN Corporate Goal Cards

ASELSAN Corporate Score Cards in the electronic environment are updated every year in line with the ASELSAN Strategic Plan and as a result of meetings held with stakeholders.



Project Management Office

In 2022, the Project Management Office led the development of digital solutions for real-time project monitoring at both strategic and operational levels, facilitating effective and prompt decision-making. Within the scope of Contracted Projects Management Process the following applications aim to ensure transparency and enhance the effectiveness of project management in controlling & monitoring, resource management and communication:

- Digital applications being improved:
 - Project Performance Application
 - Project Categorization Application
 - Managerial Project dashboards
 - Lessons Learned Application
 - Project Charter
- Newly released digital applications:
 - Contracted Project Status Dashboard
 - Project Management Plan (PMP) Application
 - Project Progress Report (PGR) Test Application

Technology and Strategy Management

ASELSAN's decision-makers were presented with the five-year Technology Roadmap and Investment Plan, leading to the identification of crucial action items.

TECHNOLOGY MANAGEMENT

ASELSAN Technology Summit was convened to review the technological investments, ongoing and new equity-funded projects of the Sector Presidencies and R&D Management Vice Presidency under the scope of the 2023-2027 Technology Roadmap Investment Plan (TYHYP) drawn up to strengthen ASELSAN's technological development in line with the ASELSAN Strategic Plan.

In line with the aim of The Century of Türkiye: Vision 2023, as a result of the presentations delivered by the Sector Presidents and Assistant General Managers with the attendance of the Chairman of the Board of Directors, Members of the Board of Directors, Members of the Executive Committee and relevant Directors, the five-year ASELSAN Technology Roadmap and Investment Plan are shared with ASELSAN's decision makers and important action items are determined. Moreover, ASELSAN laid the foundations for a more efficient and leaner period in which ASELSAN will conduct activities designed to prepare the company for the future.

Significant developments were made in terms of Technology and Innovation Management in 2022, and the future technology trends which were covered in the 2021 ASELSAN Technology Trend Analysis Report were correlated with the technologies that the Sector Presidencies and Vice Presidencies are working on. ASELSAN organized Technology Focus Summits in June 2022, where 109 presentations on the following topics were made in order to contribute to the preparations of the ASELSAN Technology Roadmap and Investment Plan (TYHYP) and to share the future impacts of these technologies:



Collaborations With Universities:

133

Number of Projects
Conducted with
Universities in 2022

30

In 2022,
cooperation was
established with
30 universities.

USD 5.3 million

The project
amount granted
to universities
amounted to USD
5.3 million in 2022.



- Advanced Manufacturing, Robotics and Autonomous Systems
- Air Dominance and Defense Technologies
- Micro-electronic Systems Technologies
- Information Communication and Sensor Technologies
- Advanced Material Technologies
- Satellite-Space Technologies
- Energy Generation and Storage Technologies
- Cyber Security Technologies
- Health Technologies

Innovation Management

In September, the Innovation Summit was convened to assess ASELSAN's corporate culture of innovation and the innovation-related activities conducted or planned to be conducted throughout the organization. Prof. Haluk Görgün, Chairman of the Board of Directors and General Manager of ASELSAN, Sector Presidents and Deputy General Managers, Directors, Managers and ASELSAN Innovation Board members, as well as ASELSAN employees participated in the workshop. During the workshop, assessments were carried out for each dimension to raise awareness of innovation within the scope of the results of the "Corporate Innovation Culture Measurement Survey" held in November 2021 by collecting data in six different dimensions, namely "Values", "Behaviors", "Success", "Working Climate", "Resources" and "Processes". After the workshop, Innovation Action Plan activities were stepped up with the contributions of all Sector Presidencies and Deputy General Directorates.



R&D and Technology Business Development

With the purpose of developing cooperation in R&D and technology, many local and foreign institutions, especially universities and research institutions in different parts of Türkiye, were interviewed in 2022. There were meetings with NÜKEN (Nuclear Energy Research Institute), BOREN (Boron Research Institute) and NATEN (Rare Earth Elements Research Institute) affiliated to TENMAK (Turkish Energy, Nuclear and Mining Research Organization); visits were made to Necmettin Erbakan University BİTAM, Yozgat Bozok

University, Bursa Technical University, Yıldız Technical University and Bartın University. An R&D and Technology Cooperation workshop was co-organized with Gebze Technical University and a cooperation protocol was signed with the Turkish Accelerator and Radiation Laboratory. An in-house workshop on Additive Manufacturing Technologies was organized, six presentations were made at the AMC Türkiye 2022 Conference, and "Design for Additive Manufacturing" training was organized for ASELSAN design engineers.

60+

Completed
equity-funded
R&D project

Internally
funded R&D
projects

Efforts were
undertaken for
330 Equity-funded
R&D projects with
the addition of 80
new projects to the
portfolio in 2022.

Activities for Internally-Funded R&D Projects

ASELSAN's know-how in different sectors comes together with common goals and plans are made under the scope of equity-funded R&D projects. The projects implemented in the past four years have created a broad ecosystem.

Efforts were undertaken to manage the process more efficiently in 2022, and trainings were provided. Different workshops on different topics were organized with the aim of raising awareness on the topics and technologies focused on in the projects and preparing the ground for collaborations. In the light of the findings aforementioned, improvement efforts will be undertaken in 2023. In 2022, some 80 new projects were introduced to the portfolio and 330 equity-funded R&D projects were carried out. More than 60 projects were successfully completed, resulting in new systems and technologies to be added to the ASELSAN product range.



Technology and Strategy Management

In 2022, the Entrepreneurship Center of ASELSAN initiated its operations in Istanbul.

ASELSAN Entrepreneurship Center

In 2022, the Entrepreneurship Center of ASELSAN initiated its operations in Istanbul. ASELSAN Entrepreneurship Center participated in several events such as the 4th Productivity and Technology Fair, Teknofest Karadeniz 2022, Take-Off Istanbul 2022, SAHA EXPO, Istanbul HR Forum, and similar events with stands and informative presentations were made to increase the recognition of ASELSAN Entrepreneurship Center. More than 200 entrepreneurs were interviewed at these events to assess the needs of the entrepreneurship ecosystem, and 47 startup applications received through the ASELSAN Entrepreneur Application Form were evaluated. The Company met with SSTEK, the Ministry of Industry and Technology of the Republic of Türkiye, the General Directorate of National Technology, the Digital Transformation Office of the Presidency of the Republic of Türkiye, Türk Telekom, TURKCELL, and 11 Universities for possible collaborations.



ASELSAN, TOBB University of Economics and Technology, and KTO Karatay University were approved as implementing partners of the TÜBİTAK 1512 Entrepreneurship Support Program (BIGG) from 2023 through 2025. With its extensive knowledge and experience in the fields of advanced technologies along with its program partners, ASELSAN is committed to contributing to the national economy through the rapid commercialization of high-tech startup ideas with growth potential.

Patents presented for approval

Throughout the year, the Supreme Board of Intellectual Property Rights reviewed and considered 130 patent applications, 28 utility models, and 10 design applications for approval.

Executing partner

ASELSAN, TOBB University of Economics and Technology, and KTO Karatay University were approved as implementing partners of TÜBİTAK 1512 Entrepreneurship Support Program (BIGG) for the duration of 2023-2025.



Technology Transfer

In the field of wind energy, where the Turkish market is estimated to be worth over USD 40 billion in the coming years, technology transfer was made from the German company Aerovide. Under the agreement, the technological know-how and intellectual rights of Aerovide in the field of wind turbines were transferred to ASELSAN. The Company carried out feasibility and business appraisal analyses for ventures operating in the fields of biotechnology, magnets, battery management systems and sealing technologies.

Meetings were held with the Technology Transfer Offices (TTO) of universities on the conditions regarding the sharing of rights and commercialization of the inventions that emerged during the postgraduate education of ASELSAN personnel with universities. Within this scope, in 2022, 22 contracts were signed with four different universities. Throughout the year, the Supreme Board of Intellectual Property Rights reviewed and considered 130 patent applications, 28 utility models, and 10 design applications for approval.

Digital Transformation

Digital Transformation Strategy and Roadmap Project was initiated to, address the digital transformation projects those will prepare ASELSAN for the future with a holistic approach strategy. In these projects, a methodology is used that is paradoxically and systematically evaluated and that puts the "human" factor at its focal point. ASELSAN aims to design the future with the projects stated in the Digital Transformation Roadmap.

For the Product Lifecycle Management (PLM) project, a key component of ASELSAN Digital Transformation, the most suitable PLM solution for ASELSAN was selected and the contract signing stage was reached out. As a result of conducting with companies utilizing varying PLM systems and performing PLM technical benchmarking studies, the most suitable decisions were made for ASELSAN. The objective of PLM is to create a framework that facilitates the digital supervision and administration of all stages involved in a product's life cycle, commencing from its conception to its disposal. The adoption of PLM within ASELSAN will simplify communication between units and processes, ultimately leading to a reduced product time-to-market. The company arranges training sessions and events to embrace the cultural shift instigated by digital transformation and to increase awareness of the same.

ASELSAN Academy

At the tenth University-Industry Cooperation Conference (UIIN) held in Amsterdam, ASELSAN Academy, the first Fourth Generation University model in Türkiye, won first place in the Outstanding Support Mechanisms category, surpassing over 400 applications from 60 countries.



ASELSAN Academy is in its sixth year with 602 students, including 87 PhD students. The number of graduates increased to 198 with 103 employees who graduated in 2022. In November, at the ASELSAN Academy Graduation Ceremony, an evaluation was made of the added value and academic benefits of the graduates' theses to ASELSAN, and awards were presented to the top three thesis authors and their thesis advisors in the ranking determined by taking into account outputs such as articles and patents.



602

Number of students at ASELSAN Academy

Academy workshop

The fifth ASELSAN Academy workshop was hosted by the Middle East Technical University.

ASELSAN Academy offered a total of 172 online and face-to-face courses in 2022. To date, students have produced 34 journal articles, 133 papers, 13 patents and three utility model applications within the scope of their thesis studies. ASELSAN Academy enlightens students' academic journeys through the mentoring support it offers. To identify thesis topics in line with ASELSAN's technology roadmap and contributing to ongoing or planned projects, periodic meetings are held with the participation of students, managers and advisors to increase university-industry cooperation.

The Middle East Technical University (METU) hosted the fifth workshop of ASELSAN Academy. At the workshop, ASELSAN Academy students presented the articles and papers they produced from their thesis studies. In addition, technology sessions were conducted with ASELSAN's experienced employees and faculty members from universities as speakers. There was information sharing on the latest advancements in Test-Free Verification, Next Generation Communication Technologies, Information Security, Machine Learning, Computer Vision, Innovative Materials, and Chip Technologies, including their practical application areas in ASELSAN.

10 of the first period applications within the scope of the TOHUM Research Support Program, launched with the aim of expanding the opportunities of ASELSAN Academy theses by supporting them from ASELSAN's own resources and projecting them in a way to increase the added value they will create, were granted support. The second round of support is planned to be provided in 2023.

Research and Development Activities

Starting in November 2022, the R&D Management Assistant General Manager's Office began operating at Teknopark Ankara, located in Ankara.

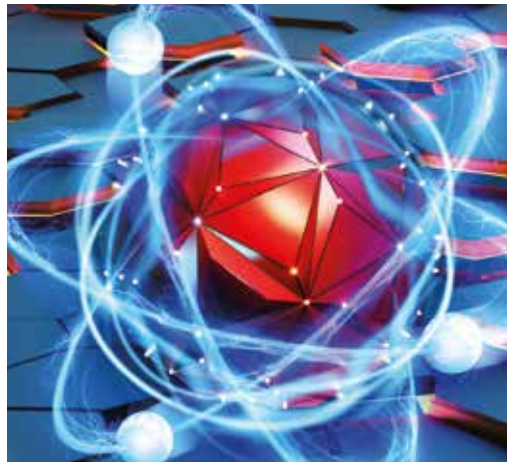
At ASELSAN, the Deputy General Directorate of R&D Management (AGYGMY), with the aim of "Leading Technology" through its advanced and groundbreaking studies, is active in a wide range of fields from artificial intelligence to autonomy, from photonics to quantum, from communication to innovative image processing algorithms, from biodefense to advanced material technologies, with its research studies for technology acquisition focused on management fiction, in order to further advance our country and ASELSAN.

The technology activities under AGYGMY will continue contributing to the products and technologies of our sectors in the future, and will serve the technological independence of our country in the long term thanks to the know-how to be gained.

In 2022, AGYGMY continued its close contacts with universities, an important stakeholder in the field of technologies studied. In this way, many national and international conferences were attended with presentations, papers and posters. Apart from academic presentations, career talks were organized where ASELSAN's expert researchers shared their experiences, which are expected to serve as guidance for university students.

AGYGMY began conducting its activities in Ankara at Teknopark Ankara in November 2022.

Directorates in Istanbul Technopark, which carry out their activities according to Technopark processes, have successfully completed the Evaluation and Audit of the Ministry of Industry and Technology of RoT. "The Istanbul R&D Center of Deputy General Directorate of R&D Management of ASELSAN A.Ş." became the ninth R&D Center of ASELSAN and the second R&D Center of AGYGMY.



Quantum projects

In 2022, the Quantum LIDAR Development and Microwave Quantum Radar Components Development (KUDAR) projects were signed.

Two awards

In 2022, ASELSAN was presented with two accolades, namely "Most New R&D Personnel Employment" and "Group E R&D Centers," at the R&D Centers Performance Index Awards.



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In addition to the HAMLE project, which focuses on developing an Artificial Intelligence Command Assistant for Movement Style, ASELSAN signed the Quantum LIDAR Development and Microwave Quantum Radar Components Development (KUDAR) projects in 2022. Efforts are underway for the Development of Graphene Based Flexible Electrode Materials (EGE) project and the Development of a Relative Position Determination Algorithm Based on Structural Rigidity and Distance Measurement with Graph Theory in Mesh Networks (YAKUT) project.



The number of equity-funded R&D projects with a Technology Readiness Level (TRL) between 1 and 4 was increased from 27 to 31 in 2022. The projects aimed at nationalization, particularly the Development of Epoxy Based Adhesive for Surface Mounted Circuit Elements project (SSA) and the Domestic and National Laser Diode Development project (Ermaksan) draw attention.

The development and cooperation of the R&D ecosystem involved collaborations with public institutions and organizations such as the Presidency of Defense Industries (SSB), TÜBİTAK, Development Agencies, and TAGEM. Collaboration meetings were held with IBM, IBM Research, Huawei and Turkcell Technology, and cooperation activities were carried out with universities. Within this scope, "Leading Technology Summit" with Sabancı University, New Technology Areas workshop with Gebze Technical University, meetings with Yıldız Technical University Biomedical Department, Ankara University Physics Department, Ankara University Photonics Research Center and Gazi University Advanced Technologies Department were held.

In order to be a pioneer in the field of agricultural technologies in the country and to create projects and ecosystems in this context, meetings were held with TAGEM under the Ministry of Agriculture and Forestry, Gebze Technical University, Eskişehir Technical University, Sivas Science and Technology



University and an Innovation and Technology in Agriculture Workshop was organized with the participation of the private sector.

A collaboration protocol was concluded with Fraunhofer ISIT, one of the prospective consortium members, under the call request titled HORIZON-CL5-2023-D02-02-01 "Advanced Materials and Cell Development Enabling Large Scale Production of Gen4 Solid State Battery for Mobility Applications" in the "Horizon Europe Cluster 5 Climate, Energy and Mobility Work Program 2023-2024" report.

Sensors and Imaging Technologies

In accordance with the Quantum Technologies Roadmap, which was developed with the understanding that quantum technologies are critical for our country, quantum projects were launched with the support of the Presidency of Defense Industries, with the goal of achieving significant gains for our country. As a



Health projects

Research has been conducted in the healthcare sector to create a "Superparamagnetic Nanobubble" with dual functionalities for diagnostic imaging and therapeutic treatment.

Ecosystem development

As part of R&D ecosystem development and cooperation efforts, work was carried out with public institutions and organizations, particularly SSB, TÜBİTAK, Development Agencies and TAGEM.

significant outcome of this, the Quantum Technologies Research Laboratory (KUANTAL) was established in November with a protocol signed by the Union of Chambers and Commodities Exchanges of Türkiye (TOBB) ETU and ASELSAN.

Research has been conducted in the healthcare sector to create a "Superparamagnetic Nanobubble" with dual functionalities for diagnostic imaging and therapeutic treatment. Human-scale system development in the world-leading field of "Magnetic Particle Imaging", calibration using compressed sensing, and picture enhancement algorithm studies with deep learning have all proceeded.

Many national and international conferences and workshops were attended, and the group titled NATO SET-232/SET-236 - "Design and Analysis of Compressive Sensing Techniques for Radar, ESM and Electro-Optical Systems" received the "2022 STO Excellence Award".



Research and Development Activities

Research in the fields of computer vision, natural language processing, and decision-making, all of which fall under the umbrella of artificial intelligence, remained ongoing.

Artificial Intelligence and Information Technologies

Research in the fields of computer vision, natural language processing, and decision-making, all of which fall under the umbrella of artificial intelligence, remained ongoing.

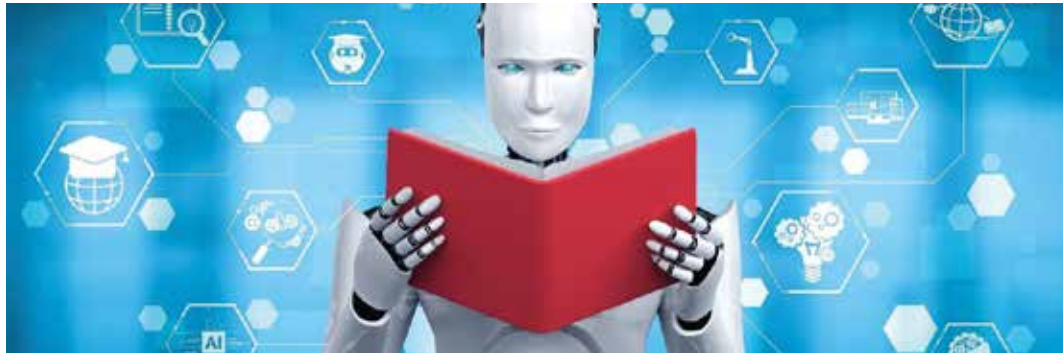
Within the scope of Teknofest 2022 event, Artificial Intelligence in Transportation Competition was organized.

International competitions were attended. In the competition titled "The 5th Workshop on Challenges and Applications of Automated Extraction of Socio-Political Events from Text Task 1: Multilingual Protest Event Detection"

organized within "The 2022 Conference on Empirical Methods in Natural Language Processing (EMNLP)" conference;

- With first place in Turkish and Chinese, second place in Portuguese, and third place in Urdu in detecting protests in news documents,
- First place in English and Spanish and second place in Portuguese in the protest sentence grouping,
- Second place in Protest entity name recognition in all languages,

4 first places, 5 second places, and 3 third places were achieved in a total of 16 competition categories.



Leader organization

The company was the Lead Organization in the "Graphene and Two Dimensional Materials Focus Technology Network" studies.

Efforts continue

The development of a nanomaterial-based sensor array for chemical gas detection continued.



Advanced Material Technologies

We participated as the Lead Institution in the "Graphene and Two Dimensional Materials Focus Technology Network" studies, and completed the work to determine the Technology Roadmap in this field, with the understanding that the outputs of the OTAĞ studies conducted under the auspices of the Presidency of Defense Industries are very important for the sector. In accordance with the findings of these studies, it is planned to begin research on wearable electronics using the SSB.

As part of collaborations with sector presidencies, new projects were designed. Development of a nanomaterial-based sensor array for chemical gas detection continued. Initiated in 2021, R&D studies on graphene-based domestic and national electronic textiles, which are being studied recently in the world, continued.

As part of the studies on boron, which is one of the foremost underground riches of our country, "International Boron Symposium, Türkiye Energy, Nuclear and Mining Research Institute Boron Research Institute (TENMAK BOREN) collaboration efforts were continued and the International Boron Symposium was attended.



Biodefense Technologies

Efforts were underway to acquire skills for detection/diagnostic applications in the field of health. In this context, "Electrochemical Based Sensor" development was studied with TÜBİTAK 1004 support. TÜBİTAK-supported project studies for the development of domestic and national "Development of Optical Spectroscopy Methods" for the detection of chemical and biological agents have also been initiated.

Validation tests were conducted to confirm the hypothesis of the "Virus Diagnosis System," and efforts to introduce the product to the relevant industry department have commenced.

In the "Chemical Biological Radiological Nuclear" (CBRN) Focus Technology Network (OTAĞ) studies organized by the Presidency of Defense Industries, ASELSAN takes part as the Lead Organization. In addition to its role as the Lead Organization, ASELSAN will also lead the Focus Working Group on Detection/Detection Systems. As part of the OTAĞ study, the CBRN Technology Roadmap of our country will be drawn and a final report will be prepared.

Autonomy and Mechatronic Technologies

Autonomy and mechatronics technology projects initiated with the relevant sector presidencies are progressing. Studies are carried out in the fields of Swarm and Convoy Management, Bio-Inspired Air Vehicle, Next Generation Controller and Shape Changing Unmanned Aerial Vehicles, thermal management technologies.

With Teknofest 2022 in particular, bio-fueled flapping wing prototypes have been presented at many exhibitions and fairs. The flapping wing, which has low detectability, reconnaissance and surveillance capability, is designed entirely with indigenous capabilities.

"Agricultural Technologies" and "Agricultural IIC" competitions as part of Teknofest were taken part in the report evaluation committee.



Photonics technologies research

ASELSAN began conducting fundamental research on novel and inventive photonic technologies to enhance its competitive edge.

Virus detection system

Validation tests were conducted to confirm the hypothesis of the "Virus Diagnosis System," and efforts to introduce the product to the relevant industry department have commenced.

Photonic Technologies

ASELSAN began conducting fundamental research on novel and inventive photonic technologies to enhance its competitive edge.

Meetings and workshops organized by universities, where groundbreaking studies in the field of optics and photonics are carried out, and where researchers in Türkiye and around the world are brought together, were attended. In this scope, there were presentations in workshops focusing on photonics, quantum optical technologies, laser chip design, laser diode design, laser source design, and fiber bragg grating.

It has been determined that it is appropriate to apply to the TÜBİTAK 1004 program for the project titled Quantum Cascade Lasers, Devices and Applications together with ASELSAN Sivas Hassas Optik A.Ş., Izmir Institute of Technology, Sivas Cumhuriyet University, Dokuz Eylül University, Erzurum Atatürk University, TEKNOMA Teknolojik Malzemeler San. Tic. ve LTD. ŞTİ and ELEKTRAL Elektromekanik San. ve Tic. A.Ş. stakeholders.



Research and Development Activities

Studies were conducted to assess the feasibility and infrastructure requirements of short-range wireless communication technologies with exceptional innovation and transformative potential in the realm of high-bandwidth connectivity.



Advanced Communication Technologies

The Company initiated research activities to develop indigenous and innovative communication technologies, as well as next-generation communication systems and the use of these systems in military environments, in order to increase ASELSAN's competitive power.

Studies were conducted to assess the feasibility and infrastructure requirements of short-range wireless communication

technologies with exceptional innovation and transformative potential in the realm of high-bandwidth connectivity.

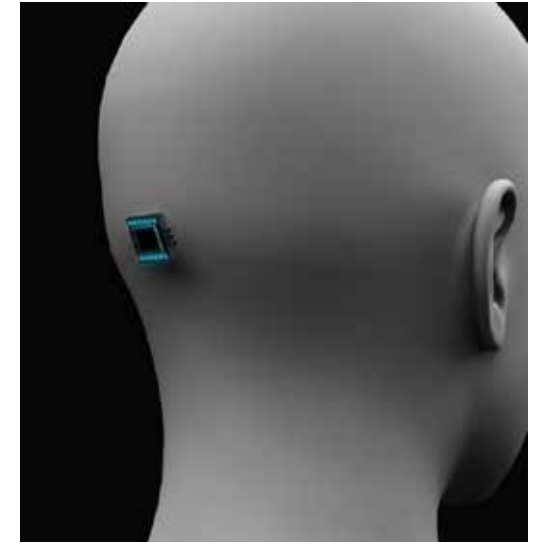
Throughout the year, research on communication subcomponents such as frequency selective surfaces and miniaturized antenna designs was continued, and research on next-generation internet in network planning technologies will be initiated.

Collaboration with scientists

The initiative to develop brain-computer interfaces and cortical implants is scheduled to be launched in collaboration with scientists in Türkiye and abroad.

Communication subcomponents

Work continued on communication subcomponents such as frequency selective surfaces and miniaturized antenna designs.



Future Technologies Pioneering Researches

In its current and future fields of activity, ASELSAN conducted ground-breaking studies to identify research areas for next-generation technologies that can strategically contribute to contribute at a strategic level to game-changing, national capabilities and opportunities that shape global developments.

Brain-Computer Interfaces and Cortical Implants are innovative technologies with applications in both healthcare and defense. The initiative to develop cortical implants and brain-computer interfaces is planned to be launched in partnership with scientists in Türkiye and abroad, collaborating with an academic team that has extensive academic connections in this field. To this end, a bridge will be established with scientists through TASSA (Turkish American Scientific and Academic Association) established in the USA and efforts will be initiated to fund studies by agencies such as "Joint European Disruptive Innovation - JEDI".

Business Development and Marketing Activities

Ranking 49th in the “Defense News Top 100” list organized by Defense News Magazine in 2022, ASELSAN continued to maintain its success as the only Turkish company in the top 50 among the world giants.

Business Development and Marketing Executive Vice Presidency signed new international sales contracts totaling 415 million dollars in 38 different countries in 2022.

Considering the period following the export-oriented organizational restructuring, as of the end of 2022, the total international sales figure for the last four years reached a record level (a total of USD 1 billion 439 million worth of international sales contracts were signed in 2019-2022), and international sales increased by 63% compared to the previous four-year period.

Furthermore, foreign cash inflows reached a record high in the last four years (USD 1 billion 80 million in total cash inflows in 2019-2022), with a 66% increase over the previous four years.

As of the end of 2022, foreign backlog orders are above the USD 1 billion mark.

In 2022, ASELSAN products were sold to three new countries where no sales had ever been made before. Total number of countries to which sales have been made in

the last four years has increased to 81, with 18 new countries added. Another 50 different products that had never been sold abroad before were introduced to the international arena with the international sales contracts signed in the last four years.

Ranking 49th in the “Defense News Top 100” list organized by Defense News Magazine in 2022, ASELSAN continued to maintain its success as the only Turkish company in the top 50 among the world giants.

In the global arena, brand perception strengthening activities were carried out. By closely following international communication trends, an out-to-center communication strategy was developed. The Company's core communication values of accessibility, transparency, and timely response led to sustainable collaborations. Progress was made in line with the vision of localization by globalizing with different business models and sales channels in countries where ASELSAN's presence is sustainably increased.

Sales to 3 new countries

In 2022, ASELSAN products were sold to three new countries where no sales had ever been made before.

—
81

Number of
countries sold in
last four years



As required by the motto “Technology Serving People & Planet”, ASELSAN aims to continue to work tirelessly in the coming period with the vision of reaching people all over the world in every corner of the world and offering solutions that will improve their quality of life.

A person in a white lab coat is shown in profile, looking down at a rack of military radios. The person is holding one of the radios in their hands. The rack is filled with many similar radios, and the scene is lit with a cool blue light. The background shows a server room or a similar technical environment with metal racks and cables.

Communication and Information Technologies

The installation and commissioning of military radios for various platforms of the Turkish Armed Forces, particularly the Land Forces, Naval Forces, Air Forces, Special Forces and Coast Guard Commands, continued without interruption in 2022.

Communication and Information Technologies

Installation activities of a total of 2,700 radios and intercom systems on platforms belonging to the Land Forces Command were completed and put into use in 2022.

MILITARY COMMUNICATIONS



Military Radio

The "ASELSAN WBNW IP Transition" feature of ASELSAN Military V/UHF radios was ranked among the nine most innovative features among the 369 features participating in the NATO CWIX 2022 Exercise and was exhibited to senior military personnel of NATO member and friendly countries.

As part of the ÇBSMT and Radio Management System (TYS) projects, the 9661 V/UHF radios were provided with the ability to remotely update the radio software by installing secure software.

Additional multi-hop range extension capabilities were introduced to the Wideband Networking Radio Waveform (WBNRW) to address communication needs of special forces in complex terrains and environments.

The process of integrating and propagating radios with Wideband Tactical Communication System (WBTS) capability, aimed at providing high-speed tactical communication in Türkiye, is progressing rapidly.

The Company's installation and commissioning activities for military radios on several platforms of the Turkish Armed Forces, particularly the Turkish Land Forces, Turkish Naval Forces, Turkish Air Force, Turkish Air Force, Turkish Special Forces and Turkish Coast Guard Commands, also continued on an uninterrupted basis in 2022.

Within 2022, the installation of a total of 2,700 radios and intercom systems on platforms belonging to the Land Forces Command, 700 radios on platforms belonging to the Air Force Command, and 15 radios on the Naval Forces Coastal Units were finalized and put into use. In 2022, the highest number of radios installed in a single year was reached.

Integration is underway

The process of integrating and propagating radios with Wideband Tactical Communication System (WBTS) capability, aimed at providing high-speed tactical communication in Türkiye, is progressing rapidly.

Radio setup

In 2022, the highest number of radios were set up in a single year.



MMU-BÜHSET (ICNI – Integrated Communication Navigation and Identification) Project

- The activities related to the ICNI system, which is being carried out under the MMU program, progressed in collaboration with domestic solution partners.
- Preliminary design stage of all functions has been completed and critical design activities has been started.
- A functional prototype unit has been developed in accordance with the IMA (Integrated Modular Avionics) architecture for basic Block-0 functions of ICNI system.

Modernization of Azerbaijan Air Platforms and Tower Communication System Project

Software Defined Radios, Avionic Intercom Systems and Voice Communication and Control System (VCCS) operating in the V/UHF and HF bands were delivered and integrated with various ASELSAN communication systems to all types of fixed and rotary wing air platforms and fixed and mobile towers in the inventory of the Azerbaijan Air Force Command for the purpose of providing a secure and modern communication infrastructure urgently needed by the Azerbaijan Ministry of Defense. ASELSAN has successfully completed all phases of the project as of 2022.

Communication and Information Technologies

Offering a broadband integrated communication solution in the tactical field, the prototype of TASMUS-H was exhibited at the EFES-2022 drill.



Multiband Digital Joint Radio (ÇBSMT) Project

Kocaeli Cengiz Topel Naval Air Base Command was endowed with Türkiye's most modern flight control tower and its active utilization commenced in 2022. The tower was integrated with ASELSAN 9671 V/UHF radio systems, Voice Communication and Control System (VCCS) and the discone antennas operating in the 100-400 MHz band, developed and manufactured indigenously by the HBT Sector Directorate, entered the inventory of the Turkish Armed Forces for the first time with the Cengiz Topel Air Base Flight Control Tower.

Expanding the Use of Airborne Communication Products

In order to expand the use of ASELSAN products on more platforms and to increase the export, Aksungur, Hürjet, Hürkuş-II, MMU, Gökbey, Atak-II, General Utility Helicopter, F-16, CH-47, Akıncı, TB2 and TB3 platforms reached significant technical and/or administrative progress (such as first installation, first order, first export, first delivery, etc.).

Second Generation Remote Control Unit Project

An equity-funded project was initiated to develop a user-friendly remote control unit for 9681 V/UHF airborne radios used in fighter aircrafts.

Mobile Tactical Field Communication System (TASMUS-H)

Offering a broadband integrated communication solution in the tactical field, the prototype of TASMUS-H was exhibited at the EFES-2022 drill.

For the next generation TASMUS works, a design has been created in which a number of new technologies are integrated into the

Azerbaijan modernization project

Radios and intercom systems based on software have been delivered/integrated with various ASELSAN communication products.

Remote command

ASELSAN initiated the Second Generation Remote Command Unit Project.

armored vehicle in addition to the existing TASMUS architecture. The first prototype product of this new concept was showcased during the EFES-2022 exercise.

With TASMUS-H;

- The system was equipped with the capability to communicate on the move from Single Soldier to Strategic Network in order to ensure that the command posts move with the military personnel in the new operational order and to meet the communication needs during this mobility.
- For distances where the operational area is outside the borders of the country and where it is not possible to provide a radiolink connection, satellite systems that provide a wider coverage area are used.
- The use of armored vehicle/shelter structures as a result of changing operational needs added significant value to the system in terms of protecting the operator and communication elements against an armed attack.
- In line with the high capacities reached in commercial communication technologies and the need to use the end terminals (mobile phones, tablets) accustomed by users in daily life in the tactical field, commercial technologies that can offer high data transmission capacities such as LTE and WI-FI have been integrated into TASMUS systems.





GRC-5220 Tactical Broadband Ethernet Radio Family

The GRC-5220 Tactical Broadband Ethernet Radio can safely and reliably transmit voice, data and video communication applications in the tactical field with its high capacity. Used both in Türkiye and internationally for many years, GRC-5220 radios were sold to many countries in 2022. Installation and commissioning activities are also carried out within this scope. Negotiations are also in progress with various countries for the sale of GRC-5220.

Missile Data Link Projects

- The delivery of data link systems is ongoing as part of the mass production package for HİSAR air defense systems.
- Data link system development, verification, and production activities are ongoing as part of the Long-Range Regional Air and Missile Defense System Project (SİPER). SİPER Data Link System has been tested and verified in operational environment in missile launch test activities in 2022.



Intelligence, Surveillance and Reconnaissance (ISR) Data Link System

The validation process for the Intelligence, Surveillance and Reconnaissance (ISR) datalink system continued. The system provides a secure and reliable link function for UAVs, USVs, and UGVs. Cruise tests were carried out on DEARSAN SALVO SIDA and MARLİN SIDA platforms.

Identification Systems-IFF Mode 5 Projects

Delivery of the IFF Mode 5/S Transponder, S/M Range Interrogator, and Long Range Interrogator, and development activities of the Combined Interrogator/Transponder, Man Portable Interrogator, and Reverse IFF devices are ongoing.

The integration and dissemination of IFF Mode 5/S devices to fighters, aircraft, helicopters, air defense systems, ships, radar, and UAV platforms increased in 2022.

Data link systems

The delivery of data link systems is ongoing as part of the mass production package for HİSAR air defense systems.

Cruise tests

Cruise tests were carried out on DEARSAN SALVO SIDA and MARLİN SIDA platforms.

Naval Communication Systems

Following the completion of the provisional acceptance of the TCG Anadolu (LHD), set to become the flagship of the Turkish Navy, the naval communication system, which includes many new sub-systems, in the largest configuration ever installed, has been put into service of the Turkish Naval Forces Command.

The 4th and 5th submarines of the New Type Submarine Project were completed and delivered.

Communication systems of the two corvette-class ships built at Istanbul Shipyard Command as part of the Pakistan MILGEM Project have successfully completed their factory acceptance, and the integration of the systems into the platform began.

The communication systems of MILGEM-5, the first of the I-Class corvettes, were factory accepted in 2022.

The factory acceptance of the communication system of the second ship within the scope of the Barbaros Class Frigates Half-Life Modernization was completed and delivered.

The communication system of the first submarine in the Preveze Class Submarines Half-Life Modernization Project has been accepted and delivered.



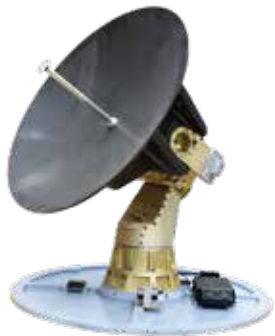
Communication and Information Technologies

The satellite communication system with 1.5 meter X-Band stabilized antenna system, which was designed and produced domestically and nationally, was actively used in the field by the Turkish Naval Forces Command.

Satellite Communication

The Turkish Naval Forces Command has put the domestically designed and produced 1.5 meter X-Band stabilized antenna system into operation and this system has been installed on a total of 25 vessels.

TCG ANADOLU's satellite communication systems including the 1.8 meter X-Band and Ku-Band stabilized antenna system were activated, and harbour and sea acceptance tests were successfully conducted.



The 38 cm Submarine X-Band Stabilized Antenna System, which was designed and produced domestically and nationally for the first time, has passed the qualification tests to be used in the Preveze Midlife Modernization (YÖM) Project. This satellite communication system will be integrated into the Preveze class submarines. With this antenna system, all submarines belonging to the Turkish Naval Forces Command can now be equipped with ASELSAN solutions.

Designed and produced domestically and nationally, the 60 cm X-Band stabilized satellite antenna system was integrated onto the armored vehicle and used by the Turkish Armed Forces as a Satcom On The Move satellite communication terminal.

Systems activated

TCG Anadolu's 1.8-meter X-Band stabilized antenna system and Ku-Band satellite communication system were activated, and successful port and cruise acceptance tests were successfully conducted.

Qualification tests

38 cm Satellite Communication System with Submarine X-Band Stabilized Antenna System underwent and passed qualification tests to be used in the Preveze CDS project.

10 PUP portable satellite terminals were delivered to the Azerbaijan Ministry of Defense. Delivered systems will provide the voice and IP data communication required by the user through the satellite ground station established and currently used by ASELSAN in Azerbaijan.

Under the AKINCI UAV Project, many airborne satellite communication terminals were shipped to the platform manufacturer in 2022, and airborne satellite communication terminals and portable satellite communication systems began to be actively used in the field.

Under the Pakistan AKINCI UAV Project, the delivery of the airborne satellite communication terminal and portable satellite communication system, which were developed indigenously and domestically with ASELSAN's own resources, was realized. The first satellite communication system was delivered to Pakistan with the said project.

1.8 m and 2.4 m portable satellite terminals were delivered to the Turkish Armed Forces. The delivered systems will provide the voice and IP data communication required by the user through the satellite ground station installed and currently used by ASELSAN.

CRYPTO AND INFORMATION TECHNOLOGIES

LTE-to-Wi-Fi Converter

Design and development work continues within the scope of the LTE-Wi-Fi Converter project. Test studies were carried out on prototypes at CAT6, CAT12, and CAT20 levels. The products are intended to be ready for sale in 2023.

MiniPKC

Detailed design of three types of devices (Military MiniKAC, Commercial/Industrial MiniKAC, and Encrypted Commercial/Industrial MiniKAC) developed within the Mini Wireless Network Device (MiniKAC) Project was carried out and the implementation stage has newly begun.

National IP Router Family

A total of 20 unencrypted devices developed as part of the National Router Family Project were prepared for mass production and sale. Software development/improvement is ongoing.



Ethernet Switch Family/8Tbit/s Ethernet Switch Family/8Tbit/s National Router Family/ SDN/NFV Compatible Network Devices and vCPE Design

Work continues on business development and delivery activities for the positioning of the Ethernet switch family in domestic institutions. Design work continues within the scope of 8Tbit/s Ethernet switch family, 8Tbit/s national router family and SDN/NFV compatible network devices and vCPE design projects. The products are expected to be available by the end of 2024.

Security and Emergencies Coordination Center Communication System (GAMUS)

The GAMUS Project, for which a contract was signed between the SSB and ASELSAN, will be installed in the first phase in provinces where both JEMUS and DMR systems are operational. It is aimed to expand the GAMUS Project throughout Türkiye in parallel with the installation of JEMUS and DMR systems.

Gebze-Darica Metro Signaling Communication

The factory acceptance tests were successfully completed in the activities carried out within HBT within the scope of the Gebze-Darica Metro Signaling Communication Project. The first 8 stations will be commissioned in 2023.

One-Way Gateway System / Network Application Firewall

Among the cyber security products, the verification activities of the One-Way Gateway System and Network Application Firewall (WAF) devices were completed and the sale of the WAF device was realized.

National router

A total of 20 unencrypted devices developed as part of the National Router Family Project were prepared for mass production and sale.



Business development activities

Business development and delivery activities are in progress for the positioning of the Ethernet switch family in domestic organizations.

GİZ Secure USB Memory

GİZ secure USB memory stick deliveries continued in 2022 within the scope of data security.

Crypto Devices

Development and sales of crypto devices continued in 2022. Domestic and international deliveries of MiniPKC and Commercial 10G IP crypto devices were realized, and the development activities of the national 10GB crypto device continued.

Cyber Security Activities

The System Security Engineering Unit established within ASELSAN started the design and development of cyber-resilient systems that are secure by design as part of its cyber security activities. Within the scope of HBT, UGES, SST, REHİS and MGEO Sector Presidencies, system security engineering activities are carried out in projects.

Communication and Information Technologies

A very high speed X-Band Transmitter (> 600 Mbits/s) unit was verified for use on the desktop for image transmission on observation satellites.

SATELLITE AND SPACE TECHNOLOGIES

TÜRKSAT-6A

In January 2022, the integration and testing activities of the X-Band and Ku-Band satellite communication payloads, the development activities of which were completed by ASELSAN in 2021 within the scope of the indigenously developed Türksat-6A Communication Satellite Project, started with the satellite platform. The environmental test campaign for the flight model of the Türksat-6A satellite has started in May 2022, following a successful



integration campaign. The flight model thermal vacuum test campaign, a very important milestone of the project, was completed in November-December 2022. Upon completion of all environmental tests, TÜRKSAT-6A, Türkiye's first indigenous communication satellite, is scheduled to be transferred to the launch site in 2023.

TÜRKSAT-5B

The Ku-Band receiver and Ka-Band low-noise amplifier (LNA) equipment developed by ASELSAN on the Türksat-5B Project, which has been operating in space for more than one year, have proven their capabilities by passing all the tests performed in the space environment and fulfilling the tasks expected of them. As stated in the latest Türksat-5B ASELSAN Equipment Health Report published by Türksat, ASELSAN's equipment continues its active presence in space with its high performance.

R&D Activities in Satellite and Space Technologies

- To adapt to the concept of "small satellites", which will be cost-effective and launched in large quantities in the upcoming years, detailed and intensive work on system design for new space continued at an accelerated pace.

Environmental testing campaign

The Türksat-6A satellite flight model environmental test campaign started in May 2022.

Development activities

Development activities continued within the scope of the GNSS correction system.

- Within the scope of the GNSS Augmentation System, aimed to be the first stage national solution for the Regional Positioning and Timing System, which is a technological target for Türkiye, development activities continued as a self-funded R&D project. A workshop on space-based navigation was organized within this context, where ASELSAN's work on the subject was presented to the relevant institutions.
- Turkcell and TÜRKSAT cooperation protocols signed at SAHA EXPO 2022 also boosted the ongoing satellite payload and LEO (low orbit) communication activities.
- An X-Band Transmitter with exceptional speed (> 600 Mbits/s) has been successfully validated on development model level for use in image transmission for observation satellites, with the aim of making the organization as the country's leading player in the field of such transmitters.



PUBLIC SAFETY COMMUNICATION SYSTEMS

General Directorate of Security Digital Communication Network (Adana and İzmir, DMR+LTE) Project (Public Security and Emergency Communication System)

The Digital Communication Network Project, which covers DMR Narrowband and LTE Broadband networks in Adana and İzmir provinces, was implemented through a contract with SSB. In Adana province, DMR narrowband system installations were completed to meet the radio communication requirements of the Turkish National Police with modern and state-of-the-art systems. Ongoing field installation and infrastructure works are being carried out for the LTE system using 700 MHZ base stations, which are currently in the mass production stage.

Gendarmerie General Command- JEMUS: Türkiye Will Be Covered by JEMUS!

Şırnak and Van provincial systems were also commissioned in the JEMUS Project, the mission critical radio communication system of the Gendarmerie General Command. Installation activities continued in Bitlis and Hakkari provinces. Infrastructure installation activities are ongoing in Şanlıurfa, Mardin, Batman and Diyarbakır.



Sales of Digital Encrypted Radios

Sales contracts were signed with the SSB in 2022 for a total of 7,700 digitally encrypted radios for the needs of the Turkish Armed Forces and Gendarmerie General Command units.

AFAD Digital Radio System

To meet the need for AFAD units for disaster and emergency communication in our country, installation works of the digital communication system integrated into JEMUS continue at full speed. In AFAD Digital Radio System, radio infrastructure materials for 34 provinces were delivered until the end of 2022.

TCDD Communication Project Phase-1

Within the scope of TCDD Communication Project Phase-1, system acceptance of three regions was realized. Systems for communication needs were installed and commissioned along the 3,259 km railway network of Turkish State Railways. Coverage of the remaining four regions is in progress.

TCDD project

The TCDD communication project covers 3,259 km of railway lines.

JEMUS

Türkiye's largest public security network, JEMUS, has reached its 71st provincial system with the addition of Siirt, Şırnak and Van provincial systems.

Digital tachograph device

The new version of ASELSAN's digital tachograph devices was put into service for users.

Metro/In-Tunnel Communication Solutions

With the contracts signed with the General Directorate of Infrastructure of the Ministry of Transport, Gebze-Darica Metro Line Radio Communication Contract, and İzmir Metropolitan Municipality's Narlıdere- Fahrettin Altay Metro Line Radio Communication projects, new projects were added to ASELSAN's in-tunnel communication solutions portfolio.

International Sales

International terminal sales of the 3700 and 4700 radio families continue, and the number of public security wide area communication systems installed abroad is increasing. For Kazakhstan's southern border security, a 12-site wide area system was shipped as the first phase of a system that will exceed 100 sites in total. Assembly process will take place in 2023. The delivery of a wide area system with a total of 44 sites was completed for Baluchistan province in Pakistan.

Under technology cooperation agreements, deliveries are ongoing. Since 2017, Aselsan Engineering of Kazakhstan, which has been carrying out the local production of 4700 radios, has signed a technology transfer contract for the local production of 3700 radios in 2022.

Innovative Terminal Solutions in Professional Communication

The 3810 narrowband and broadband handheld terminal, which will be available to public security teams in the field in 2023, is in the final stages of development. With this terminal, both broadband (LTE mode) and narrowband (APCO and DMR modes) communication features will be included in a single device for the first time. With its built-in front and rear camera, color screen, Android application support, Wi-Fi, Bluetooth, GNSS and large LCD screen, ASELSAN 3810 Hybrid Terminal will offer its users a rich usage scenario.

Communication and Information Technologies

Development works for DMR and APCO narrowband repeaters suitable for drones or Unmanned Aerial Vehicles (UAVs) were completed.

GÖKTESİS (Mission Critical Narrowband Broadband Radio System) components and ASELSAN 3810 hybrid (narrowband + LTE/4.5G broadband) radios contributed to the 7th MCX Plugtests Interoperability tests organized by ETSI (European Telecommunications Standard Institute) at Malaga University (Spain). In the test sessions held with many leading manufacturers from different countries participating in the event, broadband MCPTT (mission critical push-to-talk), MCData and MCVideo services were tested. In these tests performed over LTE/4.5G and 5G test systems, it was observed that many services including individual and group voice calls, group chat voice calls, emergency alarm and emergency voice calls, potential danger voice calls, individual and group short message services, individual and group video services are interoperable in compliance with the standards.

In-Building Coverage Device

Design improvements have been made for VHF in-building coverage devices in order to provide uninterrupted and cost-effective radio communication in underground areas such as large multi-story buildings, tunnels, or mines where radio coverage is not sufficient or signal levels are not sufficient.

UAV and Drone Communication Role

The development of DMR and APCO narrowband repeaters, which are lightweight, have low energy requirements, and are suitable for use in drones or unmanned aerial vehicles (UAVs), has been completed in order to ensure uninterrupted radio communication in harsh geographical conditions and to create a fast and wide coverage area in the desired area. The developed product ensures that public safety radio communication is expanded when connected to the platform on which it is carried, such as drones or unmanned aerial vehicles. The drone repeater has two modes of operation: direct and wide area. In wide area mode, radios within its coverage area can be linked to the wide area system. The drone repeater, which weighs less than 1,800 grams, is suitable for use on flying platforms as well as UAV platforms.

Dynamic network structures

The Waveform Design Directorate (WDD) designs ad hoc, adaptive, and dynamic network structures and waveforms based on next-generation wireless communication standards.

Design enhancements

VHF in-building coverage device design improvements were made.

ASELSAN STC-8255 Digital Tachograph Devices and Fitdrive Project

At the end of 2021, ASELSAN is continuing with the sales of the new version of digital tachograph devices for which it received type approval. The Company also started the design activities for the Fitdrive-compatible smart tachograph device as part of the Fitdrive R&D Project, which is a part of the EU-supported Horizon 2020 incentive program.

Waveform Design and University Collaborations

The Waveform Design Directorate (WDD) within HBT carries out the design of ad hoc, adaptive, and dynamic network structures and waveforms based on next-generation wireless communication standards. With "waveform", the algorithms and protocols of all communication layers between the user data interface of the communication device and the antenna interface are defined as a whole. A waveform definition document similar to STANAG, MIL-STD, 3GPP, or IEEE standards, which defines the operation of the communication system in detail and clearly, and includes all the algorithms that need to be performed on the transmitter and receiver side, is created by the WDD. Collaborations with universities are carried out in order to evaluate the different perspectives that academia can bring and to increase knowledge with the most up-to-date literature while determining wave-shaped algorithms and protocols. Earlier studies involved collaborations with Bilkent, METU, TOBB ETU, ITU, Ankara, Gazi and Sabancı universities. Currently, we are working with Koç, Medipol, Hacettepe and Boğaziçi Universities.

Quality Management Activities

The Communication and Information Technologies (HBT) Sector Directorate was once again accredited under the AS9100D Quality Management System Requirements for Aerospace and Defense Industry Organizations.

ASELSAN Communication and Information Technologies (HBT) Sector Directorate was entitled to receive the CMMI DEV V2.0 with SAM Level 3 certificate again. The processes related to the Quality Management System of the HBT Sector Directorate and the projects chosen by CMMI Institute were reviewed at the review meetings and the evidence was assessed to be sufficient. The audit results evaluated by the Institute were found appropriate and the audit was approved. Until November 24, 2025, the results of the assessment were published on the CMMI Institute PARS (Published Appraisal Results) page.



Defense System Technologies Sector



Efforts to upgrade the HERIKKS systems, which were previously delivered as part of the HERIKKS-I/II/V projects, to include HERIKKS-VI capabilities, as well as software development activities aligned with field requirements, remain ongoing.

Defense System Technologies Sector

The acceptance of spare parts and consumables provided for use in the BKKHM system was carried out in April 2022 with the participation of the SSB and the Air Force Command.

COMMAND CONTROL SYSTEMS PROGRAM DIRECTORATE



HÂKİM Air Command and Control System

HÂKİM Air Command and Control System provides control and management of the airspace in real-time by integration with all radar, aircraft, and air defense weapon systems.

As part of the project, four different command centers will be installed with the system. 60 weapon and radar integration activities will be carried out at different locations.

As part of the first delivery of the project as of December 2022, the construction of the first center with an indoor area of 3005 m² and all installation activities were completed and delivered to this center.

Air Defense Early Warning and Command Control System (HERIKKS-VI) Project

HERIKKS establishes a computer network in the tactical field for communication and command and control purposes between air defense operation centers, air defense weapon systems, and air defense radar systems via wired / wireless media. Important tasks are accomplished by the system, including the efficient transmission of real-time track and command and control data through real-time information sharing between air defense elements, the creation of an algorithm-supported common air picture, and the efficient use of weapons. This enables an effective command and control activity by ensuring that the right decision is taken in a short time.

The HERIKKS-VI Project's design and production activities were completed, and the first, second, and third deliveries were made in 2020 and 2021, respectively. Efforts to upgrade the HERIKKS systems, which were previously delivered as part of the HERIKKS-I/II/V projects, to include HERIKKS-VI capabilities, as well as software development activities aligned with field requirements, remain ongoing.

Algorithm-driven joint aerial image

Thanks to the real-time information sharing between air defense elements, the Air Defense Early Warning and Command and Control System performs important functions such as the effective transmission of real-time tracking and command and control data, the creation of an algorithm-supported common air picture and the effective use of weapons.



Battalion Command and Control Operation Center (BC2OC)

The Battalion Command and Control Operation Center (BC2OC) is a command and control center that manages the fire management device (FMS) teams and KMS Harpoons that are under its direction. It also communicates with higher command and control elements (CRC/ARS) via Tactical Data Link (TDL) and has the ability to work independently when required.

Within the scope of the project, four different Main Jet Base Commands were equipped with BC2OCs in 2022.

Defense System Technologies Sector

In February and July 2022 deliveries, a total of six BKKMs were added to the Land Forces Command inventory.

Battalion Command and Control Center (BC2C)

The Battalion Command and Control Center (BC2C) is a command and control system used by Land Forces Command air defense units. It is capable of directing and managing the Fire Control Device (FCD) within the battery's integrity, of bi-directional data communication with higher command and control elements, of performing integrated missions with higher command elements, and of autonomously carrying out the command and management of the air defense operations.



As part of the project, a total of six BC2Cs were added to the Land Forces Command inventory in deliveries in February and July 2022. The connection of the BC2C with the HERIKKS and FDCs in the user units of the BC2Cs that were brought into inventory was ensured and the BC2C was put into use.

The spare parts and consumables provided for use in the BC2C system were accepted in November 2022 with the participation of the SSB and the Land Forces Command.

TKRS Radnet Talent Acquisition Project

Within the scope of the TKRS RadNet Capability Acquisition Project, collection and fusion of the plot information received from the early warning radars in the inventory of the Air Force Command is aimed. In addition, modernization of the RadNet software, which includes fusion capabilities, and modernization of the hardware is also aimed. RadNet system requirements and system architecture were determined and system design activities are about to be finalized.

Fusion process

Through the TKRS RadNet Capability Acquisition Project, the plot information received from the early warning radars in the inventory of the Air Force Command will be collected and subjected to the fusion process.

İHTAR Mini/Micro UAV Interceptor System

İHTAR stands for ASELSAN's UAV countermeasure system developed to neutralize mini/micro UAV threats in urban and rural environments. This system is used for the protection of critical facilities, border security against illegal infiltration, and the protection of crowded organizations. The İHTAR mini/micro UAV Interceptor System attracted great interest from both domestic official and civilian customers, as well as foreign countries in 2022. In 2023, this interest is expected to continue to increase.

Two separate contracts were signed in 2022 to meet the need to protect the Presidency of the Republic against mini/micro UAV threats. Acceptance processes of the six vehicle-integrated İHTAR systems, developed and produced in a short period of six months, and the İHTAR systems deployed at the National Palaces of the Presidency of the Republic of Türkiye, were carried out in November and December 2022.

To protect the strategically important TÜPRAŞ and TPAO refineries and the Akkuyu Nuclear Power Plant against Mini/Micro UAV threats, three contracts were signed. Deliveries to these companies providing services in the energy sector will be completed in 2023.

Developed in cooperation with TÜBİTAK BİLGEM in line with the needs of the Gendarmerie General Command, the JARMOL High Power Laser Weapon System was successfully launched.



The ŞAHİN 40mm Physical Destruction System, capable of operating in integration with the İHTAR System, is a UAV interceptor system that enables the physical destruction of mini/micro UAVs. ŞAHİN can communicate with higher command and control systems to receive engagement and share information. Using 40 mm ATOM smart grenade launcher ammunition, ŞAHİN performs high-precision automatic target tracking, target trajectory calculation, and ballistic calculations before sending the ammunition to the target, where it shatters at the point of contact. The first export contract for the ŞAHİN system, which was included in the inventory of the Turkish Armed Forces in the first half of 2022, was signed in the second half of 2022.

The İHTAR System, a solution to the increasing number of mini/micro threats, was developed with indigenous and national capabilities and is attracting great interest in foreign countries as well. With contracts signed with countries such as the Turkish Republic of Northern Cyprus, Kyrgyzstan, Niger and Angola, İHTAR has started to gain a foothold in the international market.

Network-Enabled Talent System

The Land Forces Command's Network Supported Capability (NSC) Project was completed. The goal of ensuring the digital integration of the command post and affiliated combat elements, from the corps level to the single weapon/vehicle and single soldier level, was realized by equipping them with communication systems, command post vehicles and systems, military computer systems, and command and control systems. Introduced into the inventory as part of the project, the CENKER System, which has features in line with the military concept of the future, is capable of providing images and up-to-date data on the operational area to operational centers and unit headquarters. The KOCATEPE/TACCIS Combat Management System of the ADY project demonstrated its combat readiness for joint task force operations in various national and NATO exercises.

Artificial Intelligence Commander Assistant with Improved Movement Pattern (HAMLE) Project

The HAMLE (Artificial Intelligence Commander's Assistant) Project, aimed at developing a game infrastructure for wargaming, and support and integration of reinforcement learning and movement style suggestion activities are being carried out. The project involves decision support functions that will assist the commander with the courses of action and commander's decision phase of the AKVES (Military Decision Making Process) process (mission acquisition and preliminary review, mission analysis, main idea, courses of action, and commander's decision, plan finalization, plan approval, plan publication, and plan review). 2022 saw the completion of the testing and validation of the wargaming functions.

National commercial server

ASELSAN's domestically produced commercial server computer was successfully delivered for the first time.

BATUR system activities

BATUR system development, integration, production, and delivery activities were carried out successfully.

BATUR Combat Management System

The BATUR Combat Management System is a domestically developed command and control information system by ASELSAN, capable of operating in integration with other electronic systems on the land vehicles in which it is located, and providing the information it acquires to the users in the vehicle and other relevant elements quickly and accurately through the use of the network structure. BATUR system development, integration, production, and delivery activities were successfully carried out in domestic and international projects where the system was used.

PIGEON Mobile Command and Control System

The development and improvement activities for the GÜVERCİN system, another product of ASELSAN in the field of mobile command and control, allowing real-time, audio, video calls, and instant message sharing in the tactical field over a GSM/LTE-based infrastructure, continued.

National Commercial Server and Legged Robotic Systems

ASELSAN's domestically produced commercial server computer was successfully delivered for the first time.

Activities were carried out to develop the autonomous infantry assistant concept and domestic and national-legged robotic systems in the field of robotics, which are envisaged to be used in the future combat environment in the field of command and control. Moreover, cooperation agreements were signed with the subcontractor ecosystem and universities, and a protocol was signed for the coordination of the activities to be carried out with the SSB and the areas of work with the requirement authority.

Defense System Technologies Sector

Naval systems underwent combat system integrations, and initiatives to develop indigenous products for new platforms and platform modernization projects were conducted.



NAVAL SYSTEMS PROGRAM DIRECTORATE

Naval systems underwent combat system integrations and initiatives have been taken to develop indigenous products for new platforms and platform modernization projects. Static alignment and EMI/EMC measurements, system integrations and acceptance procedures, and integrated logistics support services after sales were still provided in platform-level projects while production and acceptance processes were carried out for the developed products.

Setting to Work and acceptance activities and firing tests were successfully completed on TCG ANADOLU. The disassembly, assembly and Setting to Work of the first vessel in the Barbaros Class Frigate Mid-life Modernization Project are ongoing and factory acceptance tests for all combat systems required for the second ship have been concluded. In the Naval Supply and Combat Support Ship (DIMDEG) project, the installation, cable laying and cable termination activities carried on and harbour acceptance tests for navigational aids and underwater telephone system were completed. All systems for the second ship in the Logistic Support Ship

Fires concluded

Commissioning and acceptance activities and actual fires were successfully completed on TCG ANADOLU.

Factory acceptance tests

The disassembly, assembly, and commissioning of the first vessel in the Barbaros mid-life modernization initiative are ongoing, and factory acceptance tests for all combat systems required for the second ship have been concluded.

Project have been delivered and integration activities were initiated. On-ship integration and acceptance activities continued for MİLGEM-5 combat systems. Pakistan MİLGEM Project factory acceptance tests of combat systems on the first and third ships were completed. Procurement and production processes for the system deliveries to be realized in 2023 continued for the Offshore Patrol Vessel. The factory acceptance tests for the integrated communication system, navigation radar, and Flank array sonar system for TCG Sakarya in the Preveze Class Submarine Mid-Life Modernization Project are finalized. For the New Type Submarine Project, integrated communication system and electronic support system harbour acceptance tests for the first ship and integrated communication system factory acceptance tests for the fourth and fifth ships were completed.

At the SAHA EXPO Exhibition, a memorandum of understanding was signed with Ermaksan for the development of a 40mm Turkish-type naval gun. The MKE-developed 76mm national naval gun underwent fire qualification tests in Saroz Bay with the use of the ASELSAN-integrated 76mm gun fire control system. Within the scope of the Barbaros Combat Management System (CMS) / Gun Fire Control System project, 5/54 CMS of the first two ships were completed. 76mm Super Rapid Gun and Gun Emergency Control Unit (GECU) factory acceptance test activities were finalized within the scope of the MİLGEM-5 project. A significant achievement was attained as ASELSAN's 76mm Super Rapid GFCS (TAKS) and GECU (TAKU) have been approved for export and installation in four ships as part of the Pakistan MİLGEM project. The acceptance and integration processes of the ASELSAN MİTOS WECDIS and echosounder systems are ongoing for various projects.

While the production of current underwater products for platform projects is ongoing, there has been an increase in the development pace of new products. The HIZIR torpedo



countermeasure system for surface ships underwent factory acceptance tests and has been approved for use in several vessels, including the Barbaros Class Frigate Mid-Life Modernization Project second ship, LHD, MİLGEM-5, and Pakistan MİLGEM first and third ships. The factory acceptance tests of the FERSAH sonar system on the Barbaros Class Frigate Mid-Life Modernization Project second ship are completed. The harbour acceptance tests of the Indonesia ZARGANA submarine torpedo countermeasure system and the harbour acceptance and sea acceptance tests of the Pakistan ZARGANA submarine torpedo countermeasure system are finalized.

As part of the MİLGEM-5 project, the first factory acceptance test of the recently developed national torpedo tube system were conducted, marking a significant step towards the localization of a crucial system. Low-frequency Active Sonar System (LFAS) development activities, which will provide surface platforms with game-changing capabilities in anti-submarine warfare, continued with system-level sea tests.

AIR AND MISSILE DEFENSE SYSTEMS PROGRAM DIRECTORATE

In 2022, ASELSAN's products in layered air defense demonstrated their capabilities and were successfully deployed by the Turkish Armed Forces. The year 2022 was a significant milestone in the field of air defense, as ASELSAN's provision of the KMS, KORKUT, AİC, HİSAR A+, and HİSAR O+ air defense systems to the Turkish Armed Forces allowed for their integrated operation and demonstrated their effectiveness.

The mass production of 35 mm air defense cannon systems continued during the year, and a large number of Fire Control Devices (FCDs), Modernized Towed Guns (MTGs) and KORKUT systems were delivered, which will add strength to the Land Forces Command and Air Force Command. Barreled air defense systems once again demonstrated their capabilities in the exercises they participated in 2022. Throughout 2022, the production,

Air defense gun systems

During the year, mass production of 35 mm air defense gun systems continued.

Deliveries were made

A large number of Fire Control Devices (FCD), Modernized Towed Guns (MTG), and KORKUT systems were delivered.

testing, and integration of the GÖKDENİZ near-field air defense system, designed for use on various Turkish and international naval vessels, continued. Additionally, the Turkish Naval Forces Command conducted self-funded development activities in this field, which included successful test and demonstration activities of the GÖKBERK laser weapon system, GÖKER 35 mm multi-purpose weapon system, and KORHAN new generation light armored weapon system. Design, development and testing activities for the acquisition of electromagnetic launch (EMF) technologies also continued.

The HİSAR systems, which positioned our country as an independent producer of air defense missile systems and were a highlight of 2021, once again demonstrated their capabilities through successful exercises carried out by the Land Forces Command. Within the scope of capability enhancement, efforts were continued at full speed to provide HİSAR projects with the capability to use missiles with RF seeker heads in 2022. ASELSAN, ROKETSAN, and HAVELSAN were working intensively on the integration of the HİSAR systems onto ship platforms. At the Defense Industry Executive Committee (SSİK) meeting held in December 2022, crucial decisions were made regarding the procurement of HİSAR A+ and HİSAR O+ systems, which will further enhance our country's air defense capabilities, in addition to the existing mass production contract signed under the HİSAR projects.

Defense System Technologies Sector

ASELSAN offers unique solutions that meet all existing needs for light, medium and heavy-class main battle tanks and improve the performance of tanks to exceed the performance of existing tanks.



The SİPER project, which is of critical and strategic importance for our country's air defense, also achieved significant successes in 2022. In 2022, the critical design process was completed and many successful tests were carried out at high altitude and long range. The Siper Product-1 system was planned to enter the inventory in 2023, and the decision for mass production was taken at the SSİK meeting held in December 2022.

Planned for delivery in 2023, work on Türkiye's first air defense training center continued at full speed.

LAND AND WEAPON SYSTEMS PROGRAM DIRECTORATE

Tank Systems

ASELSAN offers unique solutions that meet all existing needs for light, medium and heavy-class main battle tanks and improve the performance of tanks to exceed the performance of existing tanks.

Altay Tank Fire Control and Electronic Systems: ASELSAN has plans to equip the tanks to be manufactured as part of the ALTAY mass production project with a comprehensive suite of fire control and electronic systems, including a fire control system, electric gun, and turret mounting system, command control communication and information system, driver vision system, laser warning system, remote-controlled weapon system, battlefield recognition and identification system, close-range surveillance system, AKKOR active protection system, embedded training simulator, and training tools for providing user and maintenance training for these products.

Qualification tests

The differential qualification tests of the updated subsystems were completed in 2022 within the scope of the ALTAY Serial Production Project with the participation of a large team consisting of BMC, SSB, Land Forces Command and Armored Corps delegations.



As part of the ALTAY mass production project, the differential qualification tests of the updated subsystems were completed in 2022 with the participation of a large team consisting of BMC, SSB, Land Forces Command, and Armored Corps delegations, and the first set of products were delivered.

Firat-M60T Modernization: The FIRAT-M60T project aims to enhance the protection of main battle tanks against anti-tank threats and terrorist elements and to add additional capabilities to existing systems. All M60TM deliveries with increased anti-tank protection capabilities have been completed as part of this project. In 2022, deliveries to increase the armor capabilities of Leopard2A4 tanks also continued.

The M60TM tanks modernized by ASELSAN formed the backbone of the Olive Branch, Euphrates Shield and Peace Spring Operations, and were highly successful at all levels of the operations. As a part of M60T modernization, one of the most modern M60 tanks in the world has been acquired and the capabilities for both close-to-mid ranges fire capability, near-to-far range survivability and defensive features, as well as the capabilities for the maintainability of tanks and personnel, were increased to higher levels.



Deliveries of the Telescopic Periscope System (TEPES), which was previously delivered, continue in order to provide target coordinate detection capability.

VOLKAN-M and VOLKAN-II Fire Control

System Qualification Studies: The qualification studies for the VOLKAN-M and VOLKAN-II fire control systems are ongoing as part of the FIRAT-M60T modernization project, with the systems being designed to meet different technical, tactical, and budgetary requirements. These systems are currently being tested on M60TM and Leopard2A4 tanks to ensure their effectiveness and efficiency.

In the tests carried out, very successful fire results were obtained, and the final stage has been reached for the completion of the tests for both fire control systems.

M60T Project for Providing Additional Capability to Tanks (ATAC):

This project aims to nationalize the fire control systems of M60TM tanks. As part of this project, a contract was signed on July 5, 2022, for the integration of the VOLKAN-M fire control system, tank command control system, skirt

armor, and mine-proof crew seats onto 41 M60TM tanks. This integration will provide additional capabilities to the tanks, making them more effective and efficient in combat situations. The tanks to be delivered under the contract will also be subject to factory-level maintenance/repair, thus increasing the capabilities of the M60TM tanks and extending their lifespan.

Remote Controlled Weapon Systems (RCWS)

New end-users, such as Bangladesh and Kosovo, were introduced to ASELSAN's remote-controlled weapon systems (RCWS) in 2022. Meanwhile, 2022 was also a year in which new contracts were signed with countries such as Nigeria and Iraq, which had not previously sold RCWS.

That's an impressive global reach for ASELSAN RCWS systems in 2022, reaching out to over 4,000 end-users across 22 countries worldwide. ASELSAN RCWS systems continued to play a leading role in the export projects of the Defense System Technologies Sector Presidency.

Within the scope of the major projects completed in 2022, 50 VAB vehicles were modernized in Qatar and equipped with the SARP weapon system, as well as spider, radio, and driver vision systems. Hungary received 32 Ejder Yalçın vehicles from NuroL, which were equipped with 32 integrated SARP systems. Within the scope of the ZMA (Armored Combat Vehicles) modernization project, the NEFER unmanned weapon turret entered the inventory of the Turkish Armed Forces for the first time. A total of 10 STAMP-2 weapon systems were integrated to five GABYA-class ships and delivered to the Turkish Naval Forces Command. In Pakistan MILGEM, MILGEM 5 and LHD projects, the delivery of STOP weapon systems was completed.

New users

New end-users, such as Bangladesh and Kosovo, were introduced to ASELSAN's remote-controlled weapon systems (RCWS) in 2022.

New contracts

2022 was a year in which new contracts were signed with countries such as Nigeria and Iraq, which had not previously sold UKSS.

Tank Fire Control Systems

Indigenous and National Tank Fire Control Systems on the field.

Concurrently, the Dearsan patrol boat, Pakistan OPV project, and Qatar LCT and LCM ships received deliveries of five MUHAFAZ and four STAMP-2 systems.

Smart Munitions and Active Protection Systems

ASELSAN continues to work in the field of smart ammunition technologies with its existing and new projects. In 2022, more than 40,000 ATOM 35 mm fragmentation ammunition were delivered to the Armed Forces. The Turkish Naval Forces and foreign countries were in talks for the procurement of ATOM 35 mm fragmentation ammunition, produced domestically.

Significant activities were carried out in 2022 for platforms using ATOM 40 mm smart ammunition together. The ammunition used with the Falcon system was accepted domestically. The first export contract was signed with Kyrgyzstan and the production of the ammunition to be delivered started. Successfully carried out a test activity in the presence of representatives from the Gendarmerie and the SSB for using the ATOM 40 mm smart ammunition with the ATNIS-10 fire control system. Contract negotiations have started with the SSB.

The development of the ATOM 155 mm distance correction kit (MDK) continued, allowing the initial velocity of the ammunition to be measured and using the deviation value at the initial velocity to open the fins integrated with the fuse at the specified time and correcting the distance by means of the air brake, in order to precisely direct the ammunition to the target by making distance correction in order to increase the accuracy of the artillery ammunition. Verified by fire tests at the prototype level, the product was successfully obtained.

Defense System Technologies Sector

ASELSAN successfully achieved significant milestones in 2022 for the KAMA active protection system, including the physical destruction ammunition, for which it was responsible for developing the warhead from scratch.



ASELSAN successfully achieved significant milestones in 2022 for the KAMA active protection system, including the physical destruction ammunition, for which it was responsible for developing the warhead from scratch. Blasting tests conducted on the ammunition demonstrated the maturity of the design, while laboratory and field level tests were carried out on the electronic components that will trigger the warhead.

Land Systems

Considering the firepower and stability of the Panther howitzers, which are one of the most important fire support elements of the Turkish artillery, the modernized truck-mounted Panther howitzer, which will use the modern fire control system developed by ASELSAN and its stakeholders as a result of a long eight-year adventure, fired its first fire.

New generation Firtina howitzer fire control system deliveries continued. Also, the howitzer's projectile loading system was improved and the rate of fire was increased to eight rounds per minute, and the system qualification was successfully completed.

As part of the modernization efforts to enhance the capabilities of the mortars in the inventory, system deliveries were made to both the Turkish Armed Forces and the Cyprus Security Forces Command.

The effectiveness of mortars on the battlefield was also expanded with the ALKAR 120 mm mortar weapon system, which entered the mass production phase. The deliveries within the scope of serial production were carried out for the needs of the Gendarmerie General Command in Türkiye and for the needs of the Kosovo Ministry of Defense abroad.

Following a satisfying qualification period under the armored combat vehicle modernization project, the first deliveries of IFVs with 25 mm unmanned turret turrets have started.

Deliveries are underway

New generation Firtina howitzer fire control system deliveries continued.

Increased effectiveness

The effectiveness of mortars on the battlefield has been increased with the ALKAR 120 mm mortar weapon system, which has entered the mass production phase.

Delivery of modernized ZMAs

The modernized ZMAs began to be delivered to the Land Forces Command with a ceremony attended by Prof. Dr. İsmail DEMİR, President of SSB.

Development and production works of slip rings that play a significant role in reducing our foreign dependence after the embargo continues at full speed. 60 different slip rings have been designed to date for use on land, sea, and various other platforms, and the total number of slip rings produced has reached 5750, 650 of which were produced in 2022. Under the ALTAY main battle tank project, the slip ring, which was procured from abroad, was indigenously designed with superior features, and the tests were completed.

INTEGRATED LOGISTICS SUPPORT DIRECTORATE

FERSAH Hull Mounted Sonar System

The hull-mounted sonar system FERSAH, which will enter the inventory of the Turkish Naval Forces Command for the first time within the scope of the BYÖM and MİLGEM-5 projects, is an important milestone for ASELSAN's naval systems activities that started in the 2000s.

The hull-mounted sonar system FERSAH aims to perform the functions of detecting, tracking, and classifying the ship's underwater contacts, to enable the ship to avoid torpedoes aimed at it, and to develop offense against hostile submarines.

Training on the use and maintenance and repair of the FERSAH system began to be provided to Naval Forces Command personnel for the first time in 2022 within the scope of the BYÖM and MİLGEM-5 projects, and the training was completed with great user satisfaction.



Indonesia Zargana Project

The Indonesia ZARGANA project is an important initiative for ASELSAN's torpedo countermeasure systems to prove themselves and expand abroad.

A torpedo countermeasure system for submarines, ZARGANA consists of a decision support system, launchers, and expendable decoy/jamming units.

In 2022, training on the use and maintenance, and repair of the Indonesia ZARGANA was conducted and the training was completed with great user satisfaction.

Pakistan MİLGEM

In 2022, user training activities commenced for the Pakistan MİLGEM project, which stands as the largest single-item defense industry export project in Türkiye. Trainings continue with great user satisfaction.

Union Visits

In addition to maintenance and repair contracts, it was considered that it would be appropriate to support the systems and products developed by ASELSAN and made available to the Turkish Armed Forces to the extent that ASELSAN resources allow. To this end, in 2022, the 54th Mechanized Infantry Brigade Command, 39th Mechanized Infantry Brigade Command and Foça Naval Base Command, where ASELSAN systems are located, were visited. The following activities were carried out within the scope of the visit:

- Receiving user feedback on systems and products
- Conducting system functional tests and periodic maintenance with the participation of user and maintenance personnel
- Updating user and maintenance and repair information
- Sharing views on maintenance and repair activities
- Informing about out-of-warranty maintenance and repair contracts
- Presenting the evaluations of ASELSAN officials who participated in the visit

The unit visits involved the intervention of over 300 systems, and the resulting reports were analyzed in meetings with the participation of unit commanders and user/maintenance personnel for general evaluation.

Largest export project

In 2022, user training activities commenced for the Pakistan MİLGEM project, which stands as the largest single-item defense industry export project in Türkiye.

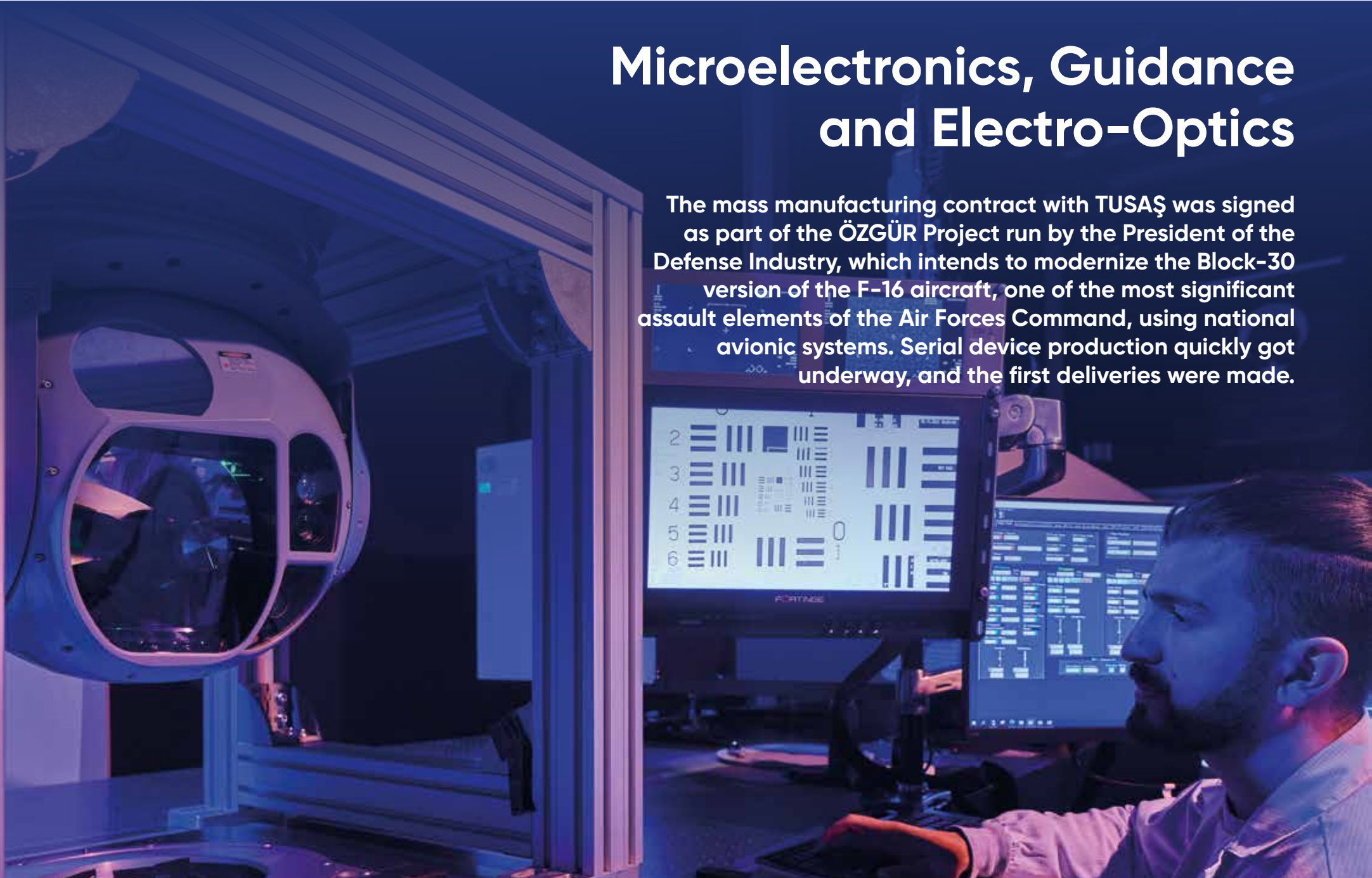
Customer Relationship Management (CRM) Application Training

As part of the ASELSAN 360-degree product support/service management project in collaboration with the Integrated Logistics Support and Information Management Directorates, the SST Integrated Logistics Support Directorate trained the personnel of the Shipyard Commands and Naval Forces Command of the Ministry of National Defense's General Directorate of Shipyards on the customer relationship management (CRM) application. The training given to the first group on September 27, 2022 and to the second group on September 28, 2022 was attended by a total of 35 personnel.

The application enables fault notifications to be made, repair discovery form approvals to be given, repair processes to be monitored and statistical information on repair processes to be provided.

Microelectronics, Guidance and Electro-Optics

The mass manufacturing contract with TUSAŞ was signed as part of the ÖZGÜR Project run by the President of the Defense Industry, which intends to modernize the Block-30 version of the F-16 aircraft, one of the most significant assault elements of the Air Forces Command, using national avionic systems. Serial device production quickly got underway, and the first deliveries were made.



Microelectronics, Guidance and Electro-Optics

Deliveries of avionic products were realized under the Philippines ATAK program signed with TUSAŞ for the export of the ATAK helicopter.

AVIONIC SYSTEMS

Avionic Systems

ASELSAN is responsible for both avionics and weapon systems integration activities and the design, development, production and procurement of avionics systems for the T129 ATAK helicopter, which is a pioneer in Türkiye's nationalization in the avionics field. In this framework, the deliveries planned for the Land Forces Command and the Ministry of Interior users in the 2022 program were completed.

Deliveries of avionic products were realized under the Philippines ATAK program signed with TUSAŞ for the export of the ATAK helicopter. Again, TUSAŞ signed subcontracting agreements with Nigeria for the ATAK helicopter project and for the sale of additional helicopters to the Philippines. Deliveries will commence in 2023.

Within the scope of the first flight activities of the heavy class attack helicopter (ASTH), avionic equipment deliveries were realized. ASELSAN is currently working with TUSAŞ for the development, integration and delivery of all avionic systems required for ASTH.

For the integration of UMTAS/LUMTAS guided munition system to the SEAHAWK helicopters of the Turkish Naval Forces Command, safe separation and fire tests were conducted. After the successful fire tests, the delivery of the helicopters, whose integration activities were completed, was completed. Helicopter mass production integration activities are ongoing.

The mass manufacturing contract with TUSAŞ was signed as part of the ÖZGÜR Project run by the President of the Defense Industry, which intends to modernize the Block-30 version of the F-16 aircraft, one of the most significant assault elements of the Air Forces Command, using national avionic systems. Serial device production quickly got underway, and the first deliveries were made.

A contract for the development of the avionics suite for the export versions of the HÜRKUŞ aircraft and an avionics integration and device delivery contract for the HÜRKUŞ-II were signed. The first flight version of the software developed for HÜRKUŞ and related devices were delivered.

Fire tests conducted

Safe separation and fire tests were conducted for the integration of the UMTAS/LUMTAS guided munition system into the SEAHAWK helicopters of the Turkish Naval Forces Command. Following the successful fire tests, the delivery of the helicopters, whose integration activities were completed, was completed.



The 2022 activities were successfully carried out within the scope of the Integrated Communication, Navigation, and Identification System development (ICNI) and Helmet Integrated Display System development (HMD) projects within the scope of the National Fighter Aircraft program, which is the most important and critical project on the road to our country's full independence. Within the scope of the ICNI project, the navigation systems developed by ASELSAN will be integrated into the national combat aircraft. The HMD project will feature the national development of the ASELSAN-TULGAR helmet-mounted display system, which is the eyes of pilots and is owned by only a handful of countries in the world.

Microelectronics, Guidance and Electro-Optics

Acceptance activities for IFF Mode 5/S responder integration to CN-235 General Utility aircraft in the inventory of the Turkish Air Force and AB-212 and SH-70 helicopters in the inventory of the Turkish Naval Forces Command were successfully completed.



Under the ANKA Project, a critical element in the fight against terrorism, in addition to the flight control computer (AFCC), mission computer (AMC), and navigation systems provided by ASELSAN, electro-optical reconnaissance, surveillance, and targeting systems were delivered. On the AKSUNGUR platform, flying devices also successfully fulfilled their missions.

Acceptance activities for IFF Mode 5/S transponder integration to CN-235 General Utility aircraft in the inventory of the Turkish Air Force and AB-212 and SH-70 helicopters in the inventory of the Turkish Naval Forces Command were successfully completed. Efforts for serial integration for the relevant platforms are ongoing.

Under the leadership of the Presidency of Defense Industries, work continued on the avionic modernization of AB-412 helicopters, which aims to significantly increase the capabilities of the Coast Guard Command's air assets.

The deliveries of avionic equipment for 12 helicopters under the General Purpose Helicopter Project (GMHP) were completed to TUSAŞ. TUSAŞ delivered the helicopters to the Gendarmerie General Command, the General Directorate of Forestry, the Land Forces Command, and the Special Forces Command.

Avionics modernization

Under the leadership of the Presidency of Defense Industries, work continued on the avionic modernization of AB-412 helicopters, which aims to significantly increase the capabilities of the Coast Guard Command's air assets.

The SELF-IDENTIFIED (GÖKBEY) Helicopter Project commenced deliveries of its avionic equipment. With the participation of the Presidency of Defense Industries, Gendarmerie Aviation Command, TUSAŞ, and ASELSAN teams, the first GÖKBEY helicopter to be delivered in 2023 was recently launched from the mass production line. As part of the project, an additional contract for 12 helicopters was signed with TUSAŞ. Deliveries will commence in 2023.

Project YARASA-2 was signed for the modernization of four S-70A-28 Sikorsky helicopters in the inventory of the Special Forces Command. For the first time outside the GMH program, platform integration of IMAS, the avionics suite designed with modern architecture, will be realized with this project.

The DOĞAN project involved the avionic modernization of all S-70A Black Hawk helicopters in the inventory of the Special Forces Command.

Under the Gendarmerie Helicopters Communication Modernization Project, 9681 V/UHF radios and national IFF 3010 were integrated into S-70A and Mi-17 helicopters and prototype platforms were delivered.

The development of the civil avionics suite, which is being carried out with ASELSAN's own resources, continued to work on the certification process with the European Civil Aviation Authority (EASA). It is aimed to generate national solutions with high added value for the civil avionics market by using ASELSAN's existing avionic system development capability and infrastructures in the military field.



The video and mission data recording system ASELSAN-AMİR-100 was qualified and made ready for delivery within the scope of the projects carried out with TUSAŞ within the scope of the development of national avionic equipment.

The airworthiness tests of ASELSAN-RNE's radio navigation equipment (VOR/ILS, ADF, TACAN, and DME), which was previously procured from abroad in avionics projects, were completed. The first deliveries of the system, designed in accordance with civilian certification standards in cooperation with a subcontractor stakeholder, were made within the scope of the HÜRJET program, and mass production was initiated.

The company continued to make domestic and international deliveries of the ASELSAN-AICON product family, the internal speech system required in aircraft projects.

Navigation Systems

The development of image-assisted navigation systems that will work integrated with inertial navigation systems developed with national capabilities within the scope of navigation technologies has started with the support of SMEs competent in this field.

Demonstration activities were carried out for the integration of image-assisted navigation systems on rotary-wing mini UAV platforms.

ASELSAN has developed navigation systems equipped with an indigenous inertial measurement unit (IMU) for use on various land and air platforms as part of the ANS-600 project, which focuses on the development of an IMU navigation system of domestic origin.

Under the project for the development and integration of KILAVUZ series tactical and navigation grade inertial measurement units (IMUs) into platforms, the performance of both tactical grade (TG) and navigation grade (NG) inertial measurement units (TG/NG IMUs) were brought to the grade of foreign equivalent products, and harmonization and development studies were completed for their integration into platforms.

Single and two-axis stabilized fiber optic gyroscope development activities are ongoing within the scope of the STAB FOD Project. In 2023, qualification and deliveries are planned to be completed.

Development of navigation systems

The development of image-assisted navigation systems that will work integrated with inertial navigation systems developed with national capabilities within the scope of navigation technologies has started with the support of SMEs competent in this field.

ELECTRO-OPTIC SYSTEMS

Aerospace EO Systems

The mass production of CATS, the electro-optical reconnaissance, surveillance, and targeting system of the national UAVs, which has been on the world agenda and has a game-changing effect, resumed in 2022, and over 200,000 hours of flight missions were performed. A success rate of >98% was achieved in more than 3000 ammunition fires. Export of CATS to 11 countries was realized. In 2023, negotiations are ongoing for exports to five more countries. From the start of mass production to the end of 2022, 97 systems were delivered, and deliveries are expected to continue strongly in 2023. Deliveries of the CATS system, whose algorithm was improved with artificial intelligence, were made to TB-2, ANKA-S and AKINCI platforms. Integration to the AKSUNGUR platform is in progress.

We entered the final stage in the development of the ASELFLIR-400 electro-optical reconnaissance, surveillance, and targeting system, which will be used in, rotary-wing aerial platforms, and armored land vehicles with precision strike capability. The mass production phase will start in 2023 and the system will be used in the General Purpose, GÖKBAY, ATAK helicopters, and the pedestal-mounted Javelin (KMC) vehicle.

ASELFLIR-500 electro-optical reconnaissance, surveillance, and targeting system is at the final stage of development, and the prototype production phase is underway. In 2023, flight tests and mass production activities of the ASELFLIR-500 system will begin.

Microelectronics, Guidance and Electro-Optics

Equity-funded development of the TOYGUN product family, an electro-optical sensor and targeting system that will be integrated into the National Combat Aircraft (MMU) and KIZILELMA platforms, continued in 2022.

The development of the ASEFLIR-600 electro-optical system, which is planned to be used in various platforms, especially high-altitude UAV/AUAV/OUAV platforms (BAYKAR AKINCI and TUSAŞ AKSUNGUR), and which will detect, track and target from very long distances, has been initiated.

All tests were successfully completed and the ASELPD targeting system was included in the inventory of the Air Force Command. ASELPD deliveries continued to the Turkish Air Force Command and two different foreign air forces.

Throughout 2022, the self-financed TOYGUN product family's electro-optical sensor and targeting system was under development to be integrated into the National Combat Aircraft (MMU) and KIZILELMA platforms. ASELSAN's development of the TOYGUN product family will position the company among a select few capable of producing integrated electro-optical systems designed to reduce the radar cross-sectional area of fifth-generation fighter aircraft and next-generation unmanned combat systems.

The KARAT infrared search and track system product family, which makes it difficult to detect manned and unmanned combat aircraft and enables passive detection, continues to be developed.



Naval EO Systems

The advanced version of the DENİZGÖZÜ-AHTAPOT electro-optical system with SWIR camera unit was integrated into the GABYA class frigates and the related systems entered the inventory of the Turkish Naval Forces Command.

Following an intensive development process, the PİRİ-100 infrared search and tracking system was integrated into a platform for the first time with its integration into the TCG ANADOLU.

Infrared search and tracking system

The KARAT infrared search and track system product family, which makes it difficult to detect manned and unmanned combat aircraft and enables passive detection, continues to be developed.

With the aim of developing the periscope system, one of the most important sensors of submarine platforms, completely indigenously, the development of the new generation optronic mast-based DENİZGÖZÜ-MERCAN was initiated in coordination with the Ministry of National Defense.

The engineering activities for the development of the DENİZGÖZÜ-PIRANA electro-optical system, which has laser target designator capability in line with the needs of unmanned naval vehicles, were initiated.

For the first time, the version of the DENİZGÖZÜ-AHTAPOT system with an HD thermal camera was produced and made ready for integration within the scope of the I-class frigate MİLGEM-5 Project.

Land EO Systems

Serial production activities carried out within the scope of the DRAGONEYE Project, which is an integrated reconnaissance surveillance electro-optical system, continued. The number of deliveries of the DRAGONEYE system, the eyes of the Turkish Armed Forces and security forces on the ground, reached nearly 1,500. In addition to the existing sensors, the development of the DRAGONEYE-2 electro-optical sensor system, which will include a SWIR sensor, continues rapidly.

The ATS-70/71 electro-optical sighting system, having already delivered close to 4,000 units, remains a reliable component of SARP weapon systems, serving as the eyes and constant sight of end-users. Engineering verifications of the new generation ATS-72 device, featuring ASELSAN-designed hardware with enhanced objectives and capabilities, have been completed and qualification has begun.



Tests that are carried out on the new generation fire control system and KARTALGÖZÜ-100 gunner's periscope as part of the M60T tank modernization efforts were successfully finalized. Serial production activities are in progress.

Activities for the mass production of the KARTALGÖZÜ-200 tank sighting system, which is the periscope of ALTAY and new-generation tanks, continued.

ASELSAN products GÖREN, YAMGÖZ, LİAS, and ATS, which are electro-optical systems for land vehicles, continued to be exported with various platforms.

Domestic and international deliveries of the ASELSAN-KIZILGÖZ thermal camera family, ASELSAN-GÜNGÖR day vision camera family, and ASELSAN-DOLUNAY SWIR camera family were continued.

Deliveries and development activities were maintained for the SAGER family, which is the sight for vehicle-mounted missiles, and the ATAY family, which is the sight for shoulder-launched missiles.

Portable EO Systems

Deliveries of the DORUK, Hand-held Multi-sensor EO System were being continuing to the various Turkish Army Forces, responsible for both internal and external safety of the country. As DORUK's being exported to a new country, the total number of countries in which DORUK has been operating was raised to seven.

DORUK has been sold more than 2,500 units in total and it has created very strong user satisfaction. In 2022 DORUK-2 project was initiated to improve and increase the performance of the DORUK even further. At the last quarter of this year, the project activities was at final stage of design. In mid-2023, the first deliveries of this new version are being targeted.

ASELSAN-TİMSAH Thermal Weapon Sight, which has been receiving great acclaim from domestic users, were delivered within the scope of the Commando Modernization. The total number of deliveries of the TİMSAH family now exceeded 15,000. Also, over 1,400 units of TİMSAH T360S and T375S thermal weapon scopes were exported outside of the country.

Over 2,000 units of the ASELSAN-NOVA weapon-mounted night vision family configurations (A100, A200, A341, A361, A600) were delivered in 2022. The number of total devices from this family in the Turkish Army Forces' inventory has reached 50,000.

More than 6,000 ASELSAN-VEGA weapon-mounted day vision configurations were started their operation, and the total number of devices in the Turkish Army Forces' inventory has exceeded 150,000.

Serial production activities

The nationalization studies for ASELSAN-LEOPAR short wavelength uncooled photon detector and ASELSAN-SAFIR micro bolometer type thermal detector, which act as detectors for infrared reconnaissance and surveillance systems, were finalized and pilot and mass production activities were initiated.

Microelectronic Systems

Indigenous development of ASELSAN-LEOPAR short wavelength uncooled photon detector and ASELSAN-SAFIR micro bolometer thermal detector have been completed. These detectors will be integrated into ASELSAN's electro-optical reconnaissance and surveillance systems. Pilot production for these detectors have also started in 2022.

ASELSAN-FELIS cooled photon detectors family is based on MCT (Mercury Cadmium Telluride, HgCdTe) technology. These detector will be integrated into infrared seeker heads, targeting systems, and high-performance reconnaissance and surveillance systems. Qualification for FELIS-640/15-MW has started in 2022 and will be completed in 2023.



Microelectronics, Guidance and Electro-Optics

The nationalization of the UV missile warning system ASELSAN-IRIS, currently in mass production, has been completed and started to be produced with national components.

Counter Measure EO Systems

Design studies continued in the National Fighter Aircraft (MMU) integrated electro-optical system project.

The nationalization of the UV missile warning system ASELSAN-IRIS-100, currently in mass production, has been completed and started to be produced with national components. Integration of IRIS-100, which was produced with indigenized critical components, into helicopter platforms was realized.

Seespot-featured KIZILGÖZ-300 thermal camera, developed with national capabilities, was successfully integrated and delivered.

ASELSAN continued to develop the ASELSAN-YILDIRIM family of directed infrared countermeasure systems to be used by the National Fighter Aircraft (MMU) and helicopters.

Laser Systems

New contracts were signed for the ENGEREK laser target designator device in response to requests from domestic and international customers.

The design activities of ENGEREK-2, a new generation low-weight laser target designator system used in guiding laser-guided missiles, which meets the operational requirements of the TAF at a high level, have been completed. In 2023, it is planned to be brought into inventory.

The prototype tests of the receiver module, which is the basis of the CETVEL laser distance measuring devices within the scope of domestic laser receiver unit development activities, were completed with success, and device-level integration activities were initiated.

LIAS laser warning receiver systems were delivered in large quantities to land, air, and naval platforms.



Fire tests

TOLUN ammunition has been successfully fired from the AKINCI platform after being fired from combat aircraft, and mass production activities were initiated with the new production techniques whose processes have been developed.

Infrared countermeasure system

ASELSAN continued to develop the ASELSAN-YILDIRIM family of guided infrared countermeasure systems to be used by the National Fighter Aircraft and attack helicopters.

GUIDANCE AND UNMANNED SYSTEMS

Guidance Systems

Within the scope of the integration of LGK (Laser Guidance Kit) ammunition into UAV platforms, LGK-82 was successfully fired from the AKINCI AUAV platform. LGK-83 and LGK-81 development work was completed and the integration phase has begun. Efforts are underway to export LGK to friendly countries.

Deliveries of HGK-82 and HGK-84 guidance kits continued, and new contracts were concluded with the Ministry of National Defense and the Presidency of Defense Industries.

The integration of the GÖZDE ammunition, jointly developed with TÜBİTAK SAGE, has reached the final stage.

The development of the KGK-84 (Winged Guidance Kit-84) ammunition as part of the UMGK project carried out with the Presidency of Defense Industries has reached the final stage. In 2023, it is aimed to start mass production.

TOLUN ammunition has been successfully fired from the AKINCI platform after being fired from combat aircraft, and mass production activities were initiated with the new production techniques whose processes have been developed.

The development and integration of the ASELSAN-SADAK smart multi-carrier release family with indigenous components under the contracts signed with the Ministry of National Defense and the Presidency of Defense Industries continued, and the integration of the SADAK-4T into the AKINCI AUAV was completed.



Infrared Seeker Systems

ASELSAN has made initial deliveries of the infrared seeker, a crucial component developed as part of Türkiye's HİSAR national air defense missile system project, which is expected to have a significant impact on the country's air defense capabilities.

The prototype deliveries of the KARAOK infrared seeker developed for use in anti-tank missiles were finalized, and preparations for mass production continued.

The development of the IIR seeker for the TOLUN ammunition continued, and the integration phase began.

TV seeker and hybrid seeker studies were initiated.

Work continued on new generation laser seeker heads within the scope of university-industry cooperation.

Unmanned Surface Vehicles

MARLIN USV, designed for surface and electronic warfare, participated in NATO's DYNAMIC MESSENGER and REPMUS exercises, demonstrating its autonomy, electronic warfare, and reconnaissance surveillance capabilities. Additionally, MARLIN USV participated in the EHDEN Electronic Warfare Exercise and all missions were successfully completed.

Artificial intelligence-based autonomy capability was provided to MIR USV, which was developed in accordance with the anti-submarine warfare concept, with national capabilities. Work continued on the integration of different payloads.

ALBATROS-S has expanded its capability range with the successful realization of a heterogeneous swarm of unmanned naval vehicles, comprising various types of USVs.

Prototype deliveries of infrared seeker heads

The prototype deliveries of the KARAOK infrared seeker developed for use in anti-tank missiles were finalized, and preparations for mass production continued.



Within the scope of the attack-capable USV project executed in cooperation with the Presidency of Defense Industries, the development of the ALBATROS - KAMIKAZE USV reached the final stage in cooperation with ROKETSAN, and field tests began.

Efforts to develop semi-submersible USVs with low visibility and high surprise effect have been initiated within the scope of the USV Roadmap of the Presidency of Defense Industries.

Unmanned Ground Vehicles

The Presidency of Defense Industries made its first delivery of ASLAN, a medium-class first-level unmanned land vehicle, designed as three different prototypes with national and domestic capabilities.

The ASLAN unmanned ground vehicle continued to be armed with various payloads, and the integration of the TEPEGÖZ Relay UAV was successfully realized.

Microelectronics, Guidance and Electro-Optics

The Presidency of Defense Industries made its first delivery of ASLAN, a medium-class first-level unmanned land vehicle, designed as three different prototypes with national and domestic capabilities.



The TUNGA, a medium-class second-level unmanned land vehicle capable of reconnaissance, surveillance, target detection, and remote operation with various weapon systems and payloads, underwent prototype production and subsystem qualifications successfully.

The development of the ERTUNGA medium class second level unmanned land vehicle, capable of serving at longer ranges in operations within the needs of the Turkish Armed Forces, was initiated.

Within the scope of the operational needs of the security forces, work on a rubber-wheeled unmanned ground vehicle was initiated.



Unmanned Aerial Vehicles

Autonomy and decision-making algorithms were also developed to realize a "distributed swarm architecture" capable of multi-tasking in the air.

Efforts were carried out for IED detection and destruction systems integrated with UAVs and drones.

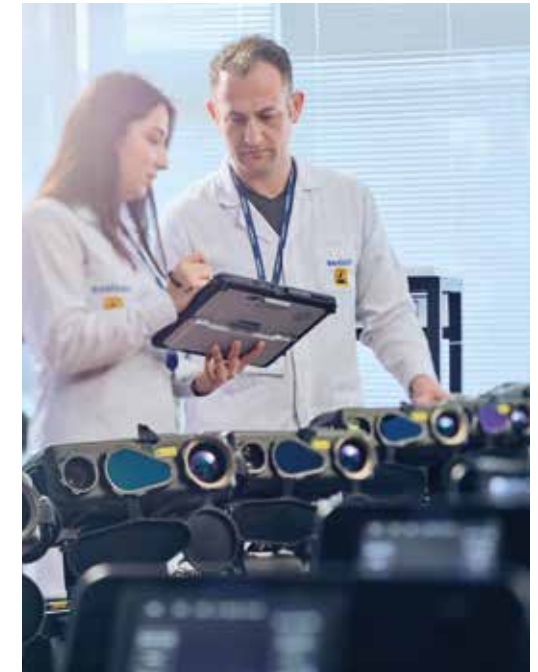
The company continued to develop the İMHA and SAKA product families, which combine unmanned aerial vehicles with navigation, seeker, guided munitions, and autonomy technologies, which have been among ASELSAN's key competencies for many years.

Level two unmanned ground vehicle

The TUNGA, a medium-class second-level unmanned land vehicle capable of reconnaissance, surveillance, target detection, and remote operation with various weapon systems and payloads, underwent prototype production and subsystem qualifications successfully.

R&D CENTER

Hosting two separate R&D centers, the MGEO Sector Presidency employs a total of 1,530 R&D personnel, 1,357 at the MGEO-1 R&D Center and 173 at the MGEO-2 R&D Center. With the new infrastructures commissioned in 2022, the total R&D center area increased to 51,366 m².



FACILITIES

The personnel working on guidance and unmanned systems projects, system design laboratories, and production infrastructures were moved to the Akyurt-2 Campus due to the growing business volume and new projects in the MGEO Sector Presidency. A new integration area of approximately 13,000 m² and administrative offices at the Akyurt-2 Campus were allocated for the use of these functional departments.

QUALITY ACTIVITIES

It is aimed to generate domestic and national solutions with high added value for the civil avionics market by using ASELSAN's existing avionic system development and integration capabilities and infrastructures in the military field. The quality management system is being developed in accordance with EASA Part-21 requirements in order to obtain design organization approval and production organization approval in the studies carried out with the European Civil Aviation Authority (EASA).

ASELSAN participates actively in the activities undertaken as a member of the IAQG (World Aerospace Quality Group) and its sub-group EAQG (European Aerospace Quality Group).

The ANS-510D maritime inertial navigation system successfully passed the IMO (International Maritime Organization) inspection conducted by Türk Loydu (Turkish Lloyd) and received a type certificate. Thanks to the type certificate, which is valid for five years, the ANS-510D system can be installed on all international commercial and military vessels.

Lean production efforts were disseminated and production capacity and production quality processes were improved.



Radar and Electronic Warfare Systems

Within the Radar and Electronic Warfare Systems Sector, development and production activities are carried out in order to meet the radar and electronic warfare requirements of domestic and foreign users, especially the Turkish Armed Forces, with products that have capabilities beyond the capabilities of comparable systems.

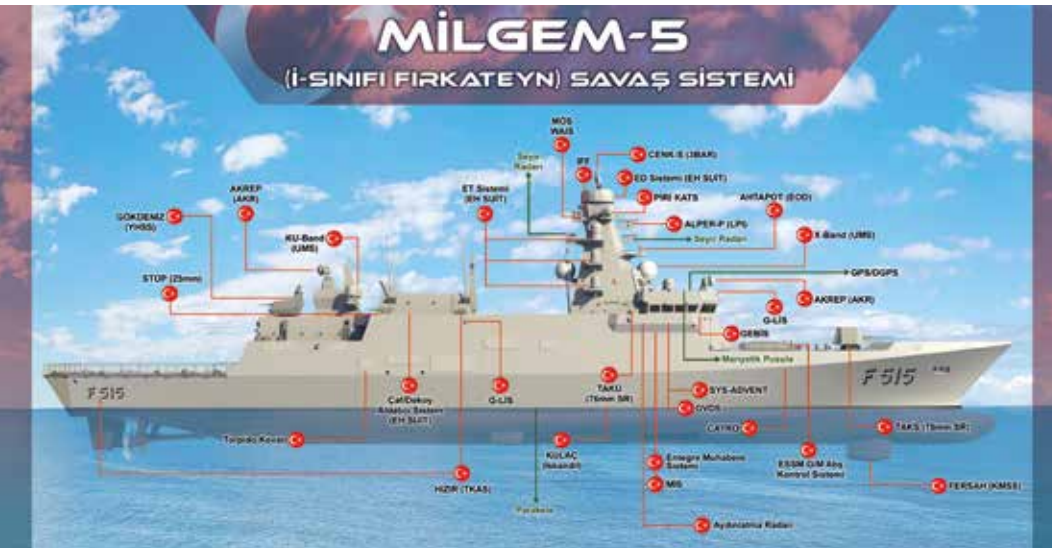


Radar and Electronic Warfare Systems

With its expanding product range on the ground, at sea, in the air, and in space, ASELSAN will continue to create cost-effective solutions for different usage needs within a very short timeframe.

Within the scope of the Sectoral Directorate of Radar and Electronic Warfare, development and production activities are continued in order to meet the radar and electronic warfare needs of domestic, especially the Turkish Armed Forces, and foreign users, with products that are capable of beyond the capabilities of peer systems in a way to cover the solutions for current and future threats.

ASELSAN will continue creating cost-effective solutions in a very short time for different usage needs with its expanding product range on land, sea, air, and space with the aim of being the first to come to mind on the subject of radar and electronic warfare manufacturer in the world, the leader in technology, and a respected and trusted company.



Electronic warfare capabilities

Electronic warfare capabilities continued to be developed both at ASELSAN facilities and in the field.

High capability

In 2022, ASELSAN's electronic warfare capabilities revealed their importance in the operations carried out by our country in the field.



ELECTRONIC WARFARE SYSTEMS

The criticality of ASELSAN's electronic warfare capabilities in our country's and allies operations in the field was well demonstrated in 2022. Within the wars and conflicts ongoing in the world, the significance of electronic warfare capability and its role as a force multiplier came to the forefront of the whole world's agenda. In this critical area, ASELSAN's superiority in providing our country with electronic warfare capabilities was confirmed by both internal stakeholders and potential external customers requesting ASELSAN's electronic warfare capabilities.

Radar and Electronic Warfare Systems

Various projects are underway, focusing on the development, design, production, platform integration, delivery, and post-delivery support of electronic warfare systems designed to operate on a range of platforms.

ASELSAN Electronic Warfare (EW) Systems play a critical role as a force multiplier on the battlefield with state-of-the-art solutions. High-tech Electronic Warfare Systems used extensively in national defense, asymmetric warfare, and civilian usage are developed

genuinely and domestically in order to increase the survivability of platforms, estimate the direction and location of the targets, provide situational awareness, monitor and disrupt target communication and radar systems.



Architectural designs completed

The successful completion of the architectural designs for critical electronic warfare projects such as KORAL-2, ILGAR-2, HEWS-2, FEWS, and new-generation anti-UAV systems has been achieved.



Development work in progress

Development work continued on KARTACA, the world's first smart countermeasure launcher system.

Electronic warfare systems continuously evolved in 2022 in line with the ever-evolving threats and operational concepts, the 2030 road maps, as well as additional capability demands from the field. Accordingly, business development, design, production, platform integration, delivery, and post-delivery support activities for electronic warfare systems that will serve on different platforms were continued within the scope of various projects in line with the objectives of our country and external stakeholders.

The successful completion of the architectural designs for critical electronic warfare projects such as KORAL-2, ILGAR-2, HEWS-2, FEWS, and new-generation Anti-UAV systems has been achieved. Furthermore, our development on long-term strategical



projects such as AIRBORNE SOJ and TF-X (KAAN) Integrated RF Systems proceed at a fast pace. KARTACA, the world's first smart countermeasure dispensing system (STANAG 4781 compliant) has been finalized in 2022.

The first and follow-up deliveries of many products such as HEWS, MILGEM-5, TCG UFUK, SANCAK, VURAL, BARBAROS, AYI, YARASA, KARETTA, OPKAR, KÖPA, GERGEDAN, KANGAL, KIRPI, İHASAVAR, and MİRKET systems were carried out within the scope of ongoing contracts. The harbor and naval acceptance of electronic warfare systems within the scope of TCG Anadolu, the flagship of our country, was completed and made ready for use.

Critical progress

ASELSAN achieved significant progress in the development of radar and communication analysis and jamming solutions for UAV-based electronic warfare systems, particularly with the integration of the mini electronic warfare pod into the TB-2 platform.

A first in the world

MARLIN SİDA's world-first radar electronic warfare capabilities have showcased our country's capabilities in NATO and national exercises.



Parallel to Türkiye's development in UAV technology, critical progress was achieved in ASELSAN's UAV-based electronic warfare solutions, particularly the mini electronic warfare pod integrated with the TB-2, as well as radar and communication analysis and jamming solutions. MARLIN SİDA's world-first radar electronic warfare capabilities have showcased our country's capabilities in NATO and national exercises.

Radar and Electronic Warfare Systems

The company also undertook several technological and conceptual development activities to introduce the latest technologies and improve existing systems in line with the developing technology.

Development of UAV and Swarm UAV electronic warfare (EW) solutions, deep learning, cognitive electronic warfare, network-based EW, and directed energy solutions for various end products, which are among the technologies of the future, were continued.

After 2023 and beyond, new products that will serve to strengthen our country and our allies in the field of electronic warfare will be added to the inventories. ASELSAN has the capability to meet all the critical capability demands of end users in the field of electronic warfare.



New products to be added to the inventory

ASELSAN will continue its efforts to provide critical capabilities for our country's survival, as new electronic warfare products are added to our inventory in 2023 and beyond, reinforcing both our nation and our allies.





Needs rapidly met

Leveraging over 30 years of experience, ASELSAN is developing radar systems that exceed peer capabilities, with a focus on meeting the needs of the Turkish Armed Forces as a top priority, while also rapidly addressing the requirements of friendly and allied nations.

RADAR SYSTEMS

ASELSAN has become a leading global radar manufacturer, thanks to over 30 years of dedicated work in the field of radar technology. Leveraging this expertise, ASELSAN is developing radar systems that exceed peer capabilities, while prioritizing the needs of the Turkish Armed Forces and rapidly addressing the requirements of friendly and allied nations.

In 2022, ASELSAN made significant progress in advancing radar technology and diversifying its radar product offerings to the highest level. The company developed and produced 18 different radar systems, and prepared for the system acceptance and procurement organizations of five new radars in collaboration with its users.



Radar and Electronic Warfare Systems

In line with the 2022 targets, the early warning radar system factory acceptance tests were completed.



In line with the 2022 targets, the early warning radar system factory acceptance tests were completed. Three more weapon detection radars, contributing to the strength of the Turkish Armed Forces, have been added to the inventory. Again, the production of the UMAR-long-range search radar, which is the search radar of the SİPER system that will carry the air defense power of the Turkish Armed Forces to a higher level, has been completed, and the verification phase has

started with fire tests. Moreover, system integration of ÇFAKR-multi function fire control radar, of SİPER system has started in 2022. This state-of-the-art radar system will be integrated to SİPER system and be a part of the fire tests to be performed in the first half of the year 2023. ASELSAN continued its mass production activities for key elements of the HİSAR-A+ and HİSAR-O systems, including the KORKUT system, fire management device, mobile search radar, fire control radar, and KALKAN air defense radars..

Three weapon detection radars join inventory

Three more weapon detection radars, contributing to the strength of the Turkish Armed Forces, have been added to the inventory.





Air traffic control radar

ASELSAN developed an indigenous air traffic control radar system that is critical for the Turkish Air Force, and the first system has been added to the inventory.

The efforts to provide our country with AESA nose radars to be used in AUAVs, unmanned combat aircraft, and F16s, a capability that is in the inventory of very few countries, reached an end. In 2023, these radars will be put into use, and the SİPER missile radar seeker will enable the longest-range air defense engagement ever conducted in our country. Mass production of radar seeker heads for air defense missiles, in addition to the ATMACA radar seeker head, was initiated.

Along with all these systems, which are the most critical elements for air defense, the air traffic control radar, which is of critical importance for the Air Force, was developed domestically and indigenously, and the first system was brought into inventory. To combat the increasing threat posed by mini/micro UAVs and paramotors, which have proven to be a formidable challenge for all units of the Turkish Armed Forces, a large quantity of ACAR-UAV radars have been produced and deployed. The development and production activities of the modern mine detection system developed for underground threats such as mines and IEDs, which have caused countless losses and damages to date, were brought to the acceptance stage.



Radar and Electronic Warfare Systems

Factory acceptance of the first illumination radar for semi-active guided missile guidance was completed for the Turkish Naval Forces Command.



Surface and submarine versions of the new pulsed LPI radar for naval platforms have been handed over to the Turkish Naval Forces Command and foreign customers. The factory acceptance of the first CW transmitter for illumination of semi-active guided missile guidance was recently concluded for the Turkish Naval Forces Command, which are to be used in integration with AKREP dual-band fire control radars. CENK, a two-axis electronically scanned AESA radar, is currently undergoing

production and design verification activities for scheduled delivery to the Turkish Naval Forces Command in 2023.

ASELSAN will continue to work with the goal of becoming the first manufacturer in the world with its radars, which are increasing in range every day, covering all threats, and can be used on all platforms on land, sea, and air.

Deliveries are underway

Surface and submarine versions of the new pulsed LPI radar for naval platforms have been handed over to the Turkish Naval Forces Command and foreign customers.

Production and design validation activities

The production and design validation activities for CENK, a two-axis electronically scanned AESA radar, are underway for delivery to the Turkish Naval Forces Command in 2023.





Transportation, Security, Energy, Automation and Healthcare Systems Sector

Within the scope of rail signaling works; work on the Gayrettepe-Istanbul Airport Metro Signalization System Project continued at full speed.



Transportation, Security, Energy, Automation and Healthcare Systems Sector

In the national electric train project, the static and dynamic commissioning of the traction system and train control management system provided by ASELSAN was successfully completed on the prototype train.

TRANSPORTATION AND SMART SYSTEMS:

Rail Systems

Within the scope of rail systems signalization works, works on the Gayrettepe-Istanbul Airport Metro Signalization System Project continued at full speed. The first stage of the system called COBALT, the testing, commissioning, and customer acceptance studies for Kağıthane-Istanbul Airport, were completed, and the independent audit firm certificate, which is a critical acceptance stage, was received on December 30, 2022. The route is scheduled to be put into passenger operation after the trial operation to be carried out by the Administration.

As part of the second section of the Gayrettepe-Istanbul Airport line, Gayrettepe Station and Halkalı-Istanbul Airport signaling project, design, procurement and engineering activities are continuing for the section covering the Depot Area and Taşoluk and Arnavutköy stations in the first stage and it is planned by the Authority to be commissioned in May 2023. The Gebze-Darica metro project is currently undergoing design, procurement and engineering activities in line with the project schedule, and factory acceptance tests of sub-systems were initiated.

Train sets to be mass produced

Between ASELSAN and TURASAŞ, two contracts for the mass production of 19 train sets were signed on November 1, 2022.

Static and dynamic commissioning works of the traction system and train control management system provided by ASELSAN in the national electric train project were completed with success on the prototype train, and the train with an operating speed of 160 km/h and a design speed of 176 km/h reached a maximum speed of 171 km/h. The most demanding tests of the traction system, the extraordinary load tests and ramp tests, were successfully carried out. Due to the success achieved in the field with the prototype train, two contracts for the serial production of 19 train sets were signed between ASELSAN and TURASAŞ on November 1, 2022.

A protocol of cooperation was agreed upon with TSE to reduce external dependence on certification and certification in the field of rail systems. The protocol will be signed and enter into force in early 2023.

R&D activities to develop on-vehicle signaling equipment are ongoing. This initiative aims to develop indigenous and national on-vehicle equipment and to add a product with a large domestic market share for conventional lines to the COBALT family after the metro system.



Transportation, Security, Energy, Automation and Healthcare Systems Sector

In 2022, the activities to develop traction system components for civilian and military electric vehicles continued, and some products were delivered to user authorities and started to be used in real conditions.

Electrical Vehicle Systems

The development of traction system components for civilian and military electric vehicles continued in 2022, and some products were delivered to user authorities and started to be used in real conditions. This bus project, which is the first project in the field of civilian electric vehicles and is the output of the 12 m fast-charging electric bus project carried out in cooperation with TEMSA, was delivered to Samsun Metropolitan Municipality. The first batch of this bus, which attracts attention with its fast charging technology, which enables full charge in less than 15 minutes, was delivered before the Teknofest organized in Samsun. The electric bus solutions, which are field-proven to significantly reduce the operating costs of our municipalities, continue to be used in other municipalities in the coming period.

The project for the development of a hybrid propulsion system that can be used in military 4x4, 6x6 and 8x8 vehicles, and which will enable these vehicles to move more quietly and operate more efficiently in the tactical field, has completed its requirements determination and design phases. The electric motor, driver, and axle systems are being developed domestically and nationally in this project.



TÜMS (On Demand Mobility Service) Project has completed its first phase and started to be introduced as a travel planning module in smart transportation applications.

A new Adabüs model is being developed in cooperation with ASELSAN and Karsan. The vehicle will be equipped with an ASELSAN traction system. The vehicle will feature a domestic and national electric traction system, a 65-kWh battery, a 70-KW electric motor, a motor driver, a vehicle control computer, a driver display panel, and a charging control unit.

Travel planning module

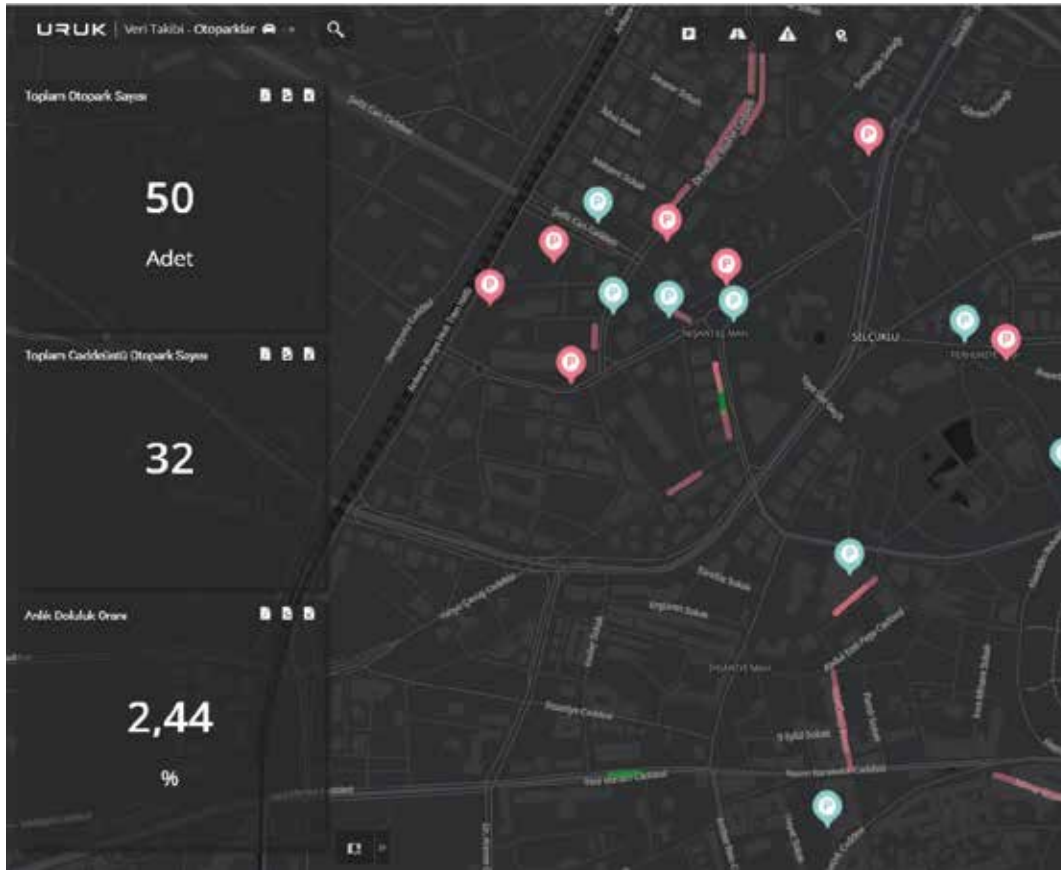
TÜMS (On Demand Mobility Service) Project has completed its first phase and started to be introduced as a travel planning module in smart transportation applications.



Smart Transportation Systems

Within the scope of the ongoing Toll Collection System Project in a European country, the deliveries of two stations, a main control center and operational spares were successfully completed. The equity-funded development project for an automated unmanned payment system that will provide innovation in this field was completed and domestic customer demonstrations were conducted.

In Samsun, Kırıkkale and Tekirdağ provinces, partial and final acceptance activities were carried out within the scope of smart city projects. The final acceptance and delivery of the smart intersection system, average speed detection system, Red Light Violation Detection System (RLDS), Parking Violation Detection System (PITS), variable message signs, traffic control center and electronic monitoring system center were



completed within the scope of Samsun smart city traffic safety project. Construction works for the smart intersection system, RLDS, PITS, Electronic Toll Collection System (e-Toll Collection System), traffic safety, and transportation modernization were carried out within the scope of Kırıkkale Phase-2 Smart City Project and 95% of the project was delivered. Within the scope of the Tekirdağ Smart City Project, 80% of the project has been delivered within the scope of smart intersection system, traffic control center, traffic sensors, and variable message signs.

A contract was awarded to a foreign country for the development and installation of a system capable of vehicle detection, classification and high-speed weight measurement at 14 locations.

An equity-funded R&D project was implemented within the scope of the development of V2X technologies, which enable vehicles to communicate with each other and the infrastructure in traffic, and which are considered to have many different application areas in the future.

URUK System

The development of the URUK Smart City Monitoring and Management System continued in order to monitor, track and control Smart City applications in a centralized structure and to use them in urban planning studies.

Industrial Automation Systems

For the purpose of warning the public in emergencies, a national warning and alarm siren system was developed with ASELSAN's own resources. The system was first successfully deployed in Mersin and Kahramanmaraş provinces and started to be used by AFAD Presidency. In 2023, two new contracts were signed with AFAD to install the system in Çanakkale, Edirne, Tekirdağ, Rize, Trabzon and Giresun provinces.

Within the scope of the Batman-Dörtyol Crude Oil Pipeline SCADA system supply and installation project, field installation and commissioning activities continued, and the line was actively operated by BOTAŞ through ASELSAN SCADA system in 2022. Moreover, the completed Dörtyol-Ceyhan crude oil pipeline was also included in the ASELSAN SCADA system.

The Municipality of Van signed the Van Water Management System Project, which involved installing a water management system in a designated pilot region. The installation was completed, and the system was successfully commissioned.

The development of the URUK Smart City Monitoring and Management System continued in order to monitor, track and control Smart City applications in a centralized structure and to use them in urban planning studies. URUK was commissioned for demonstration purposes in Samsun and Konya Metropolitan Municipalities. Another smart city solution, the smart city mobile application developed with ASELSAN's own resources, has been made ready for Tekirdağ and Samsun Metropolitan Municipalities.

Transportation, Security, Energy, Automation and Healthcare Systems Sector

Efforts were initiated to develop an Artificial Intelligence Based Anomaly Detection and Tactical Border Situation Monitoring Center within the scope of the Integrated Border Security Management System.

“Konya Smart City Strategy and Roadmap” has been prepared within the scope of Konya Smart City project, which determines the steps that Konya can follow until 2030 to become one of the exemplary smart cities of the world. The study carried out in collaboration with Konya Metropolitan Municipality with a focus on people and the environment, identified many exemplary and pioneering projects specific to the city.

SECURITY SYSTEMS:

Activities were carried out for the nationalization of new generation high-resolution smart cameras and long-range day vision cameras, intended to be used in all security projects, especially in urban and rural security management systems and military security projects, including domestic design and production activities involving the domestic ecosystem. Production/integration of ASELSAN-designed national microbolometer detector modules for civilian uncooled thermal cameras continued. The road map for the localization of the security camera product family was updated and preparations for new self-sourced R&D projects were completed.



Integration efforts are underway

As part of outpost/base security activities, system installation activities were conducted to increase the area dominance of security forces in operation areas, and integration activities were carried out to provide additional capabilities.

As part of outpost/base security activities, system installation activities were conducted to increase the area dominance of security forces in operation areas, and integration activities were carried out to provide additional capabilities.

The surveillance towers and security management centers operating in the military hierarchy delivered within the framework of the border security project supported by European Union funds and national funds have provided additional capabilities to facilitate the tasks of security forces for the security of our country's land borders.

Efforts were initiated to develop an Artificial Intelligence Based Anomaly Detection and Tactical Border Situation Monitoring Center within the scope of the Integrated Border Security Management System.

With the aim of minimizing threats to the security of energy supply, an increasingly important issue every day, fiber-optic-based MIDAS breach detection systems were commissioned and delivered to oil and natural gas transmission pipelines. In addition, MIDAS breach detection systems in the field of railway and pipeline safety have been exported abroad and opened to the world market.

While border security systems have been exported abroad, field reconnaissance/design/testing/production activities were carried out for the subsystems planned to be delivered in 2023.

The project, in which ASELSAN's radar, Electro-Optical sensor system, and radio direction finder systems were integrated to monitor and manage ship traffic in the Çanakkale and Istanbul straits, was completed.

YERGÖZ seismic sensor field test activities, developed for the use of mobile troops from the wireless sensor product family, were successfully carried out with the officials of the Presidency of Defense Industries and the General Staff within certain scenarios. The HERMES Aircraft-Based Change Detection System, YAREN Aircraft Adaptation and Integration System, and OCIT Optical Device Detection System developed with TÜBİTAK were demonstrated at ASELSAN Gölbeek Campus with the participation of officials from the Presidency of Defense Industries, General Staff, and Gendarmerie General Command.

In accordance with the needs of the Gendarmerie General Command, the Artificial Intelligence Supported Rural Security Management System Project contract was signed with the Presidency of Defense Industries for the installation of imaging systems to ensure security and public order.

As part of the Gendarmerie Integrated Communication and Information System (JEMUS) Project, Smart Control Point (AKN) and Gendarmerie Patrol Application (JADU) project deliveries were realized. As a continuation of the related project, a contract amendment was signed for the AKN JADU and PTS packages, which include additional features.

Within the scope of the Urban Security Management System (KGYS) and License Plate Recognition System (PTS) Project, AI-supported smart cameras were made widespread and long-range target detection capabilities were included in the project with the use of uncooled thermal cameras along with smart query capabilities at the center.

Launched at the end of 2021 at DHMI Gaziantep Airport, ASELSAN ARIN X-Ray baggage control devices were delivered to the Presidency of the Republic of Türkiye, DHMI Tokat Airport, the Ministry of National Education and the Ministry of Foreign Affairs in 2022, expanding their areas of use.



Security system installation

The electronic and physical security systems of our country's most critical facilities were deployed and integrated; acceptance activities were completed and work on new phases was initiated.



The electronic and physical security systems of our country's most critical facilities were deployed and integrated; acceptance activities were completed and work on new phases was initiated.

Deliveries of products including unique ASELSAN solutions within the scope of the Istanbul Finance Center Security Systems Project have started.

Transportation, Security, Energy, Automation and Healthcare Systems Sector

As of August 1, 2022, the UGES Sector Presidency established the Energy Systems Directorate to better organize and manage the expanding and increasingly diverse portfolio of energy-related projects.

ENERGY SYSTEMS:

2022 was a year of significant developments in the field of Energy Systems. Directorate of Energy Systems was established on August 1st as acting under the UGES Sector Presidency in order to manage diversified and high volume energy projects effectively.

In September 2021, the contract for "Renewal of Alaçatı Wind Power Plant by Local Wind Turbine Technology" was signed with Elektrik Üretim A.Ş. (EÜAŞ) and as a part of the scope, a platform-level technology transfer agreement was also signed with Aerovide for manufacturing of 2 each 4.3 MW ASELSAN-branded wind turbines locally. Prototype production of the power converter and generator components developed by ASELSAN were completed and these components will be used in the wind turbines.. The ASELSAN brand wind turbines, having high localization rates under the serial production, will find a place in upcoming wind power plant investments.



Design of the ASELSAN PULSAR brand 250 kVA string type inverter for use in solar power plants, which was completely designed with national capabilities, was completed and brought to the certification tests phase, and targeted to use in the solar power plants by mid of 2023. Additionally, in behalf of know-how in SCADA and energy management areas, modular solutions has been under development for different SCADA applications like solar and wind power plants, electricity transmission and distribution lines, and oil and natural gas distribution lines.

250 KVA Array Type Inverter

The ASELSAN PULSAR-branded 250 kVA type inverter, which was created entirely within the framework of national capabilities for use in solar power plants, reached the certification stage of testing.

HEALTHCARE SYSTEMS

Products developed in the field of health systems continued to add value to the sector. The OED device was introduced to the market in 2021 with the finalization of the development activity realized with domestic and national resources. As of this time, a total of approximately 6,000 centers, both in Türkiye and abroad, were established and 6 people's lives were saved. With the increase in first aid awareness and the emergence of legislation, it is aimed that the device will become more widespread and save lives. Furthermore, works on the development of a Manual External Defibrillator Device continues with the aim of meeting the needs of physicians at hospitals and of the emergency medical technicians working in 112 emergency ambulance services.

The development of the mobile X-Ray device, the first ASELSAN-designed product in the field of medical imaging systems, was completed and started to be used in the clinical environment. Preparations for mass production and market supply are ongoing.

The development of the heart-lung machine project continues in accordance with the project plan. In mid-2023, with the completion of the first prototype device, clinical trials and certification studies will be initiated.



During the Covid-19 pandemic, ASELSAN continued to sell the intensive care respiratory devices it produced and brought to the country. Furthermore, the device has been updated, incorporating new features and making it more efficient.

In the field of diagnostic systems, efforts are continuing for virus detection technologies, which started to be researched during the pandemic period.

DESIGN AND SYSTEM

Design and system activities continued in 2022, especially in the last period of the year, within the framework of existing contracts, equity R&D projects and commitments. ASELSAN's engineering teams responded to end-user demonstration requests and demonstrated the capabilities of UGES (unmanned ground and aerial systems) for potential contracts and country needs.

Crisis-scale projects were discussed by the design and system engineering teams, and solutions to problems were found within the framework of root cause analysis. Specifically, within the scope of the Gendarmerie JEMUS Dissemination Project, more than 20 software versions were detected in more than 70 locations, and the root causes of the problem were identified. In these root causes, the decisions to release software to the field without system integration tests due to calendar pressure, which are related to system engineering and design engineering disciplines, were terminated by coordinating with the customer. It was ensured that the SIL (System Integration Laboratory) infrastructure used for system integration



could simulate the field as much as possible. Once the created software versions passed these tests, they were installed in the field. While all stakeholders, particularly the end user, procurement authority, ASELSAN management and engineering teams, were not satisfied with the process in the previous period, it was observed that all stakeholders were satisfied with the stage reached after this activity. In the future, the approach taken in this project, which was chosen as an example to demonstrate the importance of implementing processes, will be applied in all UGES projects.

Importance was attached to nationalization and 35 products have been nationalized so far.

Patent and utility model registration

Within the scope of design and system engineering, a total of seven patents and utility model registrations (six domestic and one international) were obtained in 2022.

A total of seven patents and utility model registrations were obtained within the design and system engineering department in 2022 (six domestic and one international). 77 applications are in process. 33 of these were realized in 2022.

Two seed projects were approved and implemented in 2022, and two seed projects are at the approval stage.

In 2022, 11 of the employees working in design and systems engineering received a master's degree and one received a doctorate degree.

The loss of qualified engineers in engineering disciplines was halted in the last period of 2022, and new personnel were recruited to the projects within the scope of focusing on features through interviews.

During the second half of 2022, relations with solution partners started to be reviewed. In this regard, initiatives were taken to incorporate the designs and design documents, the rights to which belong to ASELSAN, into ASELSAN's corporate memory. Activities in this area are ongoing.

The Security Software Engineering and Software Engineering Directorates within Hacettepe Technopolis moved to the new UGES Campus in the Hacim Kamoy building. This helped overcome the communication and collaboration problems previously experienced with the System Engineering Directorates, and started to produce faster and more effective solutions to problems in projects. And so it increased the stake of these teams in the projects. In this regard, the personnel of the relevant directorate were enabled to work remotely one day a week.

Transportation, Security, Energy, Automation and Healthcare Systems Sector

EN 15085-2 certification for welded manufacturing of railway vehicles and components was successfully completed.

QUALITY MANAGEMENT AND CERTIFICATION

As a first in ASELSAN, in 2022, the maturity level and competence of the UGES system and software life cycle processes were certified with ISO/IEC 15504 SPICE audit.

UGES processes were demonstrated to be in compliance with ISO/TS 22163 Railway Applications Quality Management System, ISO 13485 Medical Devices Quality Management System, and ISO 9001 General Inclusive Quality Management System standards through successful surveillance audits.

EN 15085-2 certification for welded manufacturing of railway vehicles and components was successfully completed. In addition to these certificates, R10 and R85 type approvals were received for the compliance of products developed for electric vehicles with European legislation. Interim evaluations of CE documents for the products in the healthcare industry, namely Defibrillator, Mobil X-Ray, and Ventilator were performed.

It was certified by an independent audit firm that the functional safety level of the metro signaling system in the rail area has been successfully met.

In addition to certification studies;

- With the purpose of ensuring the quality assurance of UGES products and systems from design and development to delivery, configuration audits, verification test results reviews, post-installation inspection, and control activities, dry-run activities prior to customer acceptance and acceptances were carried out.
- Audit and control activities were carried out at subcontractors and suppliers for UGES products and supplied materials.



Productivity and digitalization

The UGES Production and Product Management Directorate implemented process improvement projects aimed at improving business processes and digitalization. The teams completed and implemented 85 improvement projects in 2022.

PRODUCTION AND PRODUCT MANAGEMENT:

Planning, production, integration, shipment and delivery activities of UGES projects and products were carried out. Coordination was maintained with the relevant teams for the effective execution of product management of UGES products.

Meanwhile, process improvement projects were carried out to improve ways of doing business and digitalization. In 2022, a total of 113 process improvement projects, large and small, were carried out by the teams, 85 of which were completed and implemented, while 28 are in the second phase.

Some examples are given below:

- In 2022, a total of USD 2.8 million in surplus materials were used as a result of efforts to utilize surplus materials.
- By commissioning the Mobile Equipment Tracking System project (METS), mobile handheld terminals and mobile printers in the possession of warehouse personnel began to be tracked with RFID technology, thus ensuring regular charging of the devices, energy savings and device security.
- The first phase of the project, completed in collaboration with BYD, enables more efficient use of storage areas by utilizing material width-length-height and weight information, has been completed. SAP-generated data enables more accurate calculation of future occupancy projections. In addition, potential OHS risks were minimized by managing shelf capacities. The second phase of the project will be completed in 2023.

- The Production Dashboard was created to allow for more accurate production, capacity, and workshop planning, and the status of production/workshops became traceable. Improvements were made in workshop planning.
- A tracking device has been developed and is now being used to instantly monitor and record the impact, temperature, humidity, and location information of the products during transportation. A utility model application has been filed for the device.
- UGES Environmentally Friendly Packaging Policy and Packaging Standards Guide were prepared.
- Training was provided to subcontractors. The project reduced carbon emissions and won first place in the ASELSAN Integrated Management Systems Directorate's "I Add Value to My Future with My Work" competition.
- A shipment process dashboard was created and shipment data was analyzed to ensure end-to-end traceability of shipment processes. Following the analyses, improvements were made to the processes that created bottlenecks in the process in cooperation with BYD. With these improvements, the in-vehicle 3D layout optimization of the products and the optimum reduction in transportation costs have been achieved.

INTEGRATED LOGISTICS SUPPORT:

Deliveries totaling USD 18.2 million were made under the scope of maintenance/repair projects carried out by the Integrated Logistics Support Directorate, representing a 49% increase over 2021, and deliveries for 2022 were completed with a 98% success rate.

In addition to the deliveries, three different customers, primarily the Presidency of Defense Industries, signed maintenance/repair contracts worth approximately USD 21 million. Among these contracts are the "Modular Security System ELD 4th Package", "Urban Security Management System All Türkiye Maintenance and Repair Contract" in the field of security systems, and the "Northern Marmara Motorway Maintenance and Repair Contract" in the field of smart systems. Proposal negotiations with the Presidency of Defense Industries for the 5th Modular Security System ELD contract for the two-year maintenance of 86 Base Areas were concluded, and the official process was initiated for the signing of the new contract in January 2023.

Packaging standards guide

UGES Environmentally Friendly Packaging Policy and Packaging Standards Guide were prepared.

USD 18.2 million in deliveries

Deliveries totaling USD 18.2 million were made under the scope of maintenance/repair projects carried out by the Integrated Logistics Support Directorate, representing a 49% increase over 2021.

As part of the infrastructure work required for the maintenance of maintenance/repair contracts, the CRM service management project Phase 1, developed in cooperation with the Integrated Logistics Support Directorates and the Information Management Directorate, went live on August, 2022. Customers, subcontractors, call centers, ASELSAN headquarters, and field personnel can provide product support and customer service in real time via mobile compatible interfaces. All faults in the field can be monitored and reported by the customer thanks to this work. Phases 2 and 3 will be completed in 2023, with development continuing throughout. In addition, following the commissioning of the Gayrettepe New Airport Metro Line, for which SIL4 certification process has been completed, maintenance, repair, and operation technical support activities will be performed within the scope of the signaling system for the first time.



ANNUAL REPORT 2022 FINANCIAL INFORMATION

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A black and white photograph of a person sitting at a desk in a control room or office. The person is seen from behind, looking at several computer monitors. The monitors display various data visualizations, including charts and tables. In the background, a large, detailed satellite image of the Earth is visible, showing continents and oceans. The overall scene suggests a high-tech, data-driven environment.

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ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position as of 31 December 2022

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

	Note References	Audited			Note References	Audited	
		31 December 2022	31 December 2021			31 December 2022	31 December 2021
ASSETS				LIABILITIES			
Current Assets		38.299.445	23.175.142	Current Liabilities		29.651.397	16.749.927
Cash and Cash Equivalents	3	5.686.996	2.492.096	Short-term Financial Liabilities	30	5.602.536	1.956.100
Trade Receivables	6	14.888.340	9.803.350	Short-term Portion of Long-term Financial Liabilities	30	4.161.402	3.114.088
From Related Parties	5	6.242.612	4.255.114	Trade Payables	6	9.775.271	6.039.472
From Third Parties		8.645.728	5.548.236	To Related Parties	5	2.654.902	1.919.239
Other Receivables	7	1.026.644	722.508	To Third Parties		7.120.369	4.120.233
From Related Parties	5	5.580	24.836	Employee Benefit Obligations	17	637.239	306.525
From Third Parties		1.021.064	697.672	Other Payables	7	3.699.44	3.42.336
Inventories	9	12.592.653	7.638.954	To Related Parties	5	306.989	301.608
Prepaid Expenses	10	3.154.875	2.027.017	To Third Parties		62.955	40.728
From Related Parties	5	1.199.891	939.613	Government Grants and Incentives	13	69.856	27.291
From Third Parties		1.954.984	1.087.404	Deferred Income	10	4.100.087	1.850.165
Other Current Assets	18	949.937	491.217	To Related Parties	5	1.661.385	413.389
				To Third Parties		2.438.702	1.436.776
Non-Current Assets		37.744.396	23.238.156	Corporate Tax Liability	27	182	2.401
Financial Investments	29	4.288.363	2.148.927	Short-term Provisions		4.881.364	3.080.222
Trade Receivables	6	18.973.918	12.650.467	For Employee Benefits	17	871.333	170.902
From Related Parties	5	14.301.569	9.329.141	Other	15	4.010.031	2.909.320
From Third Parties		4.672.349	3.321.326	Other Current Liabilities	18	53.516	31.327
Other Receivables	7	5.983	2.104				
From Third Parties		5.983	2.104	Non-Current Liabilities		6.531.475	3.828.161
Equity Accounted Investments	8	298.477	219.833	Long-term Financial Liabilities	30	1.069.683	332.762
Property, Plant and Equipment	11	6.327.444	3.432.149	Trade Payables	6	72.720	25.467
Intangible Assets	12	3.531.910	2.267.610	To Third Parties		72.720	25.467
Prepaid Expenses	10	761.483	817.736	Other Payables	7	16.289	13.255
From Related Parties	5	100.440	137.239	To Third Parties		16.289	13.255
From Third Parties		661.043	680.497	Deferred Income	10	2.157.322	1.929.027
Deferred Tax Assets	27	2.082.110	253.422	To Related Parties	5	1.320.021	1.035.264
Other Non-Current Assets	18	1.474.708	1.445.908	To Third Parties		837.301	893.763
				Long-term Provisions		3.210.595	1.513.317
				Long-term Provisions for Employee Benefits	17	579.397	333.508
				Other	15	2.631.198	1.179.809
				Other Non-Current Liabilities		4.866	14.333
TOTAL ASSETS		76.043.841	46.413.298				

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

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ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position as of 31 December 2022

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

	Note References	Audited	
		31 December 2022	31 December 2021
EQUITY		39.860.969	25.835.210
Equity Attributable to Equity Holders of the Parent		39.636.982	25.563.442
Share Capital	19	2.280.000	2.280.000
Inflation Adjustments on Share Capital Differences	19	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)		780.009	186.416
<i>Gain on Revaluation of Property, Plant and Equipment</i>		1.100.324	309.535
<i>Gain/ Loss on Remeasurement of Defined Benefit Plans</i>		(320.315)	(123.119)
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		4.202.072	2.177.786
<i>Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive Income</i>		4.002.881	2.034.249
<i>Cumulative Translation Adjustments</i>		199.191	143.537
Restricted Reserves	19	612.077	542.341
Retained Earnings		16.951.819	10.350.992
Net Profit for the Year		11.915.661	7.130.563
Non-Controlling Interests		223.987	271.768
TOTAL LIABILITIES AND EQUITY		76.043.841	46.413.298

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Twelve-Month Period Ended 31 December 2022

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

	Note References	Audited	
		1 January- 31 December 2022	1 January- 31 December 2021
PROFIT OR LOSS			
Revenue	20	35.281.677	20.138.953
Cost of Sales (-)	20	(23.498.222)	(13.490.042)
GROSS PROFIT		11.783.455	6.648.911
General Administrative Expenses (-)	21	(1.205.514)	(576.057)
Marketing Expenses (-)	21	(877.661)	(670.136)
Research and Development Expenses (-)	21	(816.961)	(332.748)
Other Operating Income	22	12.294.318	10.754.188
Other Operating Expenses (-)	22	(9.087.645)	(6.405.990)
OPERATING PROFIT		12.089.992	9.418.168
Income From Investing Activities	23	6.782	10.599
Shares of Profit of Equity Accounted Investees	8	17.920	(2.820)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		12.114.694	9.425.947
Financial Income	24	698.147	514.051
Financial Expense (-)	25	(2.913.853)	(2.743.575)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		9.898.988	7.196.423
Tax Income from Continuing Operations		1.969.121	(69.082)
- Current Corporate Tax Expense (-)	27	(1.745)	(2.401)
- Deferred Tax Income	27	1.970.866	(66.681)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		11.868.109	7.127.341
Profit for the Period Attributable to Non-Controlling Interest Owners of the Company		11.868.109	7.127.341
Non-Controlling Interest		(47.552)	(3.222)
Owners of the Company	28	11.915.661	7.130.563
		11.868.109	7.127.341
Earnings for per 100 Shares (in full kuruş)	28	522,62	312,74

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For The Twelve-Month Period Ended 31 December 2022

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

	Note References	Audited	
		1 January- 31 December 2022	1 January- 31 December 2021
PROFIT FOR THE YEAR		11.868.109	7.127.341
OTHER COMPREHENSIVE INCOME			
Items that will not to be Reclassified Subsequently in Profit or Loss		593.593	(61.687)
Gain on Remeasurement of Defined Benefit Plans	17	(246.496)	(77.108)
Gain on Revaluation of Property, Plant and Equipment	26	878.655	--
Deferred Tax Expense	26-27	(38.566)	15.421
Items that may be Reclassified Subsequently to Profit or Loss		2.024.286	1.012.805
Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income	26	2.072.244	964.367
Cumulative Translation Adjustments	26	55.654	96.656
Deferred Tax Expense	26-27	(103.612)	(48.218)
OTHER COMPREHENSIVE INCOME		2.617.879	951.118
TOTAL COMPREHENSIVE INCOME		14.485.988	8.078.459
Total Comprehensive Income Attributable to			
Non-Controlling Interest		(47.552)	(3.222)
Owners of the Company		14.533.540	8.081.681
		14.485.988	8.078.459

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

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

			Other Comprehensive Income / Expense that will not be Reclassified Subsequently to Profit or Loss			Other Comprehensive Income / Expense that may not be Reclassified Subsequently to Profit or Loss		Retained Earnings			Equity		Equity
	Share Capital	Inflation Adjustments on Share Capital	Share Issuance Premiums/ (Discounts)	Revaluation Reserves	Remeasurement of Defined Benefit Plans	Gain (Loss) on Financial Assets That Fair Value Reflect in Other Comprehensive income	Translation Reserves	Restricted Reserves	Retained Earnings	Net Profit/(Loss) for the Year	Equity Attributable to Owners of the Company	Non-Controlling Interests	
Balance as of 1 January 2021	2.280.000	98.621	2.796.723	309.535	(61.432)	1.118.100	46.881	312.371	6.531.856	4.449.106	17.881.761	216.342	18.098.103
Transfers	--	--	--	--	--	--	--	229.970	3.819.136	(4.049.106)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(61.687)	916.149	96.656	--	--	7.130.563	8.081.681	(3.222)	8.078.459
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	58.648	58.648
Dividends	--	--	--	--	--	--	--	--	--	(400.000)	(400.000)	--	(400.000)
Balance as of 31 December 2021 (Closing Balance)	2.280.000	98.621	2.796.723	309.535	(123.119)	2.034.249	143.537	542.341	10.350.992	7.130.563	25.563.442	271.768	25.835.210
Balance as of 1 January 2022	2.280.000	98.621	2.796.723	309.535	(123.119)	2.034.249	143.537	542.341	10.350.992	7.130.563	25.563.442	271.768	25.835.210
Transfers	--	--	--	--	--	--	--	69.736	6.600.827	(6.670.563)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	790.789	(197.196)	1.968.632	55.654	--	--	11.915.661	14.533.540	(47.552)	14.485.988
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	(460.000)	(460.000)	(229)	(460.229)
Balance as of 31 December 2022 (Closing Balance)	2.280.000	98.621	2.796.723	1.100.324	(320.315)	4.002.881	199.191	612.077	16.951.819	11.915.661	39.636.982	223.987	39.860.969

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

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

	Note References	Audited	
		1 January- 31 December 2022	1 January- 31 December 2021
A. Cash Flows from Operating Activities		2.432.551	7.127.341
Profit for the Period		11.868.109	11.868.109
Adjustments to Reconcile Profit for the Period		6.784.134	6.098.771
- Adjustments for Depreciation and Amortization Expense	11-12	588.934	432.191
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		204	41.086
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	6	148	7730
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories</i>	9	56	33.356
- Adjustments for Provisions		4.167.219	2.038.842
Adjustments for (Reversal of) Provisions Related with Employee Benefits	17	823.540	130.776
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>	15	1.742.578	1.117.428
<i>Adjustments for (Reversal of) Warranty Provisions</i>	15	1.425.264	577.727
<i>Adjustments for (Reversal of) Other Provisions</i>	15	175.837	212.911
- Adjustments for Interest (Income) Expenses		81.432	346.941
<i>Adjustments for Interest Income</i>	22-24	(354.238)	(191.290)
<i>Adjustments for Interest Expense</i>	22-25	435.670	538.231
- Adjustments for Retained Profit of Equity Accounted Investees	8	(179.200)	2.820
- Adjustments for Tax (Income)/Expenses	27	(196.912)	69.082
- Other Adjustments for which Cash Effects are Investing or Financing Cash Flow		1.901.806	2.156.388
- Other Adjustments to Reconcile Profit (Loss)		2.031.580	1.011.421
Changes in Working Capital		(11.971.253)	(10.227.847)
- Decrease (Increase) in Trade Receivables		(10.773.874)	(6.489.832)
- Decrease (Increase) in Other Receivables Related with Operations		(308.015)	(50.916)
- Decrease (Increase) in Inventories		(4.842.704)	(2.094.115)
- Decrease (Increase) in Prepaid Expenses	10	(1.162.359)	(61.899)
- Increase (Decrease) in Trade Payables		4.128.176	1.961.552
- Increase (Decrease) in Employee Benefit Obligations		330.714	101.019
- Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(1.824.833)	(1.479.884)
- Increase (Decrease) in Other Operating Payables		(276.347)	(78.433)
- Increase (Decrease) in Government Grants and Subsidies		42.565	(2.222)
- Increase (Decrease) in Deferred Income		3.232.665	(1.023.483)
- Other Increase (Decrease) in Working Capital		(517.241)	(459.564)
Cash Flows From Operations		6.680.990	2.998.265
Payments Related with Provisions for Employee Benefits	17	(123.716)	(77.292)
Payments Related with Other Provisions	15	(791.579)	(483.788)
Income Taxes Refund (Paid)		(3.964)	(4.634)
B. Cash Flows From Investing Activities		(6.199.345)	(3.505.944)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		6.940	6.410
Purchase of Property, Plant and Equipment	11	(2.383.502)	(1.388.135)
Purchase of Intangible Assets	12	(3.788.655)	(2.051.206)
Proceeds from Derivative Instruments			
Dividends Received	23	4.958	6.997
Other Cash Outflows		(390.86)	(80.000)
C. Cash Flows From Financing Activities		3.370.896	(754.301)
Proceeds from Borrowings		11.054.706	6.008.589
Repayments of Borrowings		(7.530.799)	(6.659.498)
Dividends Paid	19	(153.011)	(103.392)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		2.933.282	(1.827.694)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		260.227	240.544
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		3.193.509	(1.587.150)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2.491.606	4.078.756
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3	5.685.115	2.491.606

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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 Secretariat.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

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

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

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

The Company is registered to Capital Markets Board of Türkiye ("CMB") and its shares have been quoted in Borsa İstanbul Anonim Şirketi ("BİST") since 1990. As of 31 December 2022, 25,80 percent of the Company's shares are publicly traded (31 December 2021: 25,80 percent) (Note 19).

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 31 December 2022 is 10.948 (31 December 2021: 9.905).

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

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 Kıbrıs") and ASELSAN Elektronik Sanayi ve Ticaret A.Ş. QSTP-B ("ASELSAN Qatar") located in South Africa, Macedonia, Turkish Republic of Northern Cyprus ("KKTC") 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.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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)

Approval of the Consolidated Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors with the resolution number 1177 on 28 February 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.

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
			31 December 2022	31 December 2021	
ASELSANNET	Türkiye	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Türkiye	TL	100	100	Export
Mikro AR-GE	Türkiye	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Türkiye	TL	51	51	Weapon and weapon systems
BITES	Türkiye	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	100	Marketing and sales of the group products
ULAK	Türkiye	TL	51	51	Communication systems

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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 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.

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 Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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 31 December 2022 and 2021 are as follows:

Joint Ventures	Principal Activity	Country of establishment and operation	Group's proportion of ownership and voting power held (%)	
			31 December 2022	31 December 2021
ASELSAN Hassas Optik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Optik")	Sensitive optic technologies	Türkiye	50	50
Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Bilkent")	Production of micro and nano sized devices which contains semi-conductive and similar technological materials	Türkiye	50	50
International Golden Group ("IGG") ASELSAN Integrated Systems LLC ("IGG ASELSAN")	Production, integration, sales and technical maintenance service of high technology product	United Arab Emirates	49	49
Kazakhstan ASELSAN Engineering LLP ("ASELSAN Kazakhstan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Kazakhstan	49	49
ASELSAN Middle East PSC ("ASELSAN Jordan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Jordan	49	49
TÜYAR Mikroelektronik Sanayi ve Ticaret Anonim Şirketi ("TÜYAR")	Production of micro and nano-sized devices containing semiconductor	Türkiye	51	51
BARQ QSTP LLC. ("BARQ QSTP LLC.")	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	Qatar	48	48
Teknohab Teknoloji Geliştirme Bölgesi Yönetici Anonim Şirketi ("TEKNOHAB")	To create investment opportunities in technology intensive areas, provide job opportunities to researchers and skilled people, help technology transfers and facilitate foreign capital to enter our country that will enable high technology	Türkiye	13	13
EHSİM Elektronik Harp Sistemleri Müh. Tic. A.Ş. ("EHSİM")	Electronic Warfare and Tactical Command Systems	Türkiye	50	50
TR Eğitim ve Teknoloji A.Ş.	Realizing Human Resources studies, Consultancy with respect to HR studies, accreditation services and trainings for every level, educational, cultural, art, sports, fair organizations and digital marketing operations.	Türkiye	35	35
DASAL Havaçılık Teknolojileri A.Ş.	Aviation technologies	Türkiye	40	40
İstanbul Finans ve Teknoloji Merkezi	To establish infrastructure activities for the development of the financial technology ecosystem	Türkiye	44	--

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures (continued):

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

The Group's joint ventures; EHSİM established in 1998, IGG ASELSAN and ASELSAN Kazakhstan established in 2011, ASELSAN Jordan established in 2012 and ASELSAN Optik and ASELSAN Bilkent established in 2014, TÜYAR established in 2017, TEKNOHAB established in 2018 and DASAL Havaçılık Teknolojileri A.Ş. established in 2020 were included in the condensed consolidated financial statements by using the equity method. Since BARQ QSTP LLC and TR Eğitim Teknoloji have 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 Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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 December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows:

Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, POA issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations. The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no 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 37 - Onerous Contracts - Cost of Fulfilling a Contract

In July 2020, POA issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to July 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no impact on the consolidated financial position and performance of the Group.

Amendments to TAS 16 - Property, Plant and Equipment Proceeds before Intended Use

In July 2020, POA issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendment has no impact on the consolidated financial position and performance of the Group.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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)

Annual Improvements to TFRS 2018–2020

IASB issued Annual Improvements to TFRSs – 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. These improvements to TFRSs have no impact on the consolidated financial position and performance of the Group.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS later than its parent – i.e. if a subsidiary adopts TFRS later than its parent and applies TFRS D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS. This amendment will ease transition to TFRS for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

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

2.4 New and Revised Turkish Accounting Standards (continued)

TFRS 9 Financial Instruments

This amendment clarifies that in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2022

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 Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

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

2.4 New and Revised Turkish Accounting Standards (continued)

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

On January 15, 2021, POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 1.

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 Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS1.

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

2.4 New and Revised Turkish Accounting Standards (continued)

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 Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 8.

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 Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TAS 12.

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

2.4 New and Revised Turkish Accounting Standards (continued)

Amendments to TAS 1 – Non-Current Liabilities with Covenants

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

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

Amendments to IFRS 16 –Lease Liability in a Sale and Leaseback

On 20 December 2022, the POA issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments.

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

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

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

2.5 Summary of Significant Accounting Policies (continued)

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

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

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

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

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

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

2.5 Summary of Significant Accounting Policies (continued)

Revenue

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

It replaces existing revenue recognition guidance, including TAS 18 Revenue, TAS 11 Construction Contracts and TFRYK 13 Customer Loyalty Programmes.

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract with customers

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

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

2.5 Summary of Significant Accounting Policies (continued)

Step 2: Identifying the performance obligations

Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service.

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

2.5 Summary of Significant Accounting Policies (continued)

Significant financing component (continued)

As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

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

2.5 Summary of Significant Accounting Policies (continued)

Step 5: Revenue Recognition

The Group recognises revenue over-time if any of the following conditions is met:

- customer simultaneously receives and consumes the benefits as the entity performs, or
- the customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognise revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

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

2.5 Summary of Significant Accounting Policies (continued)

Contract modifications

The Group recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract.

If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract.

If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Rental Income

The rental income is charged to the statement of profit or loss on a straight line method bases over the period of the lease.

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

2.5 Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories are valued on the basis of the project according to the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to realize sales. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any increase in the fair value arising on the revaluation of such land is recognized in gain on revaluation of property.

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

2.5 Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance in the accumulated in the equity, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve inequity is transferred directly to retained earnings.

Land is not depreciated. Property, plant and equipment other than lands are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Borrowing cost is capitalized when the assets took a substantial period of time to get ready for their intended use or sale.

These assets are classified to property, plant, and equipment when the assets are completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

2.5 Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. If the ownership of the finance lease is not obvious at the end of the leasing period, it is depreciated over their expected useful lives or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The maintenance and repair expenses arising from changing any part of the fixed assets can be realized if the economic benefit of the asset is increased. All other expenses are recognized in the expense accounts in the consolidated profit and loss when they are realized.

The useful lives of Property, Plant and Equipment are as follows:

	Useful life
Buildings	5-50 years
Land improvements	7-25 years
Machinery and equipment	2-35 years
Motor vehicles	3-18 years
Furniture and fixtures	2-50 years
Leasehold improvements	2-11 years
Other tangible assets	2-20 years

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

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets acquired

Intangible assets acquired are recognized at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis.

Trademarks and Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Right-of-use assets

The Group reflects the non-cancellable operating leases over one year, which include the right to control the use of the asset defined in the contract, as a right-of-use asset in the accounting records. The right of use is calculated by discounting the lease payments to their present value over the interest rate stated in the contract, either explicitly or secretly. Right-of-use asset is amortized over the lease term.

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

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Internally generated intangible assets – Research and Development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

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

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Internally generated intangible assets – R&D expenditure (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of the intangible assets are as follows:

	Useful life
Rights	1-15 years
Computer software	2-3 years
Development expenditures	1-5 years

Impairment of Assets

Non-derivative Financial Assets

For financial assets that are not recognized in profit or loss, including shares in investments accounted for by equity method, it is assessed if there is objective evidence of impairment at each reporting period.

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

2.5 Summary of Significant Accounting Policies (continued)

Non-derivative Financial Assets (continued)

Objective evidence of impairment in financial assets includes the sentences below.

- failure to fulfill the commitment or obligation by debtor;
- depending on the circumstances that the Group may not take into consideration;
- the possibility of bankruptcy of the debtor or the issuer;
- arise of a negative status in debtor or issuer's payment status;
- elimination of a marketable asset from the active market or
- observable information indicating a measurable decrease in expected cash flows from a group of financial assets.

The fact that the fair value of an investment based on stocks falls permanently below the cost price for an important period or for a long period of time is also an objective evidence of impairment. The Group considers a 20 percent decline to be significant and a 12-month period as long-term and permanent.

Available-for-sale financial assets

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the gain on revaluation of available for sale financial assets reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment loss is recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

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

2.5 Summary of Significant Accounting Policies (continued)

Available-for-sale financial assets (continued)

If there is an increase in the fair value of a debt instrument classified as impaired or available for sale and if that increase is recognized as reliably correlated to an event occurred after the impairment loss is recognized, withdrawal of impairment loss is accounted for in profit or loss, otherwise in comprehensive income. Impairment losses recognized in profit or loss by associating with investments in equity instruments classified as available-for-sale cannot be withdrawn through profit or loss.

Equity Accounted Investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

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

2.5 Summary of Significant Accounting Policies (continued)

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income ("FVOCI") and Fair Value Through Profit or Loss ("FVTPL"). The standard eliminates the existing TAS 39 categories of held to maturity, loans and receivables and available for sale. Financial investments classified as "Available for Sale Financial Assets" in accordance with TAS 39 are classified as FVOCI in accordance with IFRS 9.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group does not have any embedded derivatives as of reporting date.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in TAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

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

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

ii. Impairment – Financial assets and contract assets (continued)

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement (simplified approach) is always applied to trade receivables and contract assets without a significant financing component.

iii. Classification – Financial liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification of financial liabilities.

However, under TAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under TFRS 9 these fair value changes are generally presented as follows:

The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of change in the fair value is presented in profit or loss.

The Group has not identified any liability for the fair value recognized in profit or loss and has no objective purpose.

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

2.5 Summary of Significant Accounting Policies (continued)

iv. Hedge accounting

When initially applying TFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of TAS 39 instead of the requirements in TFRS 9. During selection of the accounting policies, TFRS 9 gives option of continuing with TAS 39 hedge accounting principles and deferring hedge accounting rules in accordance with TFRS 9. The Group does not apply hedge accounting.

Capital

Common Stocks

Common stocks are classified as equity. Incremental costs that can be directly attributable to the issue of ordinary shares are recognised as a deduction from equity considering the tax effect.

Leasing

Leasing- the group as lessor

The Group recognizes the contracts that include the right to control the use of an asset, the transfer of it for a specified period and for a certain price, as lease agreements and accounts for the relevant contractual rights as "right-of-use asset".

The right-of-use asset includes the initial measurement amount of the lease liability, all lease incentives and discounts related to the lease, all direct costs incurred and all costs related to dismantling / moving the defined asset. The Group applies the short-term lease registration exemption for assets that have a lease term of twelve months or less from the start date and do not have a purchase option.

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

2.5 Summary of Significant Accounting Policies (continued)

Leasing (continued)

Leasing- the group as lessor (continued)

The Group depreciates the right-of-use asset based on the lease term and values it at cost.

The lease obligation, on the other hand, is measured over the present value of unrealized lease payments at the actual start date. Lease payments are discounted using the implied interest rate, if any, otherwise the lessee's alternative borrowing interest rate.

Foreign Currency Transactions

Foreign currency transactions and balances

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates as its "functional currency". For the purpose of the consolidated financial statements, the operational results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation for consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items (including advances) denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

2.5 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

Foreign currency transactions and balances (continued)

Exchange differences are accounted for the period in profit or loss in which they are incurred except for the following cases:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings per Share

Earnings per share, disclosed in the consolidated statement of profit or loss, are determined by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Türkiye, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the weighted average number of shares is computed by taking into consideration of the retrospective effects of the share distributions.

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

2.5 Summary of Significant Accounting Policies (continued)

Events After the Reporting Period

Events after the reporting periods include all events that take place between the balance sheet date and the date of authorization for the release of the financial statements, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Group adjusts the amount recognized in its consolidated financial statements to reflect the adjustments after the balance sheet date.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties related with the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.5 Summary of Significant Accounting Policies (continued)

Operating Segments

Operations of the Company are technical system design, development, production and after-sales services for various products for defense industry. One kind of operating segment has occurred in consequence of similarities between methods that are used for products, quality of services and processes, client's type and class, and distribution or presentation of products. It is not required to disclose segment reporting for the consolidated subsidiaries, since revenue profit/loss and assets are below 10 percent of consolidated amounts.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

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

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of the Company's Earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of the Company's Earnings (continued)

Deferred tax (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

2.5 Summary of Significant Accounting Policies (continued)

Current and deferred tax for the period

Tax, provided that it is not related with a transaction directly recognized in equity, is classified in the statement of profit or loss. Otherwise, tax is recognized under equity.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation.

The actuarial gains and losses are recognized in other comprehensive income.

Dividend and bonus plans

The Group recognizes a liability and an expense for bonuses and dividend, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

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

2.5 Summary of Significant Accounting Policies (continued)

Employee Benefits (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-Current Assets Held for Sale

Non-current assets are classified as "assets held for sale" when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. The assets can be a part of the Entity, disposal group as a single fixed asset.

2.6 Critical Accounting Judgments and Estimates

Critical judgments in applying the Group's accounting policies

In the process of applying the accounting policies, which are described in note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022

(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)

2.6 Critical Accounting Judgments and Estimates (continued)

Critical judgments in applying the Group's accounting policies (continued)

Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then provision is set for some portion of or all of the deferred tax assets (Note 27).

Liabilities with respect to employee benefits

The Group makes various assumptions on discount, inflation rate, wage increase rate, the probability of quitting voluntarily for calculating provisions for employee benefits and retirement pays (Note 17).

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

2.6 Critical Accounting Judgments and Estimates (continued)

Useful lives of tangible and intangible assets

The Group amortizes the non-current assets based on the useful lives of those assets stated in the accounting policies (Note 11-12).

Escalation

As of the reporting dates, the amounts of the projects subject to escalation are calculated with respect to the provisions of the contracts and estimated in accordance with TFRS 15 "Revenue from Contracts with Customers".

Provision for guarantee expenses

The Group calculates provision, according to the budgeted estimations for specific parts of the sales under the scope of warranty that needs specific guarantee calculations, and according to the realizations in previous years for the remaining part of the sales (Note 15).

Development Expenses

As of reporting dates, the Management assess the recoverability of the expenses regarding the Group's development activities. These expenses are started to be amortized with respect to their useful lives when their development phases are completed and it becomes probable that there is an associated economic benefit. When the development phase is completed and no economic benefit is foreseen, the related expenses are recognized in consolidated income statement (Note 12).

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3. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	401	461
Bank		
- Time deposit	5.243.512	2.284.705
- Demand deposit	436.452	125.876
Lease Certificate (Sukuk)	--	78.970
Other	4.750	1.594
Cash and cash equivalents on the cash flow statement	5.685.115	2.491.606
Interest income accruals	1.881	490
	5.686.996	2.492.096

As of 31 December 2022, the Group has time deposits denominated in foreign currencies with maturities on January 2023 (31 December 2021: January 2022), with the interest rates between 0,75 percent and 3,00 percent (31 December 2021: 0,25 percent and 2,35 percent) amounting to TL 1.682.876 (31 December 2021: TL 74.795) in several banks.

As of 31 December 2022, the Group has time deposits denominated in TL terms with maturities on January 2023 (31 December 2021: January 2022) with the interest rates 20 percent (31 December 2021: 15,75 percent and 26 percent) amounting to TL 3.560.636 (31 December 2021: TL 2.209.910) in several banks.

4. INTERESTS IN OTHER ENTITIES

a) Subsidiaries

Details of the Group's material subsidiaries as of 31 December are as follows:

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 December 2022	31 December 2021	
ASELSANNET	Türkiye	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Türkiye	TL	100	100	Export
Mikro AR-GE	Türkiye	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Türkiye	TL	51	51	Weapon and weapon systems
BITES	Türkiye	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	100	Marketing and sales of the group products
ULAK	Türkiye	TL	51	51	Communication systems

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4. INTERESTS IN OTHER ENTITIES (continued)

a) Subsidiaries (continued)

Composition of the Group

Explained in Note 1.

Change in the Group's ownership interest in a subsidiary:

Change in the Group's subsidiaries ownership is explained in Note 2.1

b) Joint Ventures

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

5. 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 maturities 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 31 December 2022 is approximately TL 80.271 (The vast majority consists of paid wages and benefits.) (31 December 2021: TL 37.208).

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

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and Its Subsidiaries

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5. RELATED PARTY DISCLOSURES (continued)

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

¹ All other short term payable is 2022 dividend payments.

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5. RELATED PARTY DISCLOSURES (continued)

	31 December 2021									
	Receivables					Payables				
	Short-term		Other Receivables	Long-term		Short-term		Other Payables ¹	Long-term	
Trading	Prepaid Expenses	Trading		Prepaid Expenses	Trading	Deferred Income	Trading		Deferred Income	
Balances with related parties										
Main shareholder										
TSKGV	58	--	--	--	--	--	--	296.608	--	--
Main shareholder's subsidiaries and associates										
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	47.280	117.072	--	15.302	5.365	109.589	--	--	--	--
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	2.041	22.495	--	--	17.045	63.374	3.088	--	--	561
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	31.057	--	--	3.953	33.093	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	10.500	--	--	1.669	84.588	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	448.434	3.116	--	494.820	--	12.226	21.676	--	--	117.547
Türk Havaçılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	399.681	--	--	353.046	--	1.120	55.525	--	--	105.814
Financial Instruments										
Askeri Pil Sanayi ve Ticaret Anonim Şirketi ("ASPLSAN")	223	105	--	--	--	4.646	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	925.117	589.590	--	172.320	92.435	1.294.374	23.664	--	--	208.407
Joint ventures and its related parties										
ASELSAN Bilkent Mikro Nano	--	22.758	--	--	1.103	39.117	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	416	--	--	--	5.788	--	--	--	--
ASELSAN Optik	20.639	68.661	2.250	--	12.198	38.353	--	--	--	--
IGG	114.107	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	6.326	--	--	--	1.561	705	--	--	--	--
ASELSAN Kazakistan	138.581	--	--	--	--	106	222	--	--	--
ASELSAN Jordan	108.736	4.497	--	--	--	85.478	--	--	--	--
TÜBİTAK BİLGEM	--	26.569	--	--	--	38.595	--	--	--	--
TÜBİTAK-UME	--	316	--	--	--	466	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	36.457	7.367	--	153.035	1.910	5.974	13.222	--	--	14.218
TÜBİTAK SAGE Savunma Sanayii	--	34.493	--	5.617	--	98.664	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	1.990.421	--	--	8.130.765	--	--	295.992	--	--	588.717
SSTEK	17.013	--	22.586	--	--	177	--	5.000	--	--
EHSİM	--	601	--	--	--	1.424	--	--	--	--
DASAL	--	--	--	--	--	1.382	--	--	--	--
	4.255.114	939.613	24.836	9.329.141	137.239	1.919.239	413.389	301.608	--	1.035.264

¹All other short term payable is 2020 dividend payments. The debt was paid in January 2022.

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5. RELATED PARTY DISCLOSURES (continued)

	1 January- 31 December 2022	1 January- 31 December 2021
Transactions with related parties	Purchases	Purchases
Main Shareholder		
TSKGV	1.473	1.226
Main shareholder's subsidiaries and associates		
NETAŞ	150.594	102.073
STM	24.595	18.895
İŞBİR	187.551	109.049
HTR	187.918	126.080
TUSAŞ	2.405	1.377
HAVELSAN	672.875	72.472
MERCEDES-BENZ	--	2.174
Financial Instruments		
ROKETSAN	612.644	1.169.455
ASPİLSAN	44.721	32.818
Joint ventures and its related parties		
İHSAN DOĞRAMACI BİLKENT ÜNİVERSİTESİ	36.862	15.580
TÜBİTAK BİLGEM	130.680	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	5.040	72.506
TÜBİTAK UME	1.356	--
TÜBİTAK SAGE SAVUNMA SANAYİİ	161.186	114.984
SSTEK	500	150
	2.220.400	1.838.839

5. RELATED PARTY DISCLOSURES (continued)

	1 January- 31 December 2022	1 January- 31 December 2021
Transactions with related parties	Sales	Sales
Main Shareholder		
TSKGV	612	496
Main shareholder's subsidiaries and associates		
TUSAŞ	2.391.655	605.725
STM	1.541.450	517.682
HAVELSAN	47.495	20.055
HTR	45.549	14.333
NETAŞ	1.063	--
Financial Instruments		
ROKETSAN	785.142	654.590
ASPİLSAN	--	271
Joint ventures and its related parties		
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	39.758	28.617
TÜBİTAK SAGE SAVUNMA SANAYİİ	4.909	--
TÜBİTAK UZAY TEKNOLOJİLERİ	--	152
SSB	1994.7533	10.991.600
SSTEK	171.807	30.870
	24.976.973	12.864.391

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

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6. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

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

Short-term trade receivables	31 December 2022	31 December 2021
Trade receivables	8,577,307	5,521,251
Trade receivables from related parties (Note 5)	6,242,612	4,255,114
Notes receivable	68,421	26,985
Doubtful trade receivables	30,320	30,172
Allowance for doubtful trade receivables (-)	(30,320)	(30,172)
	14,888,340	9,803,350
Long-term trade receivables	31 December 2022	31 December 2021
Unbilled receivables from contracts with customers	4,210,491	2,943,086
Trade receivables	461,858	378,240
Unbilled receivables from contracts with customers -Related party (Note 5)	14,283,122	9,316,338
Trade receivables from related parties (Note 5)	18,447	12,803
	18,973,918	12,650,467

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

	31 December 2022	31 December 2021
Opening balance	30,172	22,442
Provision for the period	148	7,730
Provisions no longer required	--	--
Closing balance	30,320	30,172

The sectorial distribution of trade receivables is as follows:

	31 December 2022	31 December 2021
Public sector	20,238,741	13,678,347
Private sector	8,413,331	5,149,539
Receivables from companies operating abroad	5,210,186	3,625,931
Total receivables	33,862,258	22,453,817

Receivables from public sector represent the receivables are due from the Presidency of Defense Industry and other public entities. The Group's operations are based on contracts and no other collaterals are obtained from the customers.

6. TRADE RECEIVABLES AND PAYABLES (continued)

b) Trade payables

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

Short-term trade payables	31 December 2022	31 December 2021
Trade payables	5,865,798	3,570,663
Due to related parties (Note 5)	2,654,902	1,919,239
Notes Payable	1,149,890	521,675
Other trade payables	104,681	27,895
	9,775,271	6,039,472
Long-term trade payables	31 December 2022	31 December 2021
Other trade payables	72,720	25,467
	72,720	25,467

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7. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

Short-term other receivables	31 December 2022	31 December 2021
Receivables from tax office ¹	899.007	614.554
Deposits and guarantees given	13.542	9.016
Other receivables from related parties (Note 5)	5.580	24.836
Other ²	108.515	74.102
	1.026.644	722.508

Long-term other receivables	31 December 2022	31 December 2021
Deposits and guarantees given	5.983	2.104

b) Other payables

Short-term other payables	31 December 2022	31 December 2021
Short-term other payables	43.448	27.064
Deposits and guarantees received	16.978	3.334
Leasing Liabilities	2.529	10.330
Short-term other payables to related parties (Note 5)	306.989	301.608
	369.944	342.336

Long-term other payables	31 December 2022	31 December 2021
Deposits and guarantees received	4.237	3.342
Other payables	7.018	3.596
Leasing Liabilities	5.034	6.317
	16.289	13.255

¹Mainly comprises Value Added Tax (VAT) returns and are expected to be offset in the following periods.

²Consists of R&D Center social security premium incentive and R&D Center income tax exceptions.

8. EQUITY ACCOUNTED INVESTMENTS

The Group's financial information for its shareholdings consolidated with equity method, that are not presented, according to the Group's ownership rates are as below:

31 December 2022	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
ASELSAN							
KAZAKHSTAN	49	258.880	282.418	541.298	215.187	52.865	268.052
ASELSAN JORDAN	49	127.977	77.082	205.059	50.395	17.709	68.104
ASELSAN OPTIK	50	193.759	151.004	344.763	180.234	101.526	281.760
IGG ASELSAN	49	19.889	137	20.026	(38.168)	920	(37.248)
ASELSAN BİLKENT	50	114.997	192.497	307.494	63.422	244.072	307.494
TEKNOHAB	13	53.717	3.781	57.498	508	--	508
EHSİM	50	363.609	12.669	376.278	150.761	214.661	365.422
DASAL	40	23.520	60.629	84.149	78.713	--	78.713
TÜYAR	51	14.844	5.041	19.885	536	--	536
TR EĞİTİM	35	22.122	1.792	23.914	3.407	--	3.407
		1.193.314	787.050	1.980.364	704.995	631.753	1.336.748

31 December 2022	Ownership Rate (%)	Revenue	Expenses	Net Profit/ (Loss)	Group Share of Net Assets	Group Share of Profit/(Loss)
ASELSAN KAZAKHSTAN	49	142.647	(149.056)	(6.409)	133.891	(3.140)
ASELSAN JORDAN	49	106.843	(99.653)	7.190	67.108	3.523
ASELSAN OPTIK	50	241.268	(227.533)	13.735	31.502	6.868
IGG ASELSAN	49	31.109	(26.444)	4.665	28.064	2.286
ASELSAN BİLKENT	50	176.147	(196.222)	(20.075)	--	--
BARQ QSTP LLC.	48	--	--	--	834	--
TEKNOHAB	13	4.952	(1.945)	3.007	7.431	392
EHSİM	50	85.255	(74.398)	10.857	5.428	5.429
DASAL	40	23.462	(29.911)	(6.449)	2.174	(2.581)
TÜYAR	51	3.492	(2.251)	1.241	9.868	633
TR EĞİTİM	35	34.374	(21.487)	12.887	7.177	4.510
İSTANBUL FINANS	44	--	--	--	5.000	--
		849.549	(828.900)	20.649	298.477	17.920

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8. EQUITY ACCOUNTED INVESTMENTS (continued)

31 December 2021	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
ASELSAN							
KAZAKHSTAN	49	148.540	217.353	365.893	121.821	38.519	160.340
ASELSAN JORDAN	49	196.913	56.304	253.217	150.946	13.536	164.482
ASELSAN OPTIK	50	134.498	118.371	252.869	94.949	103.652	198.601
IGG ASELSAN	49	74.165	129	74.294	24.093	1.284	25.377
ASELSAN BİLKENT	50	69.211	164.233	233.444	63.037	170.407	233.444
TEKNOHAB	13	52.201	2.608	54.809	827	--	827
EHSİM	50	123.548	5.714	129.262	73.304	55.958	129.262
DASAL	40	12.243	18.818	31.061	19.177	--	19.177
TÜYAR	51	15.881	2.790	18.671	564	--	564
TR EĞİTİM	35	8.566	451	9.017	1.397	--	1.397
		835.766	586.771	1.422.537	550.115	383.356	933.471

31 December 2021	Ownership Rate (%)	Revenue	Expenses	Net Profit/(Loss)	Group Share of Net Assets	Group Share of Profit/(Loss)
ASELSAN KAZAKHSTAN	49	21.934	(22.461)	(527)	100.721	(258)
ASELSAN JORDAN	49	87.764	(83.595)	4.169	43.480	2.043
ASELSAN OPTIK	50	205.113	(187.410)	17.703	27.134	8.851
IGG ASELSAN	49	8.006	(5.823)	2.183	23.969	1.070
ASELSAN BİLKENT	50	143.699	(178.975)	(35.276)	--	(17.638)
BARQ QSTP LLC.	48	--	--	--	834	--
TEKNOHAB	13	8.539	(3.398)	5.141	7.039	670
EHSİM	50	173.485	(173.485)	--	--	--
DASAL	40	12.274	(11.107)	1.167	4.754	467
TÜYAR	51	2.962	(1.574)	1.388	9.235	708
TR EĞİTİM	35	11.152	(7.532)	3.620	2.667	1.267
		674.928	(675.360)	(432)	219.833	(2.820)

9. INVENTORIES

	31 December 2022	31 December 2021
Raw materials	5.836.075	3.433.812
Work in progress	4.345.877	2.791.484
Goods in transit ¹	874.879	482.050
Finished goods	1.163.383	783.826
Other inventories	214.540	153.212
Trade goods	212.466	49.081
Allowance for impairment on inventories (-)	(54.567)	(54.511)
	12.592.653	7.638.954

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 31 December are as follows:

	2022	2021
Opening balance	54.511	21.155
Provision for the period	56	33.356
Closing balance	54.567	54.511

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

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10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2022	31 December 2021
Order advances given for inventory purchases	1.506.649	748.103
Short-term order advances given to related parties for inventory purchases (Note 5)	1.199.891	939.613
Work advances	5.426	1.101
Prepaid expenses	442.909	338.200
	3.154.875	2.027.017

Long-term prepaid expenses	31 December 2022	31 December 2021
Long-term order advances given to related parties for inventory purchases (Note 5)	100.440	137.239
Order advances given for inventory purchases	452.022	440.988
Order advances given for fixed assets purchases	124.642	215.397
Prepaid expenses	84.379	24.112
	761.483	817.736

10. PREPAID EXPENSES AND DEFERRED INCOME (continued)

Short-term deferred income	31 December 2022	31 December 2021
Order advances received	498.529	198.093
Order advances received from related parties (Note 5)	1.661.385	413.389
Deferred income	1.940.173	1.238.683
	4.100.087	1.850.165

Short-term order advances received comprises advances received from 104 customers (31 December 2021: 78 customers) of which first 10 customers constitutes 97 percent of the total (31 December 2021: 94 percent).

Long-term deferred income	31 December 2022	31 December 2021
Order advances received	516.637	322.350
Order advances received from related parties (Note 5)	1.320.021	1.035.264
Deferred income	320.664	571.413
	2.157.322	1.929.027

Long-term order advances received comprises advances received from 36 customers (31 December 2021: 26 customers) of which the first 10 customers constitutes 99 percent of the total (31 December 2021: 98 percent).

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land	Buildings	Machinery and	Vehicles	Furniture	Other	Leasehold	Financial	Construction	Total
	improvements	improvements		equipment		and fixtures	fixed assets ¹	improvements	leasing ²	in progress ³	
Cost and revaluation											
Opening balance as of 1 January 2022	412.550	43.632	614.953	1.709.300	13.643	630.530	209.175	236.976	45.109	1.023.139	4.939.007
Additions ⁴	--	--	22.242	714.531	7.304	333.157	1.285	6.753	1.750	1.373.962	2.460.984
Revaluation fund	878.655	--	--	--	--	--	--	--	--	--	878.655
Disposals	--	--	--	(32.394)	(169)	(3.838)	(1.961)	--	--	(4.543)	(42.905)
Transfers	--	--	90.151	12.929	--	60	78.000	755	--	(181.895)	--
Closing balance as of 31 December 2022	1.291.205	43.632	727.346	2.404.366	20.778	959.909	286.499	244.484	46.859	2.210.663	8.235.741
Accumulated depreciation											
Opening balance as of 1 January 2022	--	18.523	112.354	831.436	4.140	346.327	109.224	62.160	22.694	--	1.506.858
Charge for the period	--	2.493	26.898	221.765	2.079	129.423	29.839	14.643	11.961	--	439.101
Disposals	--	--	--	(31.704)	(169)	(3.828)	(1.961)	--	--	--	(37.662)
Transfers	--	--	--	--	--	--	--	--	--	--	--
Closing balance as of 31 December 2022	--	21.016	139.252	1.021.497	6.050	471.922	137.102	76.803	34.655	--	1.908.297
Net book value as of 31 December 2022	1.291.205	22.616	588.094	1.382.869	14.728	487.987	149.397	167.681	12.204	2.210.663	6.327.444

¹ All of the net book value of other fixed assets consists of mold models manufactured by the Group.

² As of December 31,2022 and December 31,2021, Group has two land that leased for 49 years and 46 years and motor-vehicle rentals.

³ Includes of investments in molds, models, devices and construction works.

⁴ TL 77482 of additions are free of charge investment income (31 December 2021: TL 14.765).

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets ¹	Leasehold improvements	Financial leasing ²	Construction in progress ³	Total
Cost and revaluation											
Opening balance as of 1 January 2021	410.102	40.091	259.556	1.325.940	8.802	456.202	154.082	213.931	43.210	680.256	3.592.172
Additions ⁴	2.448	20	57.442	416.825	5.904	188.976	73	9.878	1.899	719.510	1.402.975
Revaluation fund	--	--	--	--	--	--	--	--	--	--	--
Disposals	--	--	(2)	(35.767)	(1.063)	(14.652)	(1.353)	(40)	--	(3.187)	(56.064)
Transfers	--	3.521	297.957	2.302	--	4	56.373	13.207	--	(373.440)	(76)
Closing balance as of 31 December 2021	412.550	43.632	614.953	1.709.300	13.643	630.530	209.175	236.976	45.109	1.023.139	4.939.007
Accumulated depreciation											
Opening balance as of 1 January 2021	--	16.123	99.125	730.903	3.734	246.231	92.656	49.668	11.509	--	1.249.949
Charge for the period	--	2.400	13.231	135.913	950	114.745	17.886	12.532	11.185	--	308.842
Disposals	--	--	(2)	(35.380)	(544)	(14.649)	(1.318)	(40)	--	--	(51.933)
Transfers	--	--	--	--	--	--	--	--	--	--	--
Closing balance as of 31 December 2021	--	18.523	112.354	831.436	4.140	346.327	109.224	62.160	22.694	--	1.506.858
Net book value as of 31 December 2021	412.550	25.109	502.599	877.864	9.503	284.203	99.951	174.816	22.415	1.023.139	3.432.149

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of the depreciation expenses with respect to the plant, property and equipment is as follows:

	31 December 2022	31 December 2021
Cost of sales	268.940	201.999
General administrative expenses	129.316	78.042
Inventories	39.620	27.463
Marketing expenses	1.225	1.338
	439.101	308.842

There is no collateral, pledges, and mortgages on tangible assets as of 31 December 2022 and 2021.

There is no capitalized interest expense as of 31 December 2022 and 2021.

Fair value measurement of the Group's land

The lands owned by the Group are revalued and presented at fair value as of 31 December 2022. The fair value of the lands owned by the Group is revalued on 3 November 2022 by Açık Kurumsal Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi ("Açık Değerleme"), an independent appraisal company. Açık Değerleme is authorized by the CMB and provides real estate appraisal services in accordance with the capital market legislation. The fair value of the lands is determined according to "Market Value Approach (Equivalent Comparison Method)". Gains resulting from revaluation are recognized under "Gain on Revaluation of Property" in other comprehensive income.

In accordance with TFRS 13 "Fair Value Measurement" standard, since measurement techniques do not include observable market inputs, fair values of the lands are considered as level 3 in respect of fair value hierarchy.

There are no restrictions on the distribution of revaluation funds. The valuation difference on the lands is TL 1.215.829 (31 December 2021: TL 337.174).

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurement of the Group's land (continued)

Change in Revaluation	2022
Opening balance as of 31 December 2022:	337.174
Appreciation (Other Comprehensive Income)	878.655
Depreciation (Profit / Loss)	--
TOTAL	1.215.829

Details of the Group's lands and information regarding fair value hierarchy are as follows:

	Fair value as of reporting date			
	31 December 2022	Level 1 TL	Level 2 TL	Level 3 TL
Macunköy	800.000	--	--	800.000
Akyurt	368.095	--	--	368.095
Gölbaşı	2.640	--	--	2.640
Oğulbey	119.350	--	--	119.350
Gölbek	830	--	--	830
Denizli	290	--	--	290
	1.291.205	--	--	1.291.205

	Fair value as of reporting date			
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Macunköy	280.272	--	--	280.272
Akyurt	89.000	--	--	89.000
Gölbaşı	880	--	--	880
Oğulbey	41.928	--	--	41.928
Gölbek	380	--	--	380
Denizli	90	--	--	90
	412.550	--	--	412.550

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurement of the Group's land and buildings (continued)

The fair value level action table as of 31 December 2022 are as follows:

	Fair Value Level as of Reporting Date		
	Level 1 TL	Level 2 TL	Level 3 TL
1 January 2022	--	--	412.550
Additions (Net)	--	--	878.655
31 December 2022	--	--	1.291.205

12. INTANGIBLE ASSETS

Cost	Rights	Development Costs	Other intangible assets ¹	Total
	Opening balance as of 1 January 2022	92.585	2.587.596	392.406
Additions	32.922	3.650.743	104.990	3.788.655
Disposals	(2.802)	(2.313.636)	(1.036)	(2.317.474)
Transfers	--	--	--	--
Closing balance as of 31 December 2022	122.705	3.924.703	496.360	4.543.768
Accumulated Amortization				
Opening balance as of 1 January 2022	68.631	454.038	282.308	804.977
Charge for the period	14.916	104.853	90.950	210.719
Disposals	(2.802)	--	(1.036)	(3.838)
Closing balance as of 31 December 2022	80.745	558.891	372.222	1.011.858
Net book value as of 31 December 2022	41.960	3.365.812	124.138	3.531.910

¹ Other intangible assets include licenses related to computer software and right of usage assets.

12. INTANGIBLE ASSETS (continued)

Cost	Rights	Development Costs	Other intangible assets ¹	Total
Opening balance as of 1 January 2021	86.599	1.805.438	304.916	2.196.953
Additions	7.501	1.952.155	91.474	2.051.130
Disposals	(1.515)	(1.170.073)	(3.984)	(1.175.572)
Transfers	--	76	--	76
Closing balance as of 31 December 2021	92.585	2.587.596	392.406	3.072.587
Accumulated Amortization				
Opening balance as of 1 January 2021	65.159	360.743	215.733	641.635
Charge for the period	4.987	93.295	70.559	168.841
Disposals	(1.515)	--	(3.984)	(5.499)
Closing balance as of 31 December 2021	68.631	454.038	282.308	804.977
Net book value as of 31 December 2021	23.954	2.133.558	110.098	2.267.610

The details of amortization expenses regarding intangible assets is as follows:

	31 December 2022	31 December 2021
Research and development expenses	172.346	106.583
Cost of sales	6.560	34.357
Inventories	21.266	18.029
Marketing expenses	694	572
General administrative expenses	9.853	9.300
	210.719	168.841

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13. GOVERNMENT GRANTS AND INCENTIVES

The deferred incentive income shown under consolidated statement of financial position is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Current government grants and incentives	69.856	27.291

As part of the Decision on Government Incentives on Investments, there are 8 investment incentives taken from General Directorate of Turkish Undersecretariat of the Treasury. The incentives allow VAT exemption and customs tax exemption. VAT exemption is applied in both domestic and international purchases while customs tax exemption is applied for international purchases.

In Corporate Tax Calculation, no tax payable is calculated because of R&D deduction and deductions due to investment incentive certificates cannot be applied. For this reason, no deferred tax effect is calculated for the temporary differences arising from investment incentives.

Government grants show the unearned proportion of the grant after the costs related with the completed parts of the projects are deducted from the grants taken by the Group for the ongoing projects that was obtained as of the reporting date.

The incentive obtained consists of the incentives that are accrued in accordance with TÜBİTAK's R&D recognition letter prepared with respect to the Group's ongoing projects.

The Group obtains capital support from "Support and Price Stabilization Fund" of Central Bank of Türkiye via Undersecretariat of Foreign Trade's consent. The Scientific and Technological Research Council of Türkiye ("TÜBİTAK") and Technology Development Foundation of Türkiye ("TTGV") act as intermediary in accordance with Communiqué No:98/10 published by the Money-Loans and Coordination Board.

13. GOVERNMENT GRANTS AND INCENTIVES (continued)

In accordance with Law on Technology Development Zones numbered 4691, Group utilizes withholding income tax incentive, social security premium incentive and stamp tax exceptions. Such incentives are utilized through not paying withholding income tax incentive, social security premium incentive and stamp tax exceptions calculated based on research and development and software personnel payroll. Income generated in accordance with law on Technology Development Zones numbered 4691 is exempt from corporate income tax until 31 December 2028.

The research and development expenditure deduction rate used as a tax benefit has been increased from 40 percent to 100 percent in accordance with the amended article 10 of the Tax Law numbered 5520, the amended article 89 of Law numbered 193 and 5746 with respect to the Support of Research and Development Activities. The aforementioned law was enacted of April 2008 after its issue in the Official Gazette dated 12 March 2008, numbered 26814. In accordance to the Law regarding the Incentive of Research and Development Activities numbered 6676 published on Official Gazettes numbered 29636 on 26 February 2016 and The Law Regarding the Amendments on Delegated Legislation, the content of the law and incentives has been broadened and additional exceptions has been given. Research and development expenditure may be used as a tax deduction in the determination of the taxable income. If taxable income levels are not sufficient to absorb all available tax deductions, any unused research and development tax deduction is allowed to be carried forward to the next tax period. The remaining amount from previous year is increased according to revaluation ratio defined at Tax Procedure Law. According to the item No. 8 of the related law, all the costs related with research and development can be subjected to deduction until 31 December 2028.

14. BORROWING COSTS

As of 31 December 2022, there is no material borrowing cost regarding the qualifying assets. (31 December 2021: None).

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15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Other short-term provisions	31 December 2022	31 December 2021
Provision for warranties ¹	1.991.973	1.241.627
Provision for onerous contracts	280.121	571.876
Provision for delay penalties ²	1.302.732	847.336
Sales commission	332.443	197.977
Provision for legal cases	33.305	22.418
Provision for cost expenses	52.881	12.264
Other	16.576	15.822
4.010.031	2.909.320	2.909.320

The movement of the provision for warranties is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	1.241.627	1.045.215
Provision during the period	1.425.264	577.732
Realized during the period	(674.918)	(381.320)
Closing balance	1.991.973	1.241.627

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

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Provisions (continued)

The movement of the provision for onerous contracts is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	571.876	483.283
Provision during the period	--	656.815
Provision reversed during the period	(291.755)	(568.222)
Closing balance	280.121	571.876

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	847.336	368.124
Provision during the period	579.171	581.685
Realized during the period	(116.661)	(102.473)
Provision reversed during the period	(7.114)	--
Closing balance	1.302.732	847.336

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15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Provisions (continued)

The movement of the provision for legal cases is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	22.418	27.990
Provision during the period	14.269	--
Realized during the period	(3.382)	(5.572)
Closing balance	33.305	22.418

Other long-term provisions

	31 December 2022	31 December 2021
Provision for delay penalties	334.056	138.822
Provision for onerous contracts	2.297.142	1.040.987
	2.631.198	1.179.809

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	138.822	66.357
Provision during the period	195.234	72.465
Closing balance	334.056	138.822

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Provisions (continued)

The movement of the provision for onerous contracts is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	1.040.987	660.730
Provision during the period	1.414.791	380.257
Provision reversed during the period	(158.636)	--
Closing balance	2.297.142	1.040.987

b) Legal cases

There has not been any final judicial decision against the Group due to the responsibility related with work accidents within 2022.

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

Description	2022	2021
a) Ongoing lawsuits filed by the Group	28.956	35.871
b) Execution proceedings carried out by the Group	415.690	319.264
c) Ongoing lawsuits filed against the Group	33.305	22.418
d) Executions against the Group	6.454	5.875
e) Lawsuits finalized against the Group within the period	18.576	102.542
f) Lawsuits finalized in favor of the Group within the period	5.380	12.745

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15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

b) Legal cases (continued)

- 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.

16. COMMITMENTS AND CONTINGENCIES

a) Guarantees received

	<u>31 December 2022</u>	<u>31 December 2021</u>
Letters of guarantees received from the suppliers	5.603.873	4.167.423
Collaterals received from the customers	332.725	133.517
Letters of guarantees received from the customers	237.857	18.221
Collaterals received from the suppliers	665.103	284.535
Letters of guarantees received from the suppliers	26.891	35.907
	<u>6.866.449</u>	<u>4.639.603</u>

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

The collaterals/pledges/mortgages ("CPM") given by the Group as of 31 December 2022 and 31 December 2021 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 292.967.

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16. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given (continued)

31 December 2022		TL Equivalent	TL	USD	EURO	UAE Dirham	Polish Zloty	Indian Rupee	British Pound	Qatar Rial
A. Total amount of CPM given on behalf of the legal entity										
	-Collateral	13,006,559	1,296,779	346,937	261,893	--	--	--	--	359
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given										
i. Total Amount of CPM on behalf of the main partner										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹										
	-Collateral	39,640	--	2,120	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
Total		13,046,199	1,296,779	349,057	261,893	--	--	--	--	359

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

¹The ratio of the other CPM given by the Group to equity as of 31 December 2022 is 0,10 percent. TL 39,640 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

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16. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given (continued)

31 December 2021		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	10.948.158	675.302	389.889	336.398	--	1.000	--	--	46
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given										
i. Total Amount of CPM on behalf of the main partner										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹										
	-Collateral	30.790	--	2.310	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover										
	-Collateral	--	--	--	--	--	--	--	--	--
	-Pledge	--	--	--	--	--	--	--	--	--
	-Mortgage	--	--	--	--	--	--	--	--	--
Total		10.978.948	675.302	392.199	336.398	--	1.000	--	--	46

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

¹ The ratio of the other CPM given by the Group to equity as of 31 December 2021 is 0,12 percent. TL 30.790 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

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17. EMPLOYEE BENEFITS

a) Obligations for employee benefits

	31 December 2022	31 December 2021
Social security premiums payable	152.362	68.622
Taxes and funds payable	212.080	109.752
Due to personnel	272.797	128.151
	637.239	306.525

b) Short-term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for vacation pay and overtime	281.372	170.902
Bonus provision	589.961	--
	871.333	170.902

As of 31 December the movement of the provision for vacation pay and overtime is as follows:

	2022	2021
Opening balance	170.902	108.854
Provision for the period	204.207	105.863
Provision paid during the period	(78.949)	(38.608)
Provision realized during the period	(14.788)	(5.207)
Closing balance	281.372	170.902

17. EMPLOYEE BENEFITS (continued)

c) Long-term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for severance pay	579.397	333.508
	579.397	333.508

As of 31 December the movement of severance and retirement pays are as follows:

	2022	2021
Opening balance	333.508	264.964
Service cost	34.971	21.565
Interest cost	9.189	8.555
Actuarial gains/(loss)	246.496	77.108
Payments	(44.767)	(38.684)
Closing balance	579.397	333.508

Provision for severance pay:

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

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17. 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 31 December 2022 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 15.371,40 (31 December 2021: TL 8.284,51)

As of 1 January 2023, the ceiling for the severance payments is TL 19982,83. ¹

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

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

	<u>31 December 2022 (%)</u>	<u>31 December 2021 (%)</u>
Interest rate	12,70	21,00
Inflation rate	9,50	16,95
Discount ratio	2,92	3,46
Estimation of probability of retirement ratio	95	96

¹ Amounts are shown in original Turkish Lira values.

18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	<u>31 December 2022</u>	<u>31 December 2021</u>
VAT carried forward ¹	523.337	407.238
Other VAT	395.667	55.826
Other ²	30.933	28.153
	949.937	491.217

b) Other non-current assets

	<u>31 December 2022</u>	<u>31 December 2021</u>
VAT carried forward ¹	1.331.695	1.378.045
Prepaid taxes and funds	123.394	50.139
Other ²	19.619	17.724
	1.474.708	1.445.908

c) Other short-term liabilities

	<u>31 December 2022</u>	<u>31 December 2021</u>
Taxes and funds payable	1.774	3.417
Other ²	51.742	27.910
	53.516	31.327

d) Other long-term liabilities

	<u>31 December 2022</u>	<u>31 December 2021</u>
Other	4.866	14.333
	4.866	14.333

¹ Taxpayers (Contractor/the Group) who deliver goods and provides services to the Natural Security Institutions (such as MOD and UDI) are to be approved by purchasers (contacting authority) in terms of content and nature accordingly. Value Added Tax (VAT) is exempted as of 1 March 2009 in accordance with General Declaration on Value Added Tax with the Serial Number 112 in the Official Gazette as of 12 February 2009. These amounts usually are not collected, but they are offset with other tax liabilities.

² Mainly comprises of other assets and liabilities of consolidated subsidiaries.

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

Shareholders	Share (%)	31 December	Share (%)	31 December
		2022		2021
TSKGV	74,20	1.691.652	74,20	1.691.652
Publicly held	25,80	588.348	25,80	588.348
Nominal capital	100	2.280.000	100	2.280.000
Share capital adjustment		98.621		98.621
Inflation adjusted capital		2.378.621		2.378.621

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

Restricted reserves

In accordance with Capital Markets Board's Communique 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.

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

Restricted reserves (continued)

As of 31 December 2022, The Group's restricted reserves set aside from profit comprises legal reserves. The total of the Group's legal reserves are TL 612.077 (31 December 2021: TL 542.341).

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 31 December 2022 the extraordinary reserves balance presented in retained earnings is TL 12.543.861 (31 December 2021: TL 8.845.856). According to the statutory records, the Company's profit for the period is TL 10.266.705 (31 December 2021: TL 4.608.798) and its other funds available for profit distribution is TL 12.663.316 (31 December 2021: TL 8.535.408) and the details are as followings.

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 25 May 2022, in accordance with the consolidated financial statements, the General Assembly of the Company has decided to allocate legal reserve amounting to TL 65.209 of the TL 4.608.798 which is based on the profit distribution, and to distribute TL 460.000 in cash to shareholders for dividend payment, and the remaining TL 4.083.589 to be within the Group. Thus, the cash gross dividend amount for TL 1 nominal value per share is Kuruş 20,18 net (31 December 2021: Kuruş 17,54 net).

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

Profit distribution (continued)

Within 2022, dividend amounting to TL 460.000 in gross, 20,18 Kuruş per share of TL 1 (net profit amounting to TL 400.000, 17,54 Kuruş per share of TL 1) will be paid to shareholders. (31 December 2021: TL 400.000 in gross, 17,54 Kuruş per share of TL 1 (TL 340.000 in gross, 14,91 Kuruş per share of TL 1) was paid).

On 9 June 2022, General Assembly of ASELSANNET has decided to distribute TL 10.000 as dividend payments to shareholders and reserve TL 4.528 as retained earnings from net profit of the year 2021. TL 45.000 is decided to be added on the capital in order to allocate capital issue by bonus to shareholders and remaining TL 16.532 is to be allocated as extraordinary reserves (31 December 2021: TL 10.000).

20. REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
a) Revenue		
Domestic sales	29.397.555	18.009.611
Export sales	6.196.989	2.242.898
Other revenues	50.944	28.030
Sales returns (-)	(355.610)	(135.079)
Sales discounts (-)	(8.201)	(6.507)
	35.281.677	20.138.953
	1 January -	1 January -
	31 December 2022	31 December 2021
Revenue Recognized Regarding Performance Obligation		
Over time	26.755.302	16.266.723
Point in time	8.526.375	3.872.230
	35.281.677	20.138.953
	1 January -	1 January -
	31 December 2022	31 December 2021
b) Cost of sales (-)		
Cost of raw materials and supplies	16.159.682	9.750.965
Cost of merchandise goods sold	2.691.405	198.444
Cost of services sold	3.857.961	2.858.071
Cost of other sales	789.174	682.562
	23.498.222	13.490.042

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
General administrative expenses (-)	1.205.514	576.057
Marketing expenses (-)	877.661	670.136
Research and development expenses (-)	816.961	332.748
	2.900.136	1.578.941
	1 January -	1 January -
	31 December 2022	31 December 2021
a) General administrative expenses (-)		
Personnel expenses	807.250	355.676
Depreciation and amortization expenses	139.169	87.342
Service procurement	48.462	17.908
Rent expenses	25.409	12.672
Personnel meal expenses	21.158	12.636
Expertise and consultancy expenses	16.497	12.334
Electricity expenses	37.900	10.332
IT repair and maintenance expenses	6.872	5.450
Subscription and publication expenses	8.915	5.294
Cleaning service expenses	7.467	5.236
Insurance expenses	7.291	4.763
Travel expenses	17.796	4.109
Personnel transportation expenses	8.456	3.727
Course and seminar expenses	4.718	2.784
Property and environmental cleaning tax	3.783	2.409
Legal expenses	5.242	1.690
Water expenses	1.498	605
Other	37.631	31.090
	1.205.514	576.057

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21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (continued)

	1 January- 31 December 2022	1 January- 31 December 2021
b) Marketing expenses (-)		
Commission expenses	114.482	361.757
Subcontractor service expenses	206.602	103.565
Personnel expenses	169.710	72.823
Exhibition expenses	120.221	30.103
Stamp duty expenses	15.217	26.558
Travel expenses	48.565	19.475
Packaging expenses	9.868	8.460
Shipping and delivery expenses	29.620	7.533
Samples expenses	16.702	6.838
Advertising expenses	8.386	5.347
Rent expenses	7.112	4.452
Expertise and consultancy expenses	4.065	3.414
Representation expenses	3.612	3.214
Depreciation and amortization expenses	1.919	1.910
Meal expenses	3.627	1.348
Security service	1.164	596
Sponsorship expenses	12.159	7.209
Other	104.630	5.534
	877.661	670.136
c) Research and development expenses (-)		
Personnel expenses	316.847	121.494
Depreciation and amortization expenses	172.346	106.583
Equipment costs	164.334	64.545
Other	163.434	40.126
	816.961	332.748

22. OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency exchange gains	11.793.993	10.444.479
Rediscounted interest income	345.125	148.394
Granted fixed assets income ¹	101.418	14.765
Other income	53.782	146.550
	12.294.318	10.754.188

b) Other operating expenses (-)

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency exchange losses (-)	8.523.719	5.957.097
Rediscounted interest expense (-)	435.670	328.679
Non-working part expenses and losses (-)	31.648	45.961
Other expense and losses (-)	96.608	74.253
	9.087.645	6.405.990

23. INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2022	1 January- 31 December 2021
Gain/(loss) on sales profit of marketable securities	127	1.333
Dividend income	4.958	6.997
Gain/(loss) on sales profit of fixed assets	1.697	2.269
	6.782	10.599

¹ Granted fixed assets income comprises of fixed assets donated by public bodies and utilized within the scope of research projects conducted with universities. Subsequent to the completion of these projects, the subject matter fixed assets have been incorporated to the Group without any charge.

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24. FINANCIAL INCOME

	1 January- 31 December 2022	1 January- 31 December 2021
Interest income	125.978	195.998
TFRS 15 financial component effect	--	32.218
Foreign currency exchange gains on bank loans	572.169	285.835
	698.147	514.051

25. FINANCIAL EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency exchange losses from bank loans (-)	2.337.387	2.442.929
TFRS 15 financial component effect (-)	--	209.552
Interest cost related with employee benefits (-)	9.189	8.555
Interest cost of borrowings (-)	567.277	82.539
	2.913.853	2.743.575

26. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	31 December 2022	31 December 2021
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	4.002.881	2.034.249
Revaluation of property	1.100.324	309.535
Cumulative Translation Adjustments	199.191	143.537
Loss on remeasurement of defined benefit plans	(320.315)	(123.119)
	4.982.081	2.364.202

	1 January- 31 December 2021	1 January- 31 December 2020
Gain from revaluation of financial assets that fair value reflect in other comprehensive income:		
Opening balance	2.034.249	1.118.100
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	2.072.244	964.367
Deferred tax liability arising from revaluation	(103.612)	(48.218)
Closing balance	4.002.881	2.034.249

Gain from revaluation of financial assets that fair value reflect in other comprehensive income arises due to revaluation of financial investments. When available for sale financial assets are sold, any related amount included in revaluation reserve is transferred to profit or loss.

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26. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (continued)

	1 January- 31 December 2022	1 January- 31 December 2021
Revaluation of property		
Opening balance (Previously reported)	309.535	309.535
Increase arising from revaluation of property	878.655	--
Current period value increase deferred tax effect	(87.866)	--
Closing balance	1.100.324	309.535

Revaluation of property increase arises from revaluation of the lands. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The fair value of the lands owned by the Group is revalued on 3 November 2022 by Açı Kurumsal Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi ("Açı Değerleme"), an independent appraisal company.

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency exchange differences:		
Opening balance	143.537	46.881
Currency differences from net asset currency translation investment in foreign operations	55.654	96.656
Closing balance	199.191	143.537

26. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (continued)

	1 January- 31 December 2022	1 January- 31 December 2021
Gain/Loss on remeasurement of defined benefit plans		
Opening balance	(123.119)	(61.432)
Gain/Loss on remeasurement of defined benefit plans	(246.496)	(61.687)
Deferred tax on gain/loss on remeasurement of defined benefit plans	49.300	--
Closing balance	(320.315)	(123.119)

27. INCOME TAXES

Corporate tax liabilities:

	31 December 2022	31 December 2021
Current corporate tax provision	1.745	2.401
Less: Prepaid taxes and funds	(1.563)	--
	182	2.401

Tax income:

	1 January- 31 December 2022	1 January- 31 December 2021
Current corporate tax (expense)	(1.745)	(2.401)
Deferred tax income / (expense)	1.970.866	(66.681)
	1.969.121	(69.082)

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27. INCOME TAXES (continued)

Tax effects related to components of other comprehensive income	1 January-31 December 2022		
	Amount before tax	Tax income/expense	Net of tax amount
Defined benefit plan revaluation gains/losses	(246.496)	49.300	(197.196)
Revaluation of property	878.655	(87.866)	790.789
Cumulative Currency Translation Adjustments	55.654	--	55.654
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	2.072.244	(103.612)	1.968.632
Other comprehensive income in the period	2.760.057	(142.178)	2.617.879

Tax effects related to components of other comprehensive income	1 January-31 December 2021		
	Amount before tax	Tax income/expense	Net of tax amount
Defined benefit plan revaluation gains/losses	(77.108)	15.421	(61.687)
Cumulative Currency Translation Adjustments	--	--	--
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	96.656	--	96.656
Other comprehensive income in the period	964.367	(48.218)	916.149
	983.915	(32.797)	951.118

27. INCOME TAXES (continued)

Tax recognized directly in equity	1 January-31 December 2022	1 January-31 December 2021
Deferred tax:		
- Revaluation of property	(87.866)	--
- Gain from revaluation of financial assets that fair value reflect in other comprehensive income	(103.612)	(48.218)
- Actuarial gain/loss	49.300	15.421
Deferred tax recognized directly in equity	(142.178)	(32.797)

Corporate tax

The Group is subject to Turkish corporate taxes. The corporate income tax is declared until the relevant accounting period-end's following fourth month, twenty-fifth day's evening and it is batch paid until the end of the related month. In accordance with the tax legislation, quarterly 23 percent (31 December 2021: 25 percent) on profits of advance tax is being calculated and paid. The amounts paid in this way are deducted by the tax on annual earning.

In accordance with the tax legislation in Türkiye, financial losses could be carried forward for a maximum of five years that the year they appeared. Besides, tax returns and the related accounting records may be reviewed within five years by the tax administration.

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27. INCOME TAXES (continued)

Corporate tax (continued)

Provision is made in the accompanying consolidated financial statements for the estimated change based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate entity bases.

Corporate tax rate that will be accrued based on rate able profit of the company is calculated on a basis by including disallowed deductions written of as expense when determining commercial profit with excluding tax-exempt profits and other discounts (also previous year losses and investments allowances used, if preferred)

The tax rate in 2022 is 23 percent (31 December 2021: 25 percent).

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and the differences are given below.

27. INCOME TAXES (continued)

Deferred Tax (continued)

In Türkiye, the corporate tax rate is 23 percent as of 31 December 2022 (2021: 25 percent). In accordance with the Communiqué Amending the Corporate Tax General Communiqué (Serial No: 1) prepared to the Ministry of Treasury and Finance Revenue Administration, annual/temporary corporations that must be submitted as of July 1, 2021 for the taxation periods starting from January 1, 2021 for corporate taxpayers 25% corporate tax/provisional tax will be applied to the tax bases declared in the tax returns. On the other hand, 23% corporate tax will be applied on corporate earnings for the 2022 accounting period.

In Türkiye, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 75 percent of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2022. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent with regard to immovable properties and tax declarations starting from 2019 will be calculated using 50 percent for immovable properties. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

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27. INCOME TAXES (continued)

Deferred Tax (continued)

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

Deferred Tax Assets/Liabilities:	31 December 2022	31 December 2021
Discount on receivables	80.731	68.031
Adjustment to costs and provision for expected losses of construction contracts	4.617.464	3.209.561
Capitalized research-development expense	66.489	45.535
Allowance for impairment on inventories	573	768
Provision for delay penalties 327.358	327.358	226.816
Provision for copyright	--	114
Provision for warranties	398.699	287.401
Provision for severance pay	111.689	65.290
Provision for annual leave	174.267	39.175
Provision for doubtful receivables	29	8.836
Other	--	248
Accumulated research and development incentive	1.456.416	760.905
Discount on payables	(9.889)	(7.469)
Adjustment of progress payments for long- term construction projects	(5.772.528)	(4.366.804)
Depreciation of fixed assets / amortization of intangible assets	962.689	102.773
Fixed assets revaluation fund	(122.249)	(34.384)
Gain on revaluation of available for sale financial assets	(210.678)	(107.066)
Other	1.050	(46.308)
Deferred tax assets	8.197.454	4.815.453
Deferred tax liabilities	(6.115.344)	(4.562.031)
Deferred tax assets – net	2.082.110	253.422

27. INCOME TAXES (continued)

Deferred tax (continued)

Movement of deferred tax assets/(liabilities):	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance as of 1 January	253.422	352.900
Charged to statement of profit or loss	1.970.866	(66.681)
Charged to equity	(142.178)	(32.797)
	2.082.110	253.422

Tax reconciliations:	Effective Tax Rate (%)	1 January- 31 December 2022	Effective Tax Rate (%)	1 January- 31 December 2021
Profit before tax from continuing operations		9.898.990		7.196.423
Income tax rate	%23		%25	
Tax at the domestic income tax rate	23	2.276.767	25	1.799.106
Tax effects of:				
- revenue that is exempt from taxation	(2)	(155.279)	(1)	(106.894)
- expenses that are not deductible in determining taxable profit	3	255.014	2	128.549
- R&D incentives and other income exempt from taxation	(48)	(4.799.597)	(19)	(1.368.825)
- Change effect of determining statutory tax rate as 20 percent to 22 percent for 3 years	--		(5)	(383.144)
- effect of other adjustments	5	453.974	--	290
Tax income / expense recognized in profit or loss	(20)	(1.969.121)	2	69.082

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28. 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 years ended 31 December 2022 and 2021, earnings per share calculations are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Number of shares outstanding (in thousands)	2.280.000	2.280.000
Net profit – TL	11.915.661	7.130.563
Earnings per 100 shares	522,62	312,74
Diluted earnings per 100 shares	522,62	312,74

29. FINANCIAL INVESTMENTS

Financial Investments

Non-Current Financial Investments

	31 December 2022	31 December 2021
a) Available for sale financial investments	4.259.008	2.146.455
b) Financial investments valued at cost that do not have a quoted market value	29.355	2.472
	4.288.363	2.148.927

a) Fair Value Difference Reflect in Other Comprehensive income

	31 December 2022	31 December 2021
Fair value difference reflect in other comprehensive income that are not traded in an active market	4.259.008	2.148.927
	4.259.008	2.148.927

29. FINANCIAL INVESTMENTS (continued)

Financial Investments (continued)

Non-Current Financial Investments (continued)

a) Fair Value Difference Reflect in Other Comprehensive income (continued)

ROKETSAN which is Group's equity investment is revalued and stated at fair value. As of 31 December 2022, the revaluation was performed by Oyak Yatırım Menkul Değerler Anonim Şirketi which is an independent valuation company. The fair value was determined according to "Discounted Cash Flow", "Similar Company Comparison" and "Realized Company Mergers and Acquisitions" methodologies. Discount ratio used in "Discounted Cash Flow" method is 17,00 percent (31 December 2021: 25,5 percent).

Company Name	Ratio (%)	31 December 2022	Ratio (%)	31 December 2021
ROKETSAN	14,897	4.259.008	14,897	2.146.455

Roketsan shares, shown under available for sale financial investments, are reported on the third level in the fair value hierarchy (Note 32).

b) Financial investments valued at cost that do not have a quoted market value

The Group's equity investment and participation rate and the amount shown in financial investments are as follows:

Company Name	Ratio (%)	31 December 2022	Ratio (%)	31 December 2021
Girişim Sermayesi Yatırım Fonu		25.585		--
ASPILSAN	1	3.770	1	2.472
		29.355		2.472

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29. FINANCIAL INVESTMENTS (continued)

Financial Investments (continued)

Non-Current Financial Investments (continued)

b) Financial investments valued at cost that do not have a quoted market value (continued)

The above available-for-sale equity investment amounting to TL 29,355 (31 December 2021: TL 2,472) does not have a quoted market value and the fair value cannot be reliably measured due to a wide range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. For this reason they are stated at cost less provision for diminution in value, if any.

30. FINANCIAL LIABILITIES

Financial Liabilities

		31 December 2022	31 December 2021
Short-term financial liabilities	Unsecured loan	5.324.537	1.841.901
Other short-term financial liabilities	Unsecured loan	277.999	114.199
Current portion of long-term financial liabilities	Unsecured loan	4.161.402	3.114.088
Total short-term financial liabilities		9.763.938	5.070.188
Other long-term financial liabilities	Unsecured loan	1.069.683	332.762
Total long-term financial liabilities		1.069.683	332.762
Total financial liabilities		10.833.621	5.402.950

30. 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.

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30. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

As of 31 December 2022, all of the remaining short-term financial debts consist of Ziraat Bank credit card debts with a maturity of 45 days with 0,79 percent interest rate to pay social security payments. As of 31 December 2022, 327.220 TL of the financial debts included in the long-term borrowings consists of USD Rediscount Foreign Currency Loans, which have maturity dates due between January 2024 – February 2024 and the interest rate varies according to LIBOR. As of 31 December 2022, there are 500.000 TL Rediscount TL Loans within the long-term borrowings, which have maturity dates due between October 2024 – November 2024 and the interest rate is 10,50 percent. TL 60.890 consists of investment loans, which have maturity dates due between October 2025 – November 2026 and the interest rate is between 6,6 percent and 18,50 percent.

As of 31 December 2021, TL 1.825.096 of the short term financial borrowings are EUR rediscount credits, which have maturity dates due between February 2022 – July 2022 and interest rates between 0,70 – 2,85 percent. As of 31 December 2021, TL 16.805 of the short term financial borrowings are Investment Credits that has interest rate of 17,50 percent from Development Bank. As of 31 December 2021, other short term financial liabilities TL 114.199 consist of credit card debt for social security payments with 45 days maturity and interest rate of 0,70 percent from Ziraat Bank. Current portions of long-term financial liabilities are EUR credits which have amounted to TL 2.681.504 with interest rates between 0,75 – 2,10, which have maturity dates due between April 2022 – August 2022. Moreover, TL 432.584 is consisted of Dollar credit which has maturity date due between February 2022 – August 2022 with interest rate 2,16 percent for now that is indexed to LIBOR.

As of 31 December 2021, TL 302.278 of the long term financial borrowings are EUR credits, which have maturity date of December 2023 with interest rate 3,35 percent. Also, other long-term financial liabilities, TL 30.484, is consisted of investment credits with interest rate of 17,50 percent from Development Bank.

30. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

Bank Loans

	31 December 2022		
	Weighted average interest rate (%)	Short-term	Long-term
Currency			
Euro	3,54%	5.932.992	--
TL	13,93%	2.660.196	718.203
USD	7,72%	1.170.750	351.480
		9.763.938	1.069.683
	31 December 2021		
	Weighted average interest rate (%)	Short-term	Long-term
Currency			
Euro	1,26	4.458.600	302.278
TL	14,18	166.488	30.484
USD	2,22	445.100	--
		5.070.188	332.762

The breakdown of the loan repayments with respect to their maturities is as follows:

	31 December 2022	31 December 2021
Within 1 year	9.763.938	5.070.188
Between 1-2 years	1.036.300	332.762
Between 2-3 years	33.383	--
	10.833.621	5.402.950

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as explained Note 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's board of directors review capital structure regularly in the meetings. The risks that are associated with every equity item together with the Group's cost of capital are evaluated by the board of directors. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends.

Net debt and share capital as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Total liabilities	10.833.621	5.402.950
Less: Cash and cash equivalents	(5.686.996)	(2.492.096)
Net debt (asset)	5.146.625	2.910.854
Total equity	39.860.969	25.835.210

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

b) Financial Risk Factors:

It refers to the risks arising from the financial structure and financial preferences of the Group. Exchange rate, liquidity and interest rate risks are some risks under this heading. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

ASELSAN's Enterprise Risk Management Policy aims; to take proper actions against uncertainties that threaten the existence of the Company and to protect corporate identity and stakeholders' interest at all conditions. Risk management is an integrated element of Corporate Management. The information gathered within the scope of risk management activities in ASELSAN is integrated into decision making mechanisms.

The "top-down" and "bottom-up" approach is being applied into Enterprise Risk Management activities together. Risks, which are significant enough to affect ASELSAN's achievement of its targets, are identified, evaluated, monitored and reported along with the risk responses and precautions to be taken. At ASELSAN; The Enterprise Risk Management process is regularly reviewed and improved. ASELSAN's employees and business processes are at the center of the Enterprise Risk Management System.

Group's finance department identifies and evaluates financial risks and use tools to reduce risks by working in cooperation with the group's operating units.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is mainly working with public sector and obtaining advance payments where appropriate, both from public sector and private sector entities. The Group management does not foresee significant credit risk. Additionally, receivables are monitored regularly to minimize the collection risk.

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third Party		
31 December 2022						
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	20.544.181	13.318.077	5.580	1.027.047	5.681.845	4.750
- The part of maximum risk under guarantee with collateral etc. ²	--	237.857	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	20.544.181	13.318.077	5.580	1.027.047	5.681.845	4.750
B. Net book value of financial assets that are past due but not impaired	--	807.373	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	30.320	--	--	--	--
- Impairment (-)	--	(30.320)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third party		
31 December 2021						
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	13.584.255	8.869.562	24.836	699.776	2.490.041	1.594
- The part of maximum risk under guarantee with collateral etc. ²	--	18.221	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	13.584.255	8.869.562	24.836	699.776	2.490.041	1.594
B. Net book value of financial assets that are past due but not impaired	--	--	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	30.172	--	--	--	--
- Impairment (-)	--	(30.172)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

1 While determining the amount, components which provide increase on credit reliability, like guarantees received are not taken into consideration.

2 The guarantees consist of the letters of guarantees, collaterals, checks and mortgages.

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

The aging of the overdue receivables is as follows:

	31 December 2022	31 December 2021
Overdue by 1-30 days	505,285	--
Overdue by 1-3 months	641	--
Overdue by 3-12 months	74,069	--
Overdue by 12 months	227,378	--
Total receivables	807,373	--

No collateral has been received for the overdue receivables.

Management has assessed its aged receivables and does not expect any collection problem arising from its aged receivables.

Liquidity risk

Board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. ASELSAN eliminates the liquidity risk, which is known as the risk arising from default and inability to fund the assets, it monitors forecasted and actual cash flows regularly and ensures the continuity of adequate funds and credit lines by matching the maturity of financial assets and liabilities. In order to manage the interest rate risk arising from changes in assets and / or liabilities as a result of fluctuations in interest rates in the future, it conducts transactions with fixed interest rates and uses financial derivative instruments when necessary.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The table includes both interest and principal cash flows. When receivables and payables are not constant, amounts are determined in accordance with interest rates generated from return rates as of the reporting date.

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2022 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Financial liabilities	10.833.621	10.833.621	3.836.618	5.927.320	1.069.683	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Trade payables	9,847,991	9,897,435	9,774,935	49,780	72,720	--
Other payables	386.233	386.233	369,944	--	16,289	--

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2021 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Financial liabilities	5.402.950	5.402.950	669.792	4.400.396	332.762	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Trade payables	6.064.939	6.096.854	6.053.940	15.105	27.809	--
Other payables	355.591	355.591	331.673	5.663	18.255	--

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Market risk management

The Group's activities, as detailed below, expose primarily to the financial risks from changes in foreign currency exchange rates and interest rates.

Market risk exposures are evaluated by sensitivity analysis, and stress scenario analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk in the current year compared to prior year.

Foreign currency risk management

The exchange rate risk, which is any kind of change that may occur in assets and / or liabilities as a result of exchange rate fluctuations in the future, ASELSAN aims to minimize the effect of exchange rate fluctuations by keeping the long and short foreign exchange position at a minimum level. The balance sheet methods have been used in managing the exchange rate risk. Implementations such as; making use of foreign exchange denominated loans in line with the company's export volume, matching the contract currency with the currency of the costs of the project, and signing the subcontractor contracts in line with the main contract currency are used.

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION						
31 December 2022	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other ¹
1. Trade receivables	9,224,935	356,034	6,657,231	128,804	2,567,704	--
2a. Monetary financial assets (including cash, bank)	1,858,656	54,010	1,009,897	41,987	837,015	11,744
2b. Non- monetary financial assets	1,599,079	43,955	821,880	58,011	1,156,418	271,151
3. Other	3,116	99	1,844	60	1,201	71
4. Current assets (1+2+3)	12,685,786	454,098	8,490,852	228,862	4,562,338	282,966
5. Trade receivables	14,358,138	457,640	8,557,090	291,000	5,801,048	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	941,907	1,096	20,488	72,369	1,442,672	6,983
7. Other	54,479	974	18,209	1,687	33,637	2,633
8. Long-term assets (5+6+7)	15,354,524	459,710	8,595,787	365,056	7,277,357	9,616
9. Total assets (4+8)	28,040,310	913,808	17,086,639	593,918	11,839,695	292,582
10. Trade payables	3,744,940	98,333	1,841,967	88,978	1,776,964	126,009
11. Financial liabilities	7,103,742	62,500	1,170,750	297,083	5,932,992	--
12a. Other monetary financial liabilities	42,318	1,041	19,504	1,142	22,814	--
12b. Other non-monetary financial liabilities	1,704,554	168,328	3,153,120	144,134	2,878,465	--
13. Current liabilities (10+11+12)	12,595,554	330,202	6,185,341	531,337	10,611,235	126,009
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	351,480	18,764	351,480	--	--	--
16a. Other monetary financial liabilities	4,170	155	2,902	64	1,268	--
16b. Other non-monetary financial liabilities	2,618,765	190,131	3,561,534	67,091	1,339,868	--
17. Non-current liabilities (14+15+16)	2,974,415	209,050	3,915,916	67,155	1,341,136	--
18. Total liabilities (13+17)	15,569,969	539,252	10,101,257	598,492	11,952,371	126,009
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9-18+19)	12,470,341	374,556	6,985,382	(4,574)	(112,676)	166,573
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	14,195,079	686,891	12,837,615	74,524	1,471,729	(114,265)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	6,196,989	212,754	3,610,941	183,642	2,586,048	--
26. Imports	8,073,937	297,823	5,568,786	125,639	2,504,592	559

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

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

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

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION

31 December 2021	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other ¹
1. Trade receivables	6.583.031	195.853	2.610.529	263.311	3.972.502	--
2a. Monetary financial assets (including cash, bank)	87.352	5.219	69.564	717	10.822	6.966
2b. Non- monetary financial assets	1.189.643	49.371	658.069	57.443	866.619	218.699
3. Other	42.813	3.140	41.849	61	913	51
4. Current assets (1+2+3)	7.902.839	253.583	3.380.011	321.532	4.850.856	225.716
5. Trade receivables	9736.372	447.344	5.962.648	250.136	3.773.724	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	370.892	1.040	13.866	80.284	1.211.222	14.896
7. Other	78.840	2.451	32.664	2.753	41.540	4.636
8. Long-term assets (5+6+7)	10.186.104	450.835	6.009.178	333.173	5.026.486	19.532
9. Total assets (4+8)	18.088.943	704.418	9.389.189	654.705	9.877.342	245.248
10. Trade payables	2.635.083	79.501	1.061.580	100.479	1.518.631	54.872
11. Financial liabilities	4.903.700	33.333	445.100	295.000	4.458.600	--
12a. Other monetary financial liabilities	2.480	154	2.061	28	419	--
12b. Other non-monetary financial liabilities	132.236	118.601	1.583.681	118.521	1.791.308	--
13. Current liabilities (10+11+12)	7.673.499	231.589	3.092.422	514.028	7.768.958	54.872
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	302.278	--	--	20.000	302.278	--
16a. Other monetary financial liabilities	2.439	155	2.069	25	370	--
16b. Other non-monetary financial liabilities	2.350.122	153.537	2.050.177	161.787	2.445.227	--
17. Non-current liabilities (14+15+16)	2.654.839	153.692	2.052.246	181.812	2.747.875	--
18. Total liabilities (13+17)	10.328.338	385.281	5.144.668	695.840	10.516.833	54.872
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9-18+19)	7.760.605	319.137	4.244.521	(41.135)	(639.491)	190.376
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	8.560.775	535.273	7.131.931	98.632	1.476.750	(47.906)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	2.242.898	78.453	750.653	30.981	344.947	1.147.298
26. Imports	5.968.381	303.405	4.044.085	104.378	1.574.727	349.569

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.

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

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity

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

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

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity (continued)

Foreign currency sensitivity table				
31 December 2021	Profit/Loss		Equity ¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	713.193	(713.193)	713.193	(713.193)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	713.193	(713.193)	713.193	(713.193)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/ (liabilities)	147.675	(147.675)	147.675	(147.675)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	147.675	(147.675)	147.675	(147.675)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/ (liabilities)	(4.791)	4.791	(4.791)	4.791
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(4.791)	4.791	(4.791)	4.791

1 Comprises of profit/loss effect.

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31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

As of 31 December 2022 and 31 December 2021, since all of the loans obtained by the Group are fixed-rate loans, the Group is not exposed to significant interest rate risk.

As of 31 December 2022, the Group does not have interest bearing financial assets, therefore there is no exposure to interest risk (31 December 2021: None).

Price risk

The Group usually enters into fixed price contracts, therefore, is not exposed to any major price risk.

Hierarchy of fair value

As of 31 December 2022 and 31 December 2021, the Group's financial assets at their fair values are as in the following page:

32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING

	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
31 December 2022						
Financial assets						
Cash and cash equivalents	--	5,686,996	--	--	5,686,996	3
Financial investments	29,355	--	4,259,008	--	4,288,363	29
Equity accounted investments	298,477	--	--	--	298,477	8
Trade receivables	--	33,862,258	--	--	33,862,258	6
Financial liabilities						
Borrowings	--	--	--	10,833,621	10,833,621	30
Trade payables	--	--	--	9,847,991	9,847,991	6
Other payables	--	--	--	386,233	386,233	7

	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
31 December 2021						
Financial assets						
Cash and cash equivalents	--	2,492,096	--	--	2,492,096	3
Financial investments	2,472	--	2,146,455	--	2,148,927	29
Equity accounted investments	219,833	--	--	--	219,833	8
Trade receivables	--	22,453,817	--	--	22,453,817	6
Financial liabilities						
Borrowings	--	--	--	5,402,950	5,402,950	30
Trade payables	--	--	--	6,064,939	6,064,939	6
Other payables	--	--	--	355,591	355,591	7

The Group's management assesses that the carrying value reflects the fair value of financial instruments. Related financial assets are presented at cost after deducting impairment allowance if any.

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32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with data which can be observed by directly or indirectly and which excludes the registered prices described in Level 1; and
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Fair value hierarchy of financial assets that are measured at fair value:

ROKETSAN has presented under Group's financial assets that fair value reflect in other comprehensive income as of 31 December 2022. The fair value of ROKETSAN as of 31 December 2022 is TL 4.259.008 and was determined according to "Discounted Cash Flow", "Similar Company Comparison" and "Realized Company Mergers and Acquisitions" methodologies and its fair value hierarchy is Level 3.

32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

Reconciliation of the Group's assets and liabilities that are measured at Level 3 fair value are presented as follow:

Available for sale financial assets

	31 December 2022 Marketable Equity Shares	31 December 2021 Marketable Equity Shares
Opening balance	2.146.455	1.182.088
Total gain/loss		
- transferred to other comprehensive income	2.072.244	964.367
Capital increase	40.309	--
Closing balance	4.259.008	2.146.455

31 December 2022	Fair value level as of reporting date		
	Level 1 TL	Level 2 TL	Level 3 TL
Financial Investments	--	--	4.259.008
	--	--	4.259.008

31 December 2021	Fair value level as of reporting date		
	Level 1 TL	Level 2 TL	Level 3 TL
Financial Investments	--	--	2.146.455
	--	--	2.146.455

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32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

The movement of the fair value level as of 31 December 2022 is as follows:

	Fair value level as of reporting date		
	Level 1 TL	Level 2 TL	Level 3 TL
1 January 2022	--	--	2.146.455
Additions	--	--	2.112.553
31 December 2022	--	--	4.259.008

33. EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOW

Reconciliation of the movements related to cash flows from financing activities and liabilities

	31 December 2021	Cash Movements	Non-cash movements			31 December 2022
			Additions	Exchange rate change	Other	
Financial Liabilities (Note 30)	5.402.950	3.254.388	269.519	1.906.764	--	10.833.621
Total liabilities arising from financing activities	5.402.950	3.254.388	269.519	1.906.764	--	10.833.621

The table above represents the changes in the cash amounts related to "Proceeds from Borrowings" and "Repayments from Borrowings" which are presented under cash flows from financing activities.

34. FEES FOR SERVICES RENDERED FROM INDEPENDENT AUDIT FIRMS

For the period ended on 31 December 2022, fee for independent audit is TL 238 of the Group (31 December 2021: TL 209).

For the period ended on 31 December 2022, there is no different services rendered from the independent audit firms except fee for independent audit of the Group.

35. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the Group have signed contracts amounting to USD 237 Million.

It has been resolved in our Company's Board of Directors meeting that was held on January 17, 2023 that; The registered capital upper limit of our company shall be increased from 2 Billion TL to 10 Billion TL, the 6th article of our Articles of Association shall be amended as per the annex, Authorization shall be given to General Management to apply to Capital Markets Board for the increase in the registered capital upper limit and amendment in our Company's Articles of Association.

With the resolution of our Board of Directors, which was taken in consideration of the resolution of the Capital Markets Board Decision Making Body dated February 9, 2023 and numbered 8/174; due to the earthquake disaster, the epicenter of which is Kahramanmaraş and affecting ten provinces, it has been resolved to donate 100.000.000,00 TL in kind and/or in cash to earthquake victims directly and/or through organizations that are legally authorized to collect donations. The said Board of Directors resolution will be submitted to the approval of the shareholders at the first General Assembly Meeting to be held.

Independent Auditor's Report



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH) INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics published by the Public Oversight Accounting and Auditing Standards Authority. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters

Revenue – Accounting of Revenue Recognised Over Time

An important part of Group's revenue is generated from construction contracts which are recognised over time. Revenue recognised over time is mainly due to contracts made with the Presidency of Defense Industry. The Group recognises revenue over-time if any of the following conditions is met:

- The customer simultaneously receives and consumes the benefits as the entity performs
- The customer controls the asset as the entity creates or enhances it,
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date

Due to the fact that over-time revenue is one of the Group's core business volume and size indicators, implementation of related accounting standards is complex and includes management estimates and judgements, this issue has been considered to be a key audit matter.

Accounting policies and amounts of the revenue detailed in Note 2.5 and Note 20 respectively.

How the Matter is Handled

Our audit procedures included, in addition to others, the following;

Controlling the terms of the contract in accordance with the criteria of over time accounting

Cross-check of the amounts subject to revenue calculation with contracts,

Controlling monthly changes of variables that directly affect revenue such as profitability on project basis,

Analytical review of the accuracy of expected loss provision,

Performing control tests and test of details for contract cost,

Questioning the annual changes of over-time revenue and related costs.



Key Audit Matters (continued)

Key Audit Matters

Capitalization of Development Cost

The Group capitalizes development costs which are related with development activities and approved by the management.

Capitalized development costs amount to a net book value of Thousand TRL 3.365.812 as 31 December 2022 in the accompanying consolidated financial statements.

Capitalized development costs on the consolidated financial statements as of 31 December 2022 is significant for our audit due to variety of nature of costs, management judgments involved in the capitalization process and projects contract costs.

Explanations about intangible assets including the capitalized development costs have been disclosed in Note 12.

How the Matter is Handled

Our audit procedures included, amongst others, the following;

Examinations of nature of capitalized development costs related to each project,

Examinations of the suitability of management assessments for projects at development phase

Performing test of details for development costs,

Assessment of Group's management approval process,

Additionally, inquiries have been performed with project engineers and executives involved in research and development activities in related division of the Group

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

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

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

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

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

In independent audit, the responsibilities of us as independent auditors are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Reports on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Company's Board of Directors on 28 February 2023.

2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2022 is not in compliance with the code and provisions of the Parent Company's articles of association in relation to financial reporting.

3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Mehmet Nadi Abbasoğlu is the auditor responsible for conducting and finalizing this independent audit.

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate Member of Praxity AISBL)



Mehmet Nadi Abbasoğlu
Partner
İstanbul, 28 February 2023

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

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Vision

To be a reliable, competitively preferred, environment-friendly and human conscious technology firm which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes.

Mission

By focusing primarily on the needs of the Turkish Armed Forces; to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers in the fields of electronic technologies and system integration; continuing activities in line with global targets as well as increasing brand awareness and contributing to the technological independence of Türkiye.

2- Principles of Preparation

The interim report of the Board of Directors is prepared on the basis of Communiqué Series II, No: 14.1 "Principles of Financial Reporting in Capital Markets" dated 13 June 2013.

The report comprises the events took place during the period 1 January – 31 December 2022. The title of the main shareholder in the report is ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and will be referred as "the Company" in the accompanying notes.

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

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

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 Kıbrıs") and ASELSAN Elektronik Sanayi ve Ticaret A.Ş. QSTP-B ("ASELSAN Katar") located in South Africa, Macedonia, Turkish Republic of Northern Cyprus ("KKTC") and Qatar, respectively. The branches are also included in the consolidated financial statements.

3- Company Information and Organizational Structure

The Company is a leading defense industry company developing advanced technology system solutions within land, air, naval and space platforms.

The Company, being an establishment of Turkish Armed Forces Foundation ("TSKGV"), stands in a position of a technology center within the fields of design, development, manufacturing, system integration, modernization and after sales services of military and civil communication systems, avionics systems, electronic warfare and intelligence systems, radar systems, command and control systems, naval warfare systems, security systems, transportation systems, energy systems, traffic and automation systems, medical systems, electro-optic systems and products.

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

In addition to the Vice Presidencies above, the Company organization also includes six Vice Presidencies to fulfil the planning, monitoring and analyzing functions: Financial Management Vice Presidency, Corporate Management Vice Presidency, Technology and Strategy Management Vice Presidency, Business Development and Marketing Vice Presidency, R&D Management Vice Presidency and Supply Chain Management Vice Presidency. In addition to these, there are also Legal Affairs and Office of the Private Secretary.

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

The Company maintains production and engineering operations in Ankara, Macunköy, Akyurt and Gölbaşı campuses and engineering operations in METU Teknokent, Hacettepe Teknokent, Teknopark Ankara, Teknopark İstanbul, Gebze Technology Development Zone and Başkent Organize Sanayi Bölgesi. Headquarters is located in Ankara Macunköy.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

The Company's international, nation-wide and sectoral rankings are summarized in the table below:

Institution	Research / Study	Related Period	Ranking	
			Current	Prior
Defense News	Defense News Top 100	2022	49	48
European Commission	Industrial R&D Investment Scoreboard Top 2500	2021	855	627
Istanbul Chamber of Industry	ICI 500 Top Industrial Entreprises	2022	17	11
	ICI 500 - Private Entreprises	2022	17	11
Fortune Magazine	Top 500 Companies	2022	31	25
	Sustainability Index		No Ranking	
BIST (Borsa İstanbul)	Corporate Management Index	2022	No Ranking	
	BIST Top 30 Index		No Ranking	
	BIST Top 100 Market Value Ranking		8	7
TEA (Turkish Exporters Assembly)	Top 1000 Exporters	2022	366	159

Institution	Research / Study	Related Period	Ranking	
			Current	Prior
Turkish Time Journal	Research and Development Expenditures Türkiye Top 100	2022	1	1
Deloitte	Technology Fast 50 Big Star Category	2022	No Ranking	
Brand Finance	Most Valuable Brands Top 100	2022	20	19
Bloomberg Businessweek	Top 50 Firms (Universities)	2022	3	3
Universum	Ideal Employers (Engineering and IT) 100 Companies	2022	1	1
CDP (Carbon Disclosure Project)	Climate Change Ranking (Türkiye)	2021	Our Company is among the first eight companies in "CDP Türkiye Climate Change Leaders" category.	

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Commercial title and trade registration number of the company and contact information pertaining to its headquarters, branches and its website addresses are shown below:

Company	Type	Country / City	Address	Telephone / Fax	Web Site
ASELSAN Elektronik Sanayi ve Ticaret A.Ş.	Head Quarters	Türkiye	Mehmet Akif Ersoy Mahallesi İstiklal Marşı Caddesi No:16 06200 Yenimahalle/Ankara Trade Registry: 31177	Tel: +90 (312) 592 1000 Fax: +90 (312) 354 1302	www.aselsan.com.tr
ASELSAN South Africa	Branch	Rep. Of South Africa Pretoria	Summit Place Office Park Building 2, First Floor 221 Garsfontein Road Menlyn, Pretoria, 0181	Tel: +27 (0) 12 349 2613 Fax: +27 (0) 12 349 2544	--
ASELSAN Macedonia	Branch	Macedonia Skopje	Ankarska 29A, Skopje	--	--
ASELSAN Cyprus Advanced Tech. Research Center	Branch	TRNC Güzelyurt	Orta Doğu Teknik Üniversitesi Kuzey Kıbrıs Kampüsü ODTÜ KALTEV AR-GE Binası No: E-19 99738 Kalkanlı/ Güzelyurt	--	www.aselsan.com.tr
ASELSAN Qatar (QSTP-B)	Branch	Qatar Doha	Qatar Science & Technology Park Free Zone, Street No: 2322, Zone No: 51, Unit No: 107, Building No:153, Building Name: Tech1	--	--
Suudi Arabia Contact Office	Project Office	Suudi Arabia Riyad	Riyadh Business Gate, Building: Zone D-3, GF, Unit 1	Tel: +966 11 211 1111 Fax: +966 11 268 1111	--
Pakistan Contact Office	Project Office	Pakistan İslamabad	Serena Business Complex 3rd Level, Office No:3 Sector G-5/1 Ramna Suhrwardy İslamabad	--	--

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

4- The Company's Shareholder Structure

Registered capital ceiling of the Company is TL 2.000.000.000 (TL two billion). The nominal capital of the Company is TL 2.280.000.000 (TL two billion, two hundred and eighty million) and is divided into 2.280.000.000 (two billion, two hundred and eighty million) shares, each having a nominal value of 1 TL.

1.210.909.090 (one billion, two hundred and ten million, nine hundred and nine thousand and ninety) of the shares are Group A shares and 1.069.090.910 (one billion, sixty-nine million, ninety thousand and nine hundred and ten) of the shares are Group B Shares. All shares are in the name of the holder.

Group A shares are nominative preferred shares and 6 of the Members of the Board of Directors are elected among the Group A preferred shareholders or among the candidates presented by them.

Share distribution table of the Shareholders is presented below:

Partners	TL Thousand
Turkish Armed Forces Foundation (TSKGV)	1.691.652
Quoted on BIST (Free Float)	588.348
Paid-in Capital	2.280.000
Inflation Adjusted Capital	2.378.621

a) Members of the Board of Directors and Senior Executives

Within the framework of the provisions of the Company's Articles of Association, the Board of Directors consists of total 9 members comprising of 6 members to be elected from preferred shareholders or candidates nominated by group A and 3 independent members to be elected under Capital Markets Board (CMB) regulations. Information regarding the Members of the Board of Directors and Senior Executives as of publishing date of the report are as follows:

Members Of The Board Of Directors And Senior Executives				
List No	Name and Surname	Position	Positions In Other Company's	Date of First Assignment
1.	Haluk GÖRGÜN	Chairman of the Board/ CEO	Member of The Board of Directors of IGG ASELSAN Integrated Systems LLC, Member of the Board of Directors of SASAD, Member of the Board of Directors Of BARQ, Associate Member of Turkey Academy of Sciences, Chairman of the Board of Trustees And Board of the Gebze Technical Education And Research Foundation, Board of Trustees of Basic Science Research Foundation of Turkey, Member of the Board of Trustees of Yıldız Technical University Foundation, Member of the Board of Trustees of OSTİM Technical University, Member of The Board of Directors of SAHA Istanbul, President of TOBB (The Union of Chambers and Commodity Exchanges of Türkiye) Defence Industry Council, Board Member of Istanbul Finans ve Teknoloji Üssü A.Ş.	15 March 2017
2.	Alpaslan KAVAKLIOĞLU	Deputy Chairman of the Board	Deputy Minister of Ministry of Defense, Member of the Board of Directors of Turkish Parliamentarians Union	26 April 2019
3.	Yavuz ÇELİK	Member / Managing Member	--	19 June 2020
4.	Turan EROL	Independent Member	Professor at İstanbul Sabahattin Zaim University Business and Management Sciences Faculty, Independent Member of The Board of Directors of Tümosan And Traktör Sanayi A.Ş., Independent Member of The Board of Directors of Ostim Yatırım A.Ş.	19 June 2020
5.	Mehmet Fatih KACIR	Member	Deputy Minister of Republic of Turkey Ministry of Industry and Technology, Chairman of the Board of Directors Turkey Technology Team Foundation, Member of the Board of Directors Prof. Dr. Fuat Sezgin Islamic Science History Research Foundation	26 April 2019
6.	Salih KUL	Member	--	26 April 2019
7.	İbrahim ÖZKOL	Independent Member	Istanbul Technical University, the Faculty of Aeronautics and Astronautics, Department of Aeronautical Engineering	25 Mayıs 2022
8.	Nurşen SARI	Independent Member	Deputy General Manager of C Tech Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.	29 June 2021
9.	Mustafa Murat ŞEKER	Member / Managing Member	Vice President at Presidency of Defence Industries, Vice Chairman of Ankara Aerospace Industry Zone	29 June 2021
10.	Mehmet Fatih GÜÇLÜ	Vice General Manager (Financial Management)	Member of The Board of Trustees of Anadolu Mektebi Foundation	1 October 2019

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Members Of The Board Of Directors And Senior Executives

List No	Name and Surname	Position	Positions In Other Company's	Date of First Assignment
11.	Hakan KARATAŞ	Vice General Manager (Corporate Management)	Professor of OSTİM Technical University, Chairman of ASİL Solidarity Foundation, Founder of the Gebze Technical Education and Research Foundation	2 July 2018
12.	Nuh YILMAZ	Vice General Manager (Supply Chain Management)	Member of the The Board of Dasal Havaçılık Teknolojileri A.Ş., Chairman of Board of Directors of ASELSAN Konya Silah Sistemleri A.Ş., Member of the Board of Directors of Bites Savunma Havaçılık ve Uzay Teknolojileri Yazılım Elektronik Ticaret A.Ş.	1 April 2021
13.	Taha YÜCEL	Vice General Manager (Technology & Strategy Management)	Chairman of the Board of Information Security Association, Member of the Board of Directors of ÜRTEMM	1 July 2022
14.	Sezai ELAGÖZ	Vice General Manager (R&D Management)	Chairman of Board of Directors of TÜYAR A.Ş., Presidency of Defence Industries Air Defense Executive Board Member	18 July 2018
15.	Osman Devrim FIDANCI (*)	Vice General Manager (Business Development and Marketing)	Chairman of the Board of Directors of ASELSAN Global Dış Ticaret ve Pazarlama A.Ş., Member of the Board of Directors of the Defence and Aerospace Industry Exports' Association, Member of the Board of Directors of ASELSAN Middle East Psc Ltd, Member of Institute of Electrical and Electronics Engineers (IEEE), Member of Association of Record for Bid, Proposal, Business Development, Capture and Graphics Professionals (APMP)	1 February 2019
16.	Mustafa YAMAN	Vice General Manager (HBT Sector President)	Member of the Board of Ulak A.Ş.	1 July 2022
17.	Ahmet AKYOL	Vice General Manager (MGEO Sector President)	Member of the Board of Directors of TÜBİTAK SAGE, Vice Chairman of the Board of Directors of HAVELSAN Teknoloji Radar (HTR), Member of NATO Science and Technology Organization Set Panel, Vice Chairman of the Board of Directors of Aselsan Middle East PSC Ltd., Member of the Board of Directors of BARQ, Vice Chairman of the Board of Directors of IGG Aselsan Integrated Systems LLC, Member of the Board of Directors of Kazakhstan Aselsan Engineering	1 July 2022
18.	M. Mustafa AKKUL	Vice General Manager (REHIS Sector President)	Chairman of the Board of Directors of Aselsan Bilkent MikroNano A.Ş., Chairman of the Board of Managers of Mikroelektronik	1 July 2022
19.	Behcet KARATAŞ	Vice General Manager (SST Sector President)	Chairman of the Board of Directors of BİTES Savunma Havaçılık ve Uzay Teknolojileri Yazılım Elektronik Ticaret A.Ş.	2 November 2020
20.	Mehmet ÇELİK	Vice General Manager (UGES Sector President)	Member of The Presidency's Council of Science, Technology and Innovation Policies, Principle Member Of Turkish Academy Of Sciences, Chairman of The Board of Managers of ASELSANNET, Chairman of The Board of Directors of Aselsan Sivas Hassas Optik A.Ş., Teaching Professor in KTO Karatay University Mechanical Engineering Department	1 July 2022
21.	Abdülkadir GÖKTAŞ	Internal Audit President	--	1 September 2014

The Members of the Board of Directors are entitled with the authorizations stipulated in the Turkish Code of Commerce ("TCC") and in article 13 of the Articles of Association of the Company.

Entitled shareholders, members of the board of directors, senior executives and to their spouses as well as relatives up to second degree are not authorized to perform transactions, which may cause conflict of interest or competition with the Company and/or subsidiaries. There is not any ban on trading for board members with the Company, which they performed on their own or on behalf of a third party. There is no operation regarding the non-compete obligation by the members of the board.

The controls are carried out by the Internal Audit Presidency ("IAP") and Audit Committee within the parent company in order to minimize the substantial error risk on the financial statements of the Group. IAP and Audit Committee carry out their duties independent from each other but within the guidance of common objectives and targets, with the aim of maintaining an internal control system, which provides required controls in matters such as the reliability of the financial reporting system, the efficiency of the activities in order to eliminate the operational risks and compliance with the law. Furthermore, the efficiency and sufficiency of the internal control are supported with the directives in effect.

Total Amount of the Financial Benefits Given to Senior Executives:

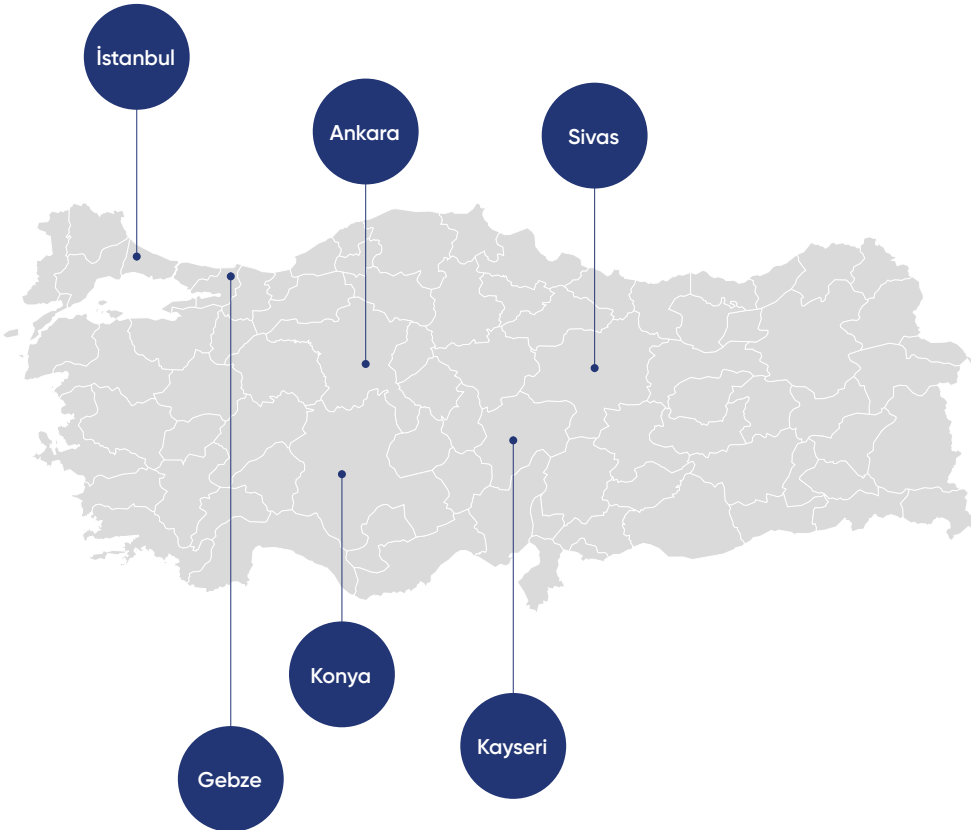
The total amount of the remuneration and similar benefits paid to the senior executives by the Company as for the period that ended on 31 December 2022 is approximately TL 80.271 Thousand (Of the amount paid, salary and benefit payments comprise the most).

* Our company's Vice President for Business Development and Marketing, Osman Devrim FIDANCI voluntarily left his position on 31 January 2023. In the Board of Directors meeting it has been resolved that Prof. Dr. Haluk GÖRGÜN, who is the Chairman, President and CEO shall be appointed as the acting Vice President for Business Development and Marketing, while remaining in his main duty, until an appointment is made to the position.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

b) Information on Business Partnerships, Associates, Subsidiaries, Joint Ventures and Branches

The Company's consolidated subsidiaries and branches are as follows:



1- MİKROELEKTRONİK

Ownership: 85%
Partner: İTÜ ETA
Participation: 2010
(Founded in 2004)

2- TÜYAR

Ownership: 51%
Partners: TÜBİTAK, SSB
Foundation: 2017

3- ASELSAN KONYA Silah Sist. A.Ş.

Ownership: 51%
Partner: Konya Defence Industry
Foundation: 2018

4- ASPİLSAN A.Ş.

Ownership: 1%
Partner: TAFF
Foundation: 1981

5- ASELSAN GLOBAL

Ownership: 100%
Foundation: 2019

6- ROKETSAN

Ownership : 15%
Partner: TAFF
Foundation: 1988

7- ASELSAN SİVAS HASSAS OPTİK

Ownership: 50%
Partner: Sivas Optik
Foundation: 2014

8- ULAK A.Ş.

Ownership: 51%
Partners: SSTEK, Havelsan
Foundation: 2017

9- ASELSANNET

Ownership: 100%
Foundation: 2004

10- BİTES A.Ş.

Ownership: 51%
Partner: Uğur COŞKUN
Participation: 2019
(Founded in 2005)

11- ASELSAN BİLKENT MİKRO NANO

Ownership: 100%
Foundation: 2004

12- TEKNOHAB A.Ş.

Ownership : 13,04%
Partners: SSTEK, HAB, TUSAŞ, Havelsan, Roketsan, Gazi Üni.
Foundation: 2018

13- TR EĞİTİM VE TEKNOLOJİ A.Ş.

Ownership: 35%
Partners: TUSAŞ, Roketsan
Participation: 2019
(Founded in 2018)

14- EHSİM A.Ş.

Ownership: 50%
Partners: Havelsan, SSTEK
Participation: 2019
(Founded in 1998)

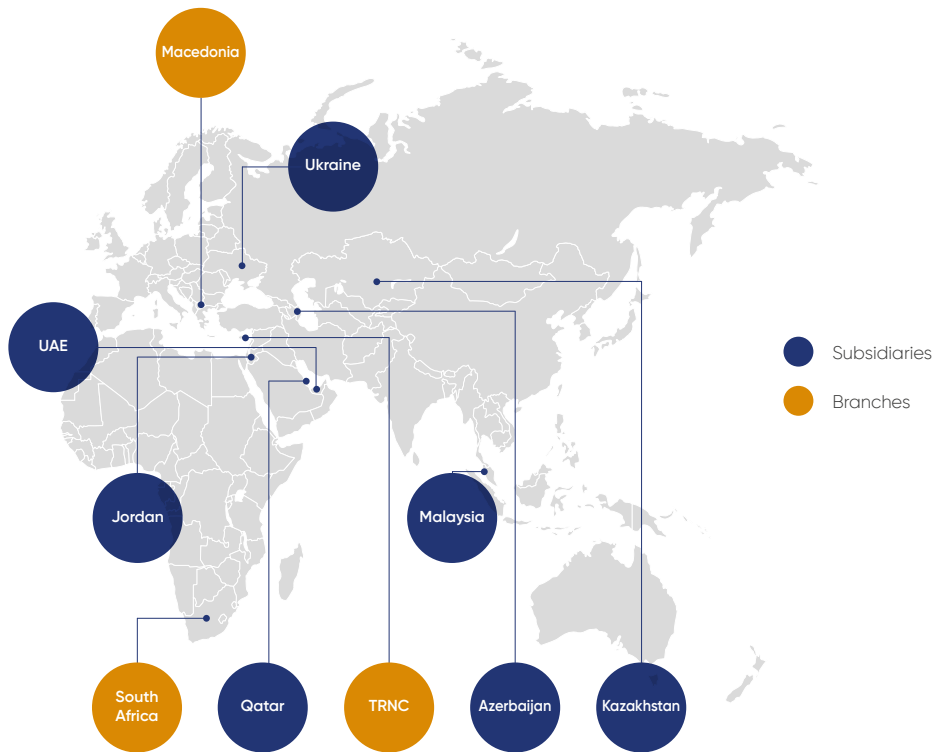
15- DASAL

Ownership: 40%
Partner: Altınay A.Ş.
Participation: 2020
(Founded in 2019)

16- İstanbul Finans ve Teknoloji Üssü (İFTÜ)

Ownership: %44
Founded in 2022
Partners: T.C Cumhurbaşkanlığı Finans Ofisi, İbn Haldun Üniversitesi, Bilişim Vadisi Teknopark Yönetici A.Ş., Marmara Üniversitesi Rektörlüğü, İstanbul Üniversitesi

Report of the Board of Directors for the Period Between 1 January – 31 December 2022



1- MACEDONIA BRANCH

Ownership : 100%
 Foundation: 2014

2- ASELSAN-BAKU (AZERBAIJAN)

Ownership: 100%
 Foundation: 1998

3- KAZAKHSTAN ASELSAN ENGINEERING (KAZAKHSTAN)

Ownership: 49%
 Partner: Kazakhstan Engineering
 Foundation: 2011

4- ASELSAN MIDDLE EAST (JORDAN)

Ownership : 49%
 Partner: KADDB Investment Group
 Foundation: 2012

5- QATAR BRANCH (MRO CENTER)

Ownership: 100%
 Foundation: 2021

6- ASELSAN UKRAINE

Ownership: 100%
 Foundation: 2020

7- SOUTH AFRICA BRANCH

Ownership : 100%
 Foundation: 2011

8 - IGG ASELSAN INTEGRATED SYSTEMS (UAE)

Ownership : 49%
 Partner: IGG
 Foundation: 2011

9- ASELSAN MALAYSIA

10 - ASELSAN TRNC BRANCH

11 - BARQ QSTP LLC.

Both our subsidiaries and joint ventures subject to consolidation fulfill their obligations regarding the tax legislation of the countries in which they operate and submit their audited financial statements and declarations regarding their tax assets/liabilities to the relevant authorities.

There is no cross-ownership relation between the companies subject to full consolidation (ASELSANNET, ASELSAN Bakü, ASELSAN GLOBAL, Mikro Ar-GE, ASELSAN Malezya, ASELSAN Konya, BİTES, ASELSAN Ukrayna and ULAK) and equity pick-up method consolidation (ASELSAN Bilkent, ASELSAN Optik, IGG ASELSAN, ASELSAN Kazakistan, ASELSAN Ürdün, TÜYAR, BARQ QSTP LLC, TEKNOHAB, EHSİM, TR EĞİTİM, DASAL) and the Company.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

5- Main Factors That Affect the Performance, Investment and Dividend Policy of the Company

The Company carries on its business operations mainly in defense industry as well as in non-defense industry. According to the latest data, world defense expenditures has increased by 0,7 % reaching USD 2,1 Trillion and the ratio of expenditures to GDP has realized as 2,2%. The summary table on the right side gives information about the top five countries, which accounted for 62% of the defense expenditure in 2021 and Türkiye.

Rank	Country	Expenditure (m USD)	2021/ 2020 %Δ	Expend./ GDP %Δ	Share in the World %Δ
	World	2.113	0,7	2,2	100,0
1	USA	801	-1,4	3,5	38,0
2	China	293	4,7	1,7	14,0
3	India	77	0,9	2,7	3,6
4	UK	68	3,0	2,2	3,2
5	Russia	66	2,9	4,1	3,1
18	Türkiye	15	-4,4	2,1	0,7

As of 2021, Türkiye's annual defense expenditures decreased by 4% to USD 15,5 Billion and ranks 18th in the world. The ratio of defense spending to GDP is 2,1%.

Due to the industry's nature, defense projects spread over years, furthermore a system project lasts approximately 4 to 5 years from its start to its delivery. As of 31 December 2022, long term plans which have been accordingly signed as contracts spread over years amounts to USD 8,2 Billion.

The determination of target regions/countries and focusing on these markets for marketing and direct sales as well as engaging in joint productions, transfer of technology to/from international platform producers and strategic initiatives for sales to third countries are concurrent to our sustainable growth objectives. Our structure coincides with our objective to operate in non-defense electronic fields which require high technology.

In this context, the Company, which has displayed a remarkable performance in many areas in recent years, from security to transportation, from health to energy, and especially from defense electronics, has added a new activity by entering the field of financial technologies. The entry will be reflected both in the new orders by the Company in the coming period and in the customer portfolio as a variety.

Technological research, development and testing processes of the Central Bank Digital Turkish Lira R&D project will be carried out in close cooperation with the participation of technology stakeholders. In this direction, the Central Bank; signed bilateral memorandums of understanding with ASELSAN, HAVELSAN and TÜBİTAK-BİLGEM and created a "Digital Turkish Lira Cooperation Platform". The Company's profit distribution policy is posted on www.aselsan.com.tr website under Investor Relations/ Corporate Governance/Policies. According to the policy, at least 10% of the net profit is planned to be distributed.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

At the 47th Ordinary General Assembly Meeting held on 25.05.2022, it was resolved that of the net profit generated by our company from its 2021 activities; - In accordance with Article 519/ (1) of the Turkish Commercial Code, General Legal Reserves amounting to TL 30.609.003,20 shall be allocated,

- Out of net distributable profit to the shareholders for the period, calculated in the framework of the dividend distribution regulations and decisions of the Capital Markets Board, gross, TL 460.000.000 - (Kuruş 20,17544 per share of TL 1 and 20,17544% on the basis of the capital) (net TL 414.000.000 - Kuruş 18,15789 per share of TL 1 and 18,15789% on the basis of the capital) shall be distributed in the form of cash,

- In accordance with Article 519/2 of the Turkish Commercial Code, General Legal Reserves amounting to TL 34.600.000 - shall be allocated,

- The remaining profit shall be allocated as Extraordinary Legal Reserves and the cash dividends to the shareholders shall be distributed as of 16 November 2022, The dividend payment was made on 16 November 2022.

6- Enterprise Risk Management

ASELSAN's Enterprise Risk Management Policy aims; to take proper actions against uncertainties that threaten the existence of the Company and to protect corporate identity and stakeholders' interest at all conditions. Risk management is an integrated element of Corporate Management. The information gathered within the scope of risk management activities in ASELSAN is integrated into decision making mechanisms.

The "top-down" and "bottom-up" approach is being applied into Enterprise Risk Management activities together. Risks, which are significant enough to affect ASELSAN's achievement of its targets, are identified, evaluated, monitored and reported along with the risk responses and precautions to be taken. At ASELSAN; The Enterprise Risk Management process is regularly reviewed and improved. ASELSAN's employees and business processes are at the center of the Enterprise Risk Management System. In the developing and rapidly changing world, every risk that arises or increases in impact and probability is proactively followed, and the possible effects on the Company and the opportunities created by these risks are evaluated.

At ASELSAN, risks are followed under four main categories:

a) Main Risk Categories

Strategic Risks: Risks that may prevent ASELSAN from reaching its targets in short, medium or long terms are classified under this heading. Risks under this heading include factors such as; growth and continuity, changing customer expectations, technological changes and market share.

While ASELSAN manages its strategic risks effectively; it aims to increase its backlog, increase exports and to take part in sustainable works. In order to increase ASELSAN's market share and offer new products / services, ASELSAN seizes company merger / acquisition opportunities both at home and abroad. ASELSAN also conducts business development activities successfully.

ASELSAN increases its research and development activities in order to meet changing customer expectations and changes in technology, and realizes the necessary infrastructure and technological investments. ASELSAN diversifies the geographical regions in sales, customer portfolio and the sectors in order to maintain its growth and continuity in the medium and long term.

Operational Risks: It is defined as the risks arising from errors and negligence that may occur while performing the operational activities of the company. Risks under this section include factors such as; production, supply chain, human resources, information technologies, natural disaster and terrorist attacks.

In order to ensure the continuity of the processes, in-house directives and functors have been prepared and necessary updates are being made when needed. Within the scope of the Internal Audit plan and work schedule prepared in ASELSAN, business processes are being audited and process improvements are made in line with the audit outputs.

Quality in production processes involving internal operations and suppliers is uncompromisable; where subcontractor and supplier development activities are carried without slowing down. In terms of managing Human Resources and increasing employee motivation; activities were made with the participation of employees from every level and process improvements were made. Security policies are sustained at the highest level in Information Technology applications. In this area, internal and external audits are carried out periodically and precautions are taken against probable cyber-attacks and in the field of Information Technologies, business continuity in-house is provided.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Our all processes are administered by directives, quality plans, standards, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standards. These certificates are renewed every year with the audits performed. Changes and improvements of international standards are being followed and our processes are developed accordingly.

Regarding risks, such as natural disasters, terrorist attacks, necessary precautions are taken, primarily insurances have been made, and drills are carried out.

Financial Risks: It refers to the risks arising from the financial structure and financial preferences of the company. Exchange rate, liquidity and interest rate risks are some risks under this heading.

The exchange rate risk, which is any kind of change that may occur in assets and / or liabilities as a result of exchange rate fluctuations in the future, ASELSAN aims to minimize the effect of exchange rate fluctuations by keeping the long and short foreign exchange position at a minimum level. The balance sheet methods have been used in managing the exchange rate risk. Implementations such as; making use of foreign exchange denominated loans in line with the company's export volume, matching the contract currency with the currency of the costs of the project, and signing the subcontractor contracts in line with the main contract currency are used.

ASELSAN eliminates the liquidity risk, which is known as the risk arising from default and inability to fund the assets, it monitors forecasted and actual cash flows regularly and ensures the continuity of adequate funds and credit lines by matching the maturity of financial assets and liabilities. In order to manage the interest rate risk arising from changes in assets and / or liabilities as a result of fluctuations in interest rates in the future, it conducts transactions with fixed interest rates and uses financial derivative instruments when necessary.

Compliance Risks: It refers to the risks associated with the Company's financial losses and / or loss of reputation as a result of the company's activities or the attitudes and behaviors of the company employees that are not in compliance with the legislation, regulations and standards. While conducting its activities, ASELSAN closely

follows national and international standards with the best practices in the sector, and compliance with legislation and regulations is ensured at the highest level. In addition, by IAP; the effectiveness of controls, compliance with legislation and ASELSAN regulations, compliance with ethical principles and controls to eliminate risks are being evaluated.

b) Early Detection and Management of Risk Committee Works

The Early Detection and Management of Risk Committee, which consists of the members of the Board of Directors, has been operating at ASELSAN since 2012 in order to ensure early detection of risks that may endanger the existence, development and continuity of the Company, to take necessary measures related to the identified risks and to manage the risks. The Chairman of the Committee is an Independent Board Member.

Committee; carries out its own activities in full compliance with the regulations of the Capital Markets Board and all the related legislation, especially article 378 of the Turkish Commercial Code No. 6102. In addition, the Early Detection of Risk System and Committee, established by ASELSAN, is subjected to independent audits annually and the Auditor Report stating that the activities performed is sufficient, is submitted to the Board of Directors. Committee conducted 6 meetings in 2022 in order to follow the works on early detection and management of risks and to make evaluations about this issue. The reports containing the works of the Committee were being submitted to the Board of Directors periodically.

c) Training

At ASELSAN, spreading risk management to the Company culture and creating risk awareness in each employee are among the basic elements that ensure the success of the Corporate Risk Management System. In this context, "Corporate Risk Awareness Training" and "Climate Change Risk and Opportunity Studies at ASELSAN" have been added to the vocational and on-the-job training programs of all ASELSAN personnel, and These studies have become compulsory to take them.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CLIMATE CHANGE

ASELSAN has been working as the climate leader within the scope of Carbon Disclosure Project (CDP) Climate Change since 2010. It continues to work as a climate leader in every field by getting the A- grade in CDP Water Reporting.

According to the Global Risks Report 2022 published by the World Economic Forum, climate change risks are the most important risks evaluated according to their probability and impact level in 2023, as in 2022.

ASELSAN continues to take the necessary actions for the management of climate change risks and a sustainable world, especially CDP Climate Change reporting, and maintains its place among the world's important defense industry leaders in this regard. In this context, it has made climate change and environmental risks, which are among the most important risks of our age, a part of the corporate risk system.

7- Financial Information of the Company

The forecasts under the normal conditions regarding the Group's consolidated financial results for the 2023 year are presented below:

Financial Targets of 2023	Amount / Ratio
Revenue Growth (TL)	>40%
EBITDA Margin (Adjusted without Foreign Exchange Rate Differences)	>24%
Capital Expenditures	10.000 TL Million

The Company, which has been in the most prestigious Defense Industry list since 2008, "Defense News Top 100", published by "Defense News" magazine, aims to increase its ranking in the list in following years. Ranking 48th in the 2021 list and ranking 49th place in the 2022 list.

47th Ordinary General Assembly Meeting held on 25 May 2022.

In order to achieve the sustainable growth:

- The quality and technological perspectives of the cooperation formed with the universities have been increased.
- ASELSAN employees are provided with the opportunity to study in the work environment with the initiation of ASELSAN Academy Postgraduate Training Program. The program serves the purpose of having the necessary technologies and developing existing technologies.
- The eco-system with the sub-industry companies and SME's is formed.
- Company is continuing its operations in non-defense electronic areas which requires high technology.
- Inorganic growth will be also evaluated as well as organic growth.

a) Financial Resources of the Company

The most substantial financial resources of the Company comprise the advance and interim payments taken within the scope of the contracts signed and profits generated by the main activities.

During the period between 1 January – 31 December 2022, the cash requirements were met with the available cash, cash inflows from operations and loans.

As of 31 December 2022, there is a loan balance amounting to USD 579 Million.

Planned Measures to Improve the Financial Structure of the Company

As for the annual budgets and implementations for the period 2022-2024, the Group have adopted the principles as the basis to take care of savings in all kinds of expenditures, to follow up the advances and receivables closely, to pay attention to the proportion of the term and currency in purchasing and sales agreements and the risk status of the domestic/foreign suppliers and sub-contractors.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

b) Research and Development Activities

The Group, as a leading defense industry establishment, develops advanced technology system solutions on land, air, naval and aerospace platforms, places great importance to Research and Development activities and technological gains since it was founded.

By following up on all kinds of technological developments pertaining to land, air, naval and aerospace platform product/system technologies, the Company not only applies technology but also designs, develops and produces product/system technologies in order to share or sell with/to national and international collaborations.

Projects are striving at maximum level in order to benefit from the technological opportunities existing in the country aiming to increase the national contribution share. For this purpose, cooperation is made with universities and various R&D organizations and importance is given to the use of local suppliers and subcontractors.

As for the projects carried out within the Group, Research and Development center application pursuant to the Law regarding the support of Research and Development activities numbered 5746 is being implemented. As for non-public R&D projects, the approval of TEYDEB (Technology and Innovation Support Programs Directorate) and ARDEB (Research Support Programs Presidency) are received and supported by the institutions.

Within the Company, there are 8 Research and Development centers within the scope of Defense System Technologies (SST-1 and SST-2), Radar Electronic Warfare and Intelligence Systems (REHİS), Microelectronics, Guidance and Electro-optics (MGEO-1 and MGEO-2), Communication and Information Technologies (HBT), Transportation, Security, Energy, Automation and Medical Systems (UGES) Vice Presidencies as well as ASELSAN Research Center of Vice Presidency of Technology. Currently, 5.463 staff are employed at the Group's Research and Development centers.

Besides, in this context, in January 2021, R&D Management Vice Presidency is established.

The Company also carries on its activities at METU Teknokent, Hacettepe Teknokent, Teknopark Ankara and Teknopark İstanbul within the scope of the Law numbered 4691 on Technology Development Regions. Group employed 443 staff within this region. 356 staff at METU Teknokent, 57 staff at Teknopark İstanbul, 1 staff at Teknopark Hacettepe, 15 staff at Gebze IT Valley and 14 staff at Teknopark İvedik are employed.

c) Progress in Investments and Degree of Incentive Utilization

I. Investments

Directing the Company's resources to profitable, high value-added fields, where advanced technology is used, is anticipated in the first place by considering the global tendencies, technological developments and the actual and prospective requirements of all customers, particularly Turkish Armed Forces. The investments within the Company are carried out after detailed consideration of the technological plans, strategic plans and project requirements.

During the current period, the investments, which will meet the needs of substructure and equipment in order to be used in research and development project have been sustained in compliance with the investment scheme in accordance with the policy of efficient use of resource.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

II. Incentives

Income tax withholding incentive, insurance premium support, stamp tax exemption and Research and Development incentives are utilized within the scope of the Law numbered 5746. In accordance to the Law regarding the Incentive of Research and Development Activities numbered 6676 published on Legal Gazette numbered 29636 on 26 February 2016 and The Law Regarding the Amendments on Delegated Legislation, the content of the law and incentives has been broadened and additional exceptions has been given. Income tax withholding incentive, insurance premium support and stamp tax exemption are utilized by being calculated over the salaries of the Research and Development personnel and not being paid to the relevant institution and the Research and Development discount is utilized by means of applying a discount on the corporate tax return. Aforesaid law is valid until the date of 31 December 2028.

Within the scope of the Teknokent Law numbered 4691, incentive on withholding income tax, insurance premium support and stamp tax exemption are applied. These are utilized by making calculations on Research and Development and software personnel wages and not being paid to the related institution. The gain obtained with reference to the execution of Technology Development Zones Law numbered 4691 is exempted from the corporate tax of 31 December 2028.

Between the period 1 January – 31 December 2022 because of having Research and Development centers, 762.765 Thousand TL within the scope of income tax withholding incentive, promotion of insurance premium, stamp duty exception; as a result of being active at ODTÜ Teknokent, Ankara Teknokent, Hacettepe Teknokent, Gebze Informatics Valley and İstanbul Technology Development Area Technopark 200.765 Thousand TL incentives have been used. Within the scope of the Research and Development Law No 5746 and Teknokent Law No 4691, TL 1.011.743 Thousand Corporate Tax advantage has been gained as of 1 January - 31 December 2022 period.

At the periods when Group's Research and Development expenses, which is subject of Research and Development discount, is higher than the principal amount of Research and Development discount which is indicated at corporate tax return, Corporate Tax ratio is 25% (%23 for the year 2022, %25 for the year 2021, %22 for the years 2018 - 2020 and 20% for the remaining years) of distinction amount is evaluated as deferred tax income at financial tables. Subject to the Tübitak Academic Support Programs; there are three ongoing projects in the 1003 -Priority Areas R&D Projects Support Program, and three ongoing projects in the 1004-Center of Excellence Support Program.

Subject to the Tübitak Industry Support Programs one in the 1511-Priority Areas Research, Technology Development and Innovation Projects, and three ongoing projects in the 1501-Industry R&D Projects Support Program. The application was removed from the programs for large-scale organizations, SMEs were left under the program based on the changes made on the 1501-Industry R&D Projects Support Program on 1 July 2019. The 1007 Public Institutions Research and Development Project Support Program has been formed in order to meet the requirements of the Public Institutions with Research and Development or to support the projects aimed at solving their problems. In scope of this support eleven Research and Development projects are still ongoing.

The incentives for the related programs are used periodically. In addition, there are twelve projects carried out in the Tübitak 1707 Order-Based R&D Projects Program.

Incentives were received from Turquality and Support and Price Stability Fund (DFIF) due to the Market research, fair, and library support activities (TL 13.113 Thousand). Supports are received within the scope of TUBITAK projects. (TL 54.748 Thousand).

Within the context of "Taxes and Funds Exemption Certificate" received from Republic of Türkiye Ministry of Trade in order to increase exports and gain competitiveness in international markets, stamp duty and fee exemptions are used in export sales and deliveries and foreign exchange gain activities. (TL 104.420 Thousand)

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Within the Decision Regarding the Governmental Grant in Investments, there are ten Investment Incentive Certificates taken from the Turkish Republic Ministry of Industry and Technology General Directorate of Incentives and Implementation. With such incentive certificates, VAT exemption and customs tax exclusion are utilized (TL 147.296 Thousand). VAT exemption is applied to our purchases, which are used for our deliveries subject to VAT 13/f Article and our exports (TL 2.392.162 Thousand).

d) Production, Capacity and Revenue

The Company can conduct complicated projects through its own integrated system architecture by means of knowledge, highly developed R&D infrastructure, well-equipped production lines and facilities.

According to the relevant sales agreement terms and conditions, the Company's revenue from projects contains order-based production, mass production product sales, services, commodities and progress billing sales. Sales terms and conditions are subject to change as for the respective agreements.

Substantial part of production has been realized based on orders. All related processes are being managed efficiently since product requirements, quantities and prices are different. Works in order to perform distinctive business development and marketing activities in global markets to increase efficiency in international markets and exports have been continued. As of December 2022, net sales increased by 75% to TL 35,3 Billion and export to net sales ratio is 18%.

e) Financial Ratios

As of 31 December 2022, the Group's financial statements prepared in accordance with the Communiqué Series II, No: 14.1 "Communiqué on Capital Market Financial Reporting Standards" issued by Capital Markets Board. Based on this, financial ratios are presented as below.

Financial Ratios	Dec 22	Dec 21
<i>Current Ratio</i>	1,29	1,38
<i>Liquidity Ratio</i>	0,73	0,78
<i>Short Term Current Liabilities / Total Financial Liabilities</i>	90,1%	93,8%
<i>Total Financial Liabilities / Total Assets</i>	14,2%	11,6%
<i>Gross Profit Margin</i>	33,4%	33,0%
<i>Operating Profit Margin (EBIT)</i>	25,2%	25,2%
<i>Adjusted EBITDA Margin (*)</i>	26,8%	27,3%
<i>Net Profit Margin</i>	33,8%	35,4%
<i>Return On Equity (ROE)</i>	36,3%	32,5%
<i>Net Working Capital / Net Sales</i>	36,1%	44,7%
<i>Return on Assets (ROA)</i>	19,5%	17,7%

* General administrative expenses, marketing expenses and research and development expenses are subtracted from and current period's depreciation and amortization expenses are added to the gross profit in calculation of Adjusted EBITDA value. Other operating income and other operating expenses are not included in the calculation.

8- Changes in the Legislation Which Would Have Significant Impact on the Activities of the Company

There is no material change in the legislation within the reporting period.

9- Compliance Report on Corporate Governance Principles

"Corporate Governance Compliance Report" is in the Appendix 1, "Sustainability Principles Compliance Framework Report" is in the Appendix 2.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

10- Information Regarding the Lawsuits of the Group

The lawsuits and execution proceedings filed by or against the Group as of 31 December 2022 are summarized in the table:

Explanation	December 22 (TL Thousand)
Ongoing lawsuits filed by the Group	28.956
Execution proceedings carried on by the Group	415.690
Lawsuits proceedings carried against the Group	33.305
Execution proceedings carried against the Group	6.454
Lawsuits finalized in favor the Group within the period	5.380
Lawsuits finalized in against of the Group within the period	18.576

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

11- Information Regarding the Transactions Made within the Reporting Period

a) Changes in the Articles of Association

There are no changes in the Articles of Association within the reporting period.

b) Collective Agreement Implementations, Rights and Benefits Provided to the Personnel and Workers

The Group recruited a total number of 1.612 people as the personnel including fixed-term contracted personnel, disabled and terror-stricken personnel during the period 1 January – 31 December 2022 and the number of people quit for the same period is 1.094.

The rights and benefits provided to the personnel by the Company are bonus payments, meal allowances, marriage benefits, maternity benefits, life insurance, transportation, private health insurance, and childcare and kindergarten benefits. The average number of personnel employed by the Group as of 31 December 2022 is 10.948.

c) If it is an affiliate company, the legal transactions carried out in favor of the parent company or its affiliate with the parent company, with an affiliate company connected to the parent company with the direction of the parent company and all other measures taken or avoided to be taken in favor of the parent company or its affiliate in the previous activity year

There has not been such an event within the reporting period.

d) If it is an affiliate company, whether any counter performance was realized for each legal transaction according to the known status and conditions at the time the legal transaction mentioned in article c was realized or at the time the measures were taken or avoided to be taken and whether the company incurred losses due to the taken or avoided measure and if the company incurred losses to observe whether this was equalized or not

There has not been any material event that affects the Company's financial statements within the period.

e) Information Regarding the Donations and Social Responsibility

Within the period of 1 January – 31 December 2022, the donation amount made by the Group is TL 8.464 Thousand.

f) Events After the Reporting Period

After the reporting period, the Group has signed contracts amounting to USD 237 Million.

It has been resolved in our Company's Board of Directors meeting that was held on January 17, 2023 that; The registered capital upper limit of our company shall be increased from 2 Billion TL to 10 Billion TL, the 6th article of our Articles of Association shall be amended as per the annex, Authorization shall be given to General Management to apply to Capital Markets Board for the increase in the registered capital upper limit and amendment in our Company's Articles of Association.

With the resolution of our Board of Directors, which was taken in consideration of the resolution of the Capital Markets Board Decision Making Body dated February 9, 2023 and numbered 8/174; due to the earthquake disaster, the epicenter of which is Kahramanmaraş and affecting ten provinces, it has been resolved to donate 100.000.000,00 TL in kind and/or in cash to earthquake victims directly and/or through organizations that are legally authorized to collect donations. The said Board of Directors resolution will be submitted to the approval of the shareholders at the first General Assembly Meeting to be held.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2022

CHAPTER I - STATEMENT FOR COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

ASELSAN, in scope of the Corporate Governance Principles which has been implemented by Capital Markets Board (CMB) since 2003, has been making efforts to work in compliance with the principles under the titles shareholders, public disclosure and transparency, stakeholders and Board of Directors.

ASELSAN, adopting the corporate governance understanding as a principle, was rated with a grade of 8,77 out of 10 as the result of the corporate rating studies carried out by SAHA Corporate Governance and Credit Rating Services Inc (SAHA) first in 2012 and therefore was included in the Borsa İstanbul Corporate Governance Index.

According to the report of SAHA, ASELSAN's corporate governance rating grade, which had been as 9,35 out of 10 on 10.12.2021, was revised to 9,34 as of 09.12.2022.

Corporate governance rating grade shows to what extent the companies comply with the corporate governance principles set out by the CMB. The Company's compliance level with the principles is defined with a methodology measuring under the main titles Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. Within this context, the methodology that is based on the "Corporate Governance Principles" published by CMB in January 2014, was used in the rating made by SAHA.

The ratings of 2021 and 2022 and the subtitles are given below:

2021 Rating Distribution

Shareholders : 89,59 / 100

Public Disclosure and Transparency : 98,72 / 100

Stakeholders : 99,17 / 100

Board of Directors : 90,16 / 100

Average 9,35 / 10,00

2022 Rating Distribution

Shareholders : 89,59 / 100

Public Disclosure and Transparency : 98,72 / 100

Stakeholders : 99,17 / 100

Board of Directors : 89,82 / 100

Average 9,34 / 10,00

ASELSAN is in full compliance with all the mandatory principles of Corporate Governance Principles. There are no conflicts of interest arising because of the arbitrary principles where compliance has not been achieved. The titles regarding the arbitrary principles, where compliance has not been achieved yet, are given below and are explained in detail through the Compliance Report.

- The fact that although the mechanisms enabling the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association.
- Non-existence of a judgement in the Articles of Association; declaring that shareholders may individually demand special audit of certain incidents from the General Assembly even if it is not on the meeting agenda, under the condition that the right to ask to obtain information and to examine has been used before and if the exercise of shareholders rights is necessary,
- The article "Group A shares shall not be sold or transferred without the consent of the Board of Directors because of the Company's operations in security and defence industry; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records" in the Articles of Association of the Company,
- The fact that a target, where the ratio of the female members should not be less than 25%, was not set and that there is not a written company policy on that issue,
- The Chairman of the Board and the Chief Executive Officer being the same person and the lack of material event disclosure through Public Disclosure Platform (PDP) explaining the situation with the reasoning behind it.
- Not disclosing the compensation of board of directors and executive managers or the benefits provided to them per each individual.

ASELSAN Corporate Governance Rating Reports published by SAHA can be accessed at the company website: www.aselsan.com.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

With the resolution of CMB, numbered 2/49 and dated 10.01.2019, it has been decided that companies shall make their Corporate Governance Compliance Reporting, which is made in accordance with the Corporate Governance Communiqué numbered II-17.1, by filling the Corporate Governance Compliance Report and Corporate Management Information Form templates via the PDP. In accordance with this decision, our Company filled the relevant templates in PDP and added the templates to the end of the report as Appendix-1.

Corporate Governance Committee will carry on the necessary efforts in order to achieve full compliance with Corporate Governance Principles.



Prof. Dr. İbrahim ÖZKOL
Independent Member of
Board of Directors Corporate
Governance Committee
Chairman



Salih KUL
Member of Board of Directors
Member of Corporate
Governance Committee



Pınar ÇELEBİ
Investor Relations Manager
Member of Corporate
Governance Committee



Yavuz ÇELİK
Member of Board of Directors
Member of Corporate
Governance Committee



Mustafa Murat ŞEKER
Member of Board of Directors
Member of Corporate
Governance Committee

CHAPTER II - SHAREHOLDERS

2.1. Investor Relations Department

The information regarding Investor Relations Department responsible for the relations with shareholders is given below.

Mehmet Fatih GÜÇLÜ	:	Chief Financial Officer / Vice President
Yunus POYRAZ	:	Finance Director
Pınar ÇELEBİ	:	Investor Relations Manager
Gülru SELÇUK FİLİZ	:	Investor Relations Department / Senior Specialist
Müge TAZE ARISOY	:	Investor Relations Department / Senior Specialist

Contact Information
Phone: 0850 828 1 828
e-mail: aselsan.ir@aselsan.com.tr

Investor Relations Department has submitted the report regarding the tasks carried during 2021, to Board of Directors on 24.01.2022.

Pınar ÇELEBİ, Investor Relations Manager, has Capital Markets Transactions Level-3 and Corporate Governance Rating Expertise Licenses.

Main operations carried out by Investor Relations Department during 2022 are as follows:

- Maintenance of the exercise of partnership rights of shareholders, updated and safe records regarding shareholders,
- Coordination of public disclosure of material events,
- Answering the written inquiries of shareholders regarding the company, excluding the information considered as confidential, trade secret and which was not disclosed to public,
- Ensuring the execution of General Assembly meeting in compliance with the regulation in force, Articles of Association and other company regulations, records being kept regarding the ballots and the results being reported to shareholders,

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

- Monitoring of every issue regarding the public disclosure including the regulations and company policies on information,
- Execution of tasks assigned by Corporate Governance Committee,
- Operation of transactions regarding dividend distribution and tasks regarding Corporate Governance Principles,
- Coordination of updating the list of people who have access to insider information; informing those people in purpose of protecting the insider information and making sure they follow the confidentiality rules until financial and operational results are disclosed to public,
- Coordination of preparation and publishing of Sustainability Report,
- Preparing the information requested for the Borsa Istanbul Sustainability Index, entering the information in the relevant fields and ensuring the coordination within the company,
- Preparing the information requested for the Borsa Istanbul Participation Index and entering the information in the relevant fields,
- Performing the tasks regarding the compensation of the beneficiaries with the capital market instruments, the property of which has been lapsed to the Investor Compensation Center (ICC) and have become valid again,
- Answering investors' questions via the Voice Response System, report the phone calls,
- Manage the content of the Investor Relations section on corporate website.

The Investor Relations Department accepted the meeting requests of domestic/foreign corporate and individual investors to the maximum extent in 2022. With the continuation of post-pandemic habits in 2022, a total of 73 investor meetings were held throughout the year, most of which were online. Additionally, approximately 800 retail shareholders' questions regarding fluctuations in the stock price, exercising shareholder rights, material event disclosures made, financial tables, etc. were answered either written or verbally in 2022.

The information and explanations, which may affect the exercise of shareholders rights, are provided in the company website.

2.2. Exercising of Information Acquisition Rights of the Shareholders

Investor Relations Department has taken care of every written and verbal inquiry of all shareholders in 2022 with the most accurate and fastest way. It has paid attention to respond to all the information demands of shareholders with complete and comprehensible responses.

Investor Relations Department has been using Turkish and English website www.aselsan.com.tr actively in order to inform ASELSAN's investors on a timely and accurate basis and has been updating the information given on the web constantly. The electronic platform on our website is being effectively used regarding the issues that may affect exercising of the shareholders rights. The material event disclosures made through Public Disclosure Platform incorporated under Borsa Istanbul are being disclosed both in Turkish and in English from 26.10.2015 onwards, the material event disclosure and other notifications are being published on our corporate website in Turkish and in English on the same day. In general, any changes occurred in the Company structure are immediately announced on our website and the investor presentations are constantly updated. Information on capital increases and dividend distribution is also submitted to our investors' knowledge on the website. In addition, notifications regarding the attendance of shareholders to the General Assembly and electronic general assembly principles within the context of the new Turkish Code of Commerce (TCC) are being made.

Full compliance of both Turkish and English chapters on "Investor Relations" of our company's website as per the regulations was achieved.

Within the context of regulations of CMB, in 2022;

- General Assembly documents within legal deadlines,
 - General Assembly minutes and participants list,
 - 2021 Annual Report,
 - The reports for the 1st quarter, 2nd quarter, and 3rd quarter period for 2022,
 - The investor presentations which are updated every 3 months,
 - Disclosure of material events made in 2022,
 - Our Company's consolidated financial statements and basic performance indicators for the last 5 years along with the Financial Report,
 - Earnings Release has been published,
 - Investor Calendar updates.
- were published on the website in Turkish and English.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Due to the reason that a regulation is present within the TCC numbered 6102 according to which the shareholders will be able to request from the General Assembly the assignment of a special auditor for the inspection and disclosure of the financial status, and due to the reason that the law and the relevant legislation are considered for the issues not present in the Articles of Association of the Company, there is no respective provision with regard to this issue in the Articles of Association. There was no request of any shareholders with respect to the assignment of a special auditor in 2022.

2.3. General Assembly Meetings

The agenda and invitation related to the 47th Ordinary General Assembly Meeting dated 25.05.2022 with regard to 2021 operations realized at the Company headquarters were duly announced comprising all the necessary information in a daily newspaper published in Türkiye and on the website and in the Turkish Trade Registry Gazette dated 29.04.2022. Furthermore, the invitation was sent to the main shareholders and the shareholders who attended the previous meeting via mail two weeks prior to the General Assembly. The General Assembly meeting was held with a capital of TL 778.309,92 shares were represented by the persons acting as principal, a capital of TL 83.807.438,00 shares were represented by the persons acting as depositors and a capital of TL 1.691.651.248,92 shares were represented by other representatives which in total made 1.776.236.996,84 shares, out of the 2.280.000.000 shares corresponding to a total capital of TL 2.280.000.000.

In scope of the Communiqué on Corporate Governance numbered II.17-1 of CMB, three weeks before the Ordinary General Assembly on date 26.04.2022, the Ordinary General Assembly Document including the meeting agenda, place, time, copy of the power of attorney, total number of shares as of 26.04.2022 and the voting rights, the number of shares representing the privileged shares and their voting rights, the reasons for the changes in the members of Board of Directors, which is present in the agenda, the list of independent members of the Board of Directors, the proposal of the Board of Directors with respect to the year 2021 dividend distribution, the CVs of the independent members of the Board of Directors, amendment of the articles of association and their statements of independence and explanations regarding the agenda items were disclosed on Public Disclosure Platform and were published on our Company website. The annual report was made available for the review of the shareholders at the headquarters 15 days prior to the general assembly meeting and handed to the shareholders participating in the general assembly and to the ones who made requests.

For the facilitation of physical attendance to Ordinary General Assembly Meeting in 2022, transportation from central spots to our Akyurt facility was provided for our shareholders.

In the Ordinary General Assembly Meeting in 2022, the shareholders were informed regarding the presence of managing members, all the Board of Directors members and auditors at the meeting. No proposals were set forth by the shareholders during the meeting regarding the agenda. The shareholders exercised their rights to ask questions regarding the topics in the agenda and the answers to the questions took place in the General Assembly Meeting minutes. There are no questions, which has not been answered in the Ordinary General Assembly Meeting and answered by the Investor Relations Department later on. Within the period, there have not been any transactions of which their resolutions were submitted to General Assembly because the confirmative vote of the majority of the independent board members are required where as they have voted negatively. The minutes of the General Assembly Meeting held in 2022 can be accessed from the website of our Company.

No Extraordinary General Assembly Meeting was held during the year 2022.

The shareholders were informed about donations and aids were made in 2021, with a separate agenda item at the 47th Ordinary General Assembly Meeting.

2.4. Right to Vote and Minority Rights

In article 25 of the Articles of Association titled "Right to Vote", there is a provision stating that "the Shareholders and their representatives who are present at the Ordinary and Extraordinary General Assemblies shall have one right to vote for each share" and there is no privilege or no upper limit pertaining to the numbers of votes. The right to vote arises as soon as the share is acquired and there is no regulation setting forth that the vote shall be used when a certain time passes after the acquisition date of the share.

The regulations regarding the voting of the shareholders through their representatives are followed by; in the event of a legal representation, it is certified and the open proxy rule is applied.

Particular attention is paid in exercising the minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is. All shareholders are treated equally in our Company, including the minority and foreign shareholders.

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There are no prevailing partners in our Company. In the Articles of Association, there is no provision with respect to the representation of the minority shares in the management and their accumulated casting of votes. Due to the voluntary implementation of this issue regarding the capital market legislation, provision with respect to the current General Assembly quorum is applied.

2.5. Dividend Rights

There are no privileges with respect to the participation in the profit gained by the Company. The dividend policy was last revised in 2016 and was submitted to following ordinary general assembly meeting. The dividend policy published on our website is given below.

“The dividend amounts which shall be calculated considering the sustainable growth rate, market capitalization, net working capital requirements, dividend yield and cash flows, equity ratio, with the relevant legislation and the provisions of the articles of association over the distributable profit amount calculated taking the period profit as the basis which is shown on the financial statements of our Company prepared pursuant to the existing legal regulations (after the compulsory legal reserves are reserved and the taxes, funds and financial liabilities and losses of the previous year, if any, are deducted and the donations are added), the profit distribution proposal which shall be prepared by the Board of Directors in order for the shares which shall be issued by means of adding the cash or the dividend on the capital on the date(s) determined pursuant to the regulations of the Capital Markets Board to be distributed targeting at least %10 of net profit in cash in the defined amounts or as bonus shares or partly in cash, partly as bonus shares in defined amounts, shall be submitted to the approval of the General Assembly. Following the approval of the General Assembly, the determined dividends are distributed to the shareholders within the legal periods on the date determined by the General Assembly.

There is no privilege to participate to the profit of our Company. The dividends are distributed equally regardless of all the existing shares and their issue and acquiring dates.

In case of a revision made on the Dividend Policy, the resolution of Board of Directors regarding this revision and the reason for revision shall be publicly announced with respect to the legislation of Capital Markets Board.”

The net distributable profit calculated within the scope of the profit distribution decision taken at the Ordinary General Assembly Meeting held on 25.05.2022 within the framework of the Capital Markets Law and other legal regulations and the provisions of the articles of association, is equal to TL 460.000.000,- (Kuruş 20,17544 per share of TL 1 and 20,17544% on the basis of the capital) (net TL 414.000.000,- Kuruş 18,15789 per share of TL 1 and 18,15789% on the basis of the capital) shall be distributed in the form of cash, The said profit distribution rates, which were decided at the Ordinary General Assembly meeting, were announced on the PDP. Of the dividends decided to be distributed, it was paid on 16.11.2022.

2.6. Transfer of Shares

The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa İstanbul has been restricted with the provision of article 6 of the Articles of Association stating “As the company operates in security and defense sector; Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records”.

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and its Content

In order to inform our shareholders in a timely and accurate manner within the context of public disclosure and transparency; the website of the Company at the address www.aselsan.com.tr in Turkish and English is actively used and the information published on the web are updated regularly.

The section “Investor Relations” is included on our website also comprising the issues listed in article 2.1.1 of the corporate governance principles of Communiqué on Corporate Governance numbered II-17.1 issued by CMB on 03.01.2014.

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Under “Investor Relations” section;

1. Corporate Governance

- 1.1 Shareholder Structure and Privileged Shares
- 1.2 Board of Directors
- 1.3 Key Resolutions of Board of Directors
- 1.4 Board Committees
- 1.5 Articles of Association
- 1.6 Company Profile and Trade Register Information
- 1.7 Policies
- 1.8 Ethical Principles
- 1.9 Corporate Governance Rating
- 1.10 General Assembly Meeting
- 1.11 Compliance with Corporate Governance Principles
- 1.12 Sustainability

2. Financial and Operational Data

- 2.1 Financial Reports
- 2.2 Financial Highlights
- 2.3 Investor Presentations
- 2.4 Board of Directors Reports
- 2.5 Earnings Release

3. Stock Info

- 3.1 Stock ID
- 3.2 Capital Increases
- 3.3 Analyst Coverage
- 3.4 Dividend Info
- 3.5 Investor Tools

4. BIST Disclosures

5. Annual Reports

6. Investor Calendar

7. FAQ

8. Contact

chapters exist. Necessary records and information are included under these titles. The information given on the Turkish website under “Investor Relations” section is included entirely on the English website.

3.2. Annual Report

The Board of Directors prepare the annual report in detail regarding the operations of the Company and enable the public to reach complete and accurate information that can be comprehensive. The 2020 annual report of our Company was prepared as per the Turkish Code of Commerce numbered 6102, the Regulation Regarding the Determination of the Minimum Content of the Annual Reports of Companies issued by the Ministry of Customs and Trade, the Communiqué Regarding the Principles Related to Financial Reporting in the Capital Market and the Communiqué Regarding the Determination and Implementation of the Corporate Governance Principles, both issued by the CMB.

CHAPTER IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The information requests of stakeholders are keenly handled and attention is paid in responding these accurately and in an understandable manner. Our employees are informed with an employee hand book and informative presentations over the intranet; continuous access to data and support is provided through help desk application over the intranet. Nonetheless, general and personal data that can be necessary outside the company are provided to access over the internet.

On the supplier side, ASELSAN Supplier Portal, which was already developed in order to provide efficient information transfer, dissemination facilities, are promoted. In this sense, technical improvements and enhancements have been made on the ASELSAN Supplier Portal. Starting with the subindustry suppliers, on-site trainings have been provided for the suppliers. In 2022, trainings were delivered to 109 suppliers. More on-site trainings will be provided in addition to subindustry suppliers in the forthcoming period. Besides supplier communication and improvement operations were combined into a supplier specific web-based platform which is launched on April 2019, “Powerful Together”. By Powerful Together, 44 different trainings have been completed by 5 suppliers in 2022. Besides, information regarding all localization projects is continuously being shared through ASELSAN’s webpage, workshops, announcements through the portal and face to face meetings.

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High quality standards and high technological solutions are offered for services or delivered products with regard to customer needs and expectations so as to meet customer satisfaction. Requirements of these quality standards are met and inspections, tests are applied through every process from projects' start till the delivery phases. Our all processes are administered by directives, quality plans, standards, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standards. These certificates are renewed every year with the audits performed. Changes and improvements of international standards are being followed and our processes are developed accordingly. Customer satisfaction, which is the primary objective, is evaluated and reported for the access of related executives. In addition, results and trends are evaluated by the senior management on an annual basis and required improvement activities are planned.

It is possible to increase the quality of product and service correspondingly increasing customer satisfaction by supplying the materials used in products from the right and trusted sources. For this purpose, suppliers are subject to product and/or field of activity-based selection, evaluation and auditing processes. These activities that target continuous improvement and high quality standards for suppliers are regarded as playing an important role in eventual product quality. In this direction, technical, trainings, technology/equipment transfers, on site visits and guidance, on the job trainings are for creating a high quality supplier portfolio. In addition, risk based delivery and quality inspections are conducted in order to clarify ASELSAN's expectations from the firms, increase their awareness and take improving actions. In order to reduce the ASELSAN's burden of design, development and/or production, and to maximize the utilization of suppliers' expertise through the cooperation starting from the design stage, and to have a faster and safer product/service supply chain; Strategic Cooperation Agreements are signed with ASELSAN approved suppliers having adequate technological infrastructure and expertise and that are able to develop themselves technical wise and to sustain long-term relationship with ASELSAN. Within this context, ASELSAN approved suppliers are continuously evaluated and annually the number of firms that sign Strategic Cooperation Agreements with ASELSAN is being increased in order to enrich the Strategic Cooperation network. All information is shared within the context of confidentiality with our suppliers, who have the status of our business partners, and it is not permitted to share this information with unauthorized persons and third-party firms. Through related directives, handling any kind of relations between ASELSAN and the suppliers within the scope of law and ethical values, minimizing the occurrence of unsuitable conditions for protecting parties and securing the justice and transparency.

ASELSAN Magazine, published in Turkish and English every 3 months and A Bülten published in Turkish every month, provide information regarding the activities, technical issues and up-to-date social events. Hard copies of ASELSAN Magazine is delivered to the end users of products, shareholders who participated to the General Assembly Meeting, company employees and other related parties. A Bülten is uploaded to the social media, Turkcell Dergilik application and the corporate website right after it is publication.

The Compensation Policy can be accessed from our Company's website under Corporate Governance title.

The members of the Board of Directors and the executives do not perform any activities that may cause shareholders to incur losses or may diminish the Company assets. The subject that no debt shall be given, no loans shall be granted or no pledges such as guarantees in favor thereof may be extended to any members of the Board of Directors or to any employees through the use of ASELSAN assets, is declared within the "ASELSAN Ethical Principles, Values and Conduct Rules Document", which is available on our Company's website.

The e-mail mechanism for the stakeholders to report their complaints regarding the transactions of the company, which are against the legislation or deemed unethical, is stated in the ASELSAN Ethical Principles Policy. The policy has been published on the Turkish and English web site following the approval of the policy. Within the context of the policy, the Ethics Committee is informing the Corporate Governance Committee.

4.2. Participation of Stakeholders in the Management

ASELSAN observes the sensitivities of the sector where it operates; never compromises on the principles of fairness, transparency, accountability, and responsibility, which are the cornerstones of corporate governance; adds momentum into its consistent growth, and safeguards the interests of stakeholders. In an attempt to bring its lead on domestic platforms to the international arena, the Company works without respite towards full compliance with corporate governance principles and legal regulations.

In the Articles of Association, there are no provisions regulating the participation of the stakeholders in the management. However, their participation to management shall be supported provided that it does not corrupt the Company activities.

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The corporate governance structure of the Company gives the opportunity to all stakeholders including the employees and representatives to convey their worries with regard to transactions, which are inappropriate in terms of legality and ethics.

Our employee suggestion system with the theme of "Development Workshop", which aims to live, keep alive and take our values of development and excellence further together, continued to work in 2022.

Throughout the year, our employees conveyed suggestions to Development Workshop with the following topics; increasing productivity and efficiency, developing business processes, raising the level of quality, reducing cost / increasing income, enhancing employee and customer satisfaction, providing occupational health and safety, improving working conditions and the company image. Each suggestion was evaluated attentively and necessary actions were ensured to be taken.

4.3. Human Resources Policy

ASELSAN updates its Human Resources Policy regularly to maintain its strong employer brand and enhance employee experience. ASELSAN's main focus areas are to manage qualified human resources in full compliance with applicable laws and regulations governing the working life, provide modern employment and working conditions, encourage personal development, and boost work performance. ASELSAN's Human Resources Policy is aimed at creating a fair, respectful, and transparent working environment, and is made up of principles based on the Universal Declaration of Human Rights, the Conventions of the International Labor Organization (ILO) to which the Republic of Türkiye is a party, and the Turkish regulations on labor and social security. Our human resources management policy is a set of principles which creates a fair, respectful and transparent working environment. All employees are responsible for the implementation of the Human Resources Management Policy within the limits of their duties and authorities. Our Human Resources Policy supports a management strategy that not only allows the recruitment of successful and dynamic talents in compliance with vision of ASELSAN but also contributes to sustainable achievement of the company. The strategy also aims to enrich the culture by supporting its employees. Therefore, a lot of new human resources projects have been implemented in 2022.

The basic principles of ASELSAN Human Resources Management Policy are as follows:

- To accept the employees as a social entity with a personality, to respect their personalities, to protect their material and moral rights.
- To ensure that the authorities and responsibilities are fully determined, and to consider the fit of the characteristics of the task and the competencies of the employees.
- Creating equal learning and development opportunities and designing learning programs according to abilities, qualifications and development areas of ASELSAN employees.
- To ensure that the employees are motivated for high performance.
- To ensure that the workforce plan is dynamic and meets the strategic needs of the company.
- To design a career management system which allows employees to ensure their career development and promotion in accordance with their performances.
- To create a peaceful working environment which promotes creative, constructive, honest, well intentioned and open communication.
- To ensure that appointment, dismissal and evaluation procedures are based on objective and egalitarian principles, away from personal criteria.
- To encourage every employee to express their ideas by activating all possible communication channels.
- To encourage each employee for improvement and development, as an individual or team member.
- To make employees feel safe regarding their job security unless their behaviors contradict with ethical rules, general principles and laws.
- To continuously review and revise the human resources management policy, in accordance with the values and strategic plans of the company.
- Not to discriminate based on language, race, gender, disability, political thought, philosophical belief, religion, sect etc. in the business relations.
- Except for compulsory reasons, not to take any different action directly or indirectly due to gender or pregnancy while making, implementing and terminating the employment contract.

62% of our employees stand for the engineering group, 29% for the technician group, 6% for the administrative group, 2% for the office personnel and 1% of the worker group.

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Within the scope of the ASELSAN Talent Management Model, short, medium and long-term succession plans are created for managerial and critical roles in order to plan human resources in advance, prepare the organization for the future, and create a sustainable and healthy organization. These succession plans are based on the principle of determining the employees to be appointed to the vacant positions in the event that managerial positions and critical positions at the director and manager level are vacant for various reasons and bringing these employees to a level where they can undertake the said duties. It is under the authority of the Board of Directors to equip the employees determined for key positions with the qualifications required by the relevant positions and to train the relevant employees as the managers of the future, to identify the managers who will come to the key positions, to evaluate the managers who contribute to the realization of the company's strategic goals, and to assign them with an employment policy that provides equal opportunity in the relevant positions.

4.4. Ethical Rules and Social Responsibility

4.4.1. Ethical Rules

ASELSAN's Ethical Principles, Values, and Code of Conduct is reviewed and updated regularly to create working environments that comply with ethical principles based on integrity, honesty, and work discipline; prevent unethical behavior; raise awareness on ethical values; and align the Company's practices with ethical principles. Ethical Principles enable ASELSAN to create and preserve a working environment where ASELSAN employees treat one another with kindness, genuineness, tolerance, and respect, and voice their opinions open-mindedly. Thanks to the mutual trust established in the Company, employees act responsibly and look after not only their interests but also the long-term interests of their society, their Company, and all the stakeholders.

ASELSAN's Ethical Principles Committee is established under the corporate structure and management system of the Company and consists of seven members. Chaired by the Vice President of Supply Chain Management, the Committee consists of the representatives from Internal Audit Presidency, Support Services Directorate, Legal Affairs, and Human Resources, and two ASELSAN employees who are elected with the votes of employees. All ASELSAN employees are entitled to obtain information from the Committee and report any suspected unethical conduct to the Committee. Unethical conduct is promptly inspected by the Committee, which also implements necessary measures in line with the information and contributions received from the Senior Management.

When selecting new hires, utmost attention is paid to choose who are willing to comply with ASELSAN's core values and ethical principles. Every new member of the ASELSAN family takes an onboarding program whereby they go through comprehensive training on ASELSAN's Ethical Principles, Values and Code of Conduct, and ASELSAN's Directive on Ethical Values. New recruits are also tasked with mandatory Ethical Principles, Values, and Code of Conduct; provided a booklet on ethical principles, values, and code of conduct; and are expected to commit to ethical principles specified in the ASELSAN Covenant for Employment. Efforts are undertaken to ensure that all ASELSAN employees internalize ethical values in an environment where they are encouraged to uphold these values in their day-to-day work and at all times after the onboarding period. All ASELSAN employees can apply to the Ethical Principles Committee via the Ethical Principles Help Desk, while external applications are received at etik@aselsan.com.tr. ASELSAN's Ethical Principles Committee regularly announces the applications received and the evaluations made by the Committee to all ASELSAN employees to raise awareness on ethical principles and values. The Ethical Principles Committee presents a report at the Board Meeting every year in January regarding its activities, applications received and evaluations conducted.

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The Committee issues certificates of appreciation for employees to encourage employee behavior that help promote ethical principles and values. Meanwhile, necessary steps were taken to send "Glad to Have You" notifications to employees via the "Glad to Have You" app on behalf of the Committee.

4.4.2. Social Responsibility

4.4.2.1. Environment

In ASELSAN, where decreasing carbon emission is one of the strategic goals, carbon emission has been monitored since 2009. ASELSAN is the first company among defense industry companies in Türkiye to participate in the climate change study of the UK-based independent Carbon Disclosure Project (Carbon Disclosure Project), which reports on how climate change risks are managed by companies. Thanks to its leadership on the subject, ASELSAN is among the important defense industry leaders in the world in climate change management with its scores above the global and national average. With the success it received in the first year of CDP Water Reporting, it reflected the value it places on water management. ASELSAN continued its success in CDP Climate Change Supply Chain Management with the studies it has carried out for the value chain.

ASELSAN aims a sustainable carbon emission management and continues to work on increasing energy efficiency in production, giving priority to energy production technologies that will decrease carbon emission and production of environmentally friendly products as a responsible manufacturer with increasing momentum. ASELSAN was deemed worthy of many national and international awards for its works. We were awarded the bronze award in 2022 with our "Climate Change Management" at the UK-based The Green Awards, which is shown among the most prestigious competitions by environmental authorities all over the world. Likewise, our climate change management received a silver award from the US-based The Stevie Awards. Zero Waste is a system, which gives importance to reuse, decrease in waste production due to service and production, collection of the waste separately according to its type and recycling.

By aiming protection of environment and human health, ASELSAN has strengthened its zero-waste management system during 2021. Wastes are collected separately to be recycled in a manner that will add value to the environment and the economy. The lunch leftovers are being shipped to animal shelters and used as organic waste composting and office waste is recycled. Garment and toy collection boxes have been placed in the campus parking areas and delivered to those in need within the scope of social responsibility. With the help of vegetable waste oilcans placed in the parking lots, the vegetable waste oils brought by the personnel from their homes were sent for recycling. With the success of the waste management carried out in its campuses, ASELSAN was entitled to receive the "Zero Waste Best Practice Award" in the Institution Foundation category at the 3rd Zero Waste Summit organized by the Ministry of Environment, Urbanization and Climate Change.

Having certifications for ISO 45001:2018 Occupational Health and Safety, ISO 14001:2015 Environmental and ISO 14064: 2006 Greenhouse Gas Integrated Management System, we will proceed to take part in pioneer applications through actualization of national and international initiatives. Our work on Occupational Safety, which is one of the biggest indicators of our human-sensitive approach, was appreciated in 2022 with Rospa awards in Dubai and British Safety Council awards in England. With the ISO 39001 Road Traffic Safety Management System, the installation of which was completed in 2021, the safety of the transportation system was once again confirmed.

In November 2014, Borsa Istanbul (BIST) has launched Sustainability Index that display the performance of January-March 2014 time period for BIST-30 firms in the fields of financial, environmental, social issues and corporate governance. With respect to that, as of this date, ASELSAN started publishing sustainability reports. As a result of the evaluation of our Company on the ASELSAN Sustainability Report, published in Turkish and English for the first time before the Index assessments, ASELSAN was among the 15 firms that were approved to be included in BIST Sustainability Index. In 2021, ASELSAN kept its place in the index as a consequence of the re-evaluation of ASELSAN Sustainability Report that was published in July 2021.

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Prepared in Turkish and English, ASELSAN's strategic management, corporate governance, ethical principles, internal audit, bribery and corruption, risk management, communication with stakeholders, supply chain, information systems, facility management, employee development, human rights, occupational health and ASELSAN Sustainability Report, which includes details on sustainable practices in the fields of safety and environmental management, was published on our Company's website (www.aselsan.com.tr) in June 2022.

The valuation methodology used by Borsa Istanbul (BIST) to determine the companies that will be included in the BIST Sustainability Index has been changed, and it has been announced to companies that the sustainability valuation results of Refinitiv Information Limited Şirketi ("Refinitiv") will be used in the determination of companies that will be included in the BIST Sustainability Index as of 2021 valuations. According to the aforementioned rules, companies that are traded in Yıldız Market or that are already included in the BIST Sustainability Index will be subject to a sustainability assessment upon request. Companies subject to sustainability assessment are expected to respond to relevant questions and provide links to their publicly available information via Refinitiv's ESG Contributor Tool (<https://contribute.refinitiv.com/>). Companies have the opportunity to see their notes and update the data they have entered in the relevant field throughout the year. In this context, data entries and updates were made through the Contributor Tool as the Investor Relations Department throughout the year. In addition, internal ASELSAN studies were/ coordinated in order to raise ASELSAN's grade within the scope of BIST Sustainability Index. In addition, surveys of independent sustainability rating agencies such as Sustainalytics, S&P Global, FTSE Russell, Corporate Knights Research Global 100 Ranking, Fortune & CRIF were participated.

4.4.2.2. Social

ASIL Association has implemented many important projects in 2022. Looking back, we have reached out to a total of 2,775 families who were unable to meet their needs due to financial constraints.

- From these families, we have provided prostheses for patients with immediate prosthesis needs, covered the costs of surgeries for patients who have delayed their operations due to lack of financial resources, provided necessary devices to families with disabled children, sent gifts to children with leukemia, and covered the cost of medication for patients who were unable to afford it.

- In the field of education, ASIL Association has provided a set of books and stationery to 22 schools, stationery sets and technological support to 496 students, covered the accommodation, transportation, and food costs for 32 students.
- During the flood disaster in Pakistan in 2022, we delivered food packages to 238 families in need.
- During the 2022 Ramadan Bayram, we provided food assistance to 500 families and clothing vouchers to 1,000 children for the Kurban Bayram.
- We also provided food assistance to 186 families and necessary items to 43 families.
- During the cold winter days, with the support of ASELSAN personnel, we delivered winter coats and boots to 153 children in need.

ASIL Association will continue to work with all its strength to reach out to many families in need, with the belief and support of its participants, and to add "Hope for the Future, Value to Life".

Tekno Macera platform is social responsibility project which has been put into practice by ASELSAN on April 24, 2019 to inspire next generations to become curious, investigative and productive individuals which is one of the most important aspect of an individual in our current times by inspiring youth about technology, science, engineering and defense industry.

Project, aims youth to build self-confidence and awareness about themselves, to acquire the ability to develop ideas, to reinforce their imagination with real-life skills, to be able to develop skills for technology literate and to make them understand the importance of national and local production for especially students who are between 7-9 years old.

Platform, reached a lot of students since its establishment via both digital and physical mediums. From 2019 to today; Tekno Macera provided opportunities for almost more than 40 thousand students in 8 different cities, 4 different schools, 6 different festivals with almost more than 75 different education and experience-based workshops.

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As of 31 December 2022, Tekno Macera has reached more than 16 thousand followers across all social media platforms. Its content has been seen by almost 83 thousand people and liked more than 5 thousand individuals.

Specifically, in YouTube, its education and inspiration related contents have been seen by more than 2,3 million people and the total amount of watch time reached more than 160 thousand hours.

In addition, in 2022, our Company sponsored more than 70 events.

CHAPTER V - BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

In our Company, 3 members of 9 members of Board of Directors are independent members. The duties of Nomination Committee are executed by Corporate Governance Committee. The report regarding the evaluation of the list of Independent Members of Board of Directors prepared by Corporate Governance Committee on 17.05.2022 were presented to Board of Directors. Within the scope of CMB's Communiqué on Corporate Governance numbered II.17-1, CMB has not stated any adverse opinion on the nominee list and the evaluation report. The CVs and independence statements of the 6 nominees were announced to public on our website on 18.05.2022. As a result of the voting at the General Assembly Meeting on 25.05.2022, 3 nominees were elected as Independent Members of Board of Directors. There is 1 female member among the Independent Members of the Board of Directors. There were no cases to eliminate the independency of the Independent Members of the Board of Directors in 2022.

The CVs of the Members of the Board of Directors are included in the annual report and the information with respect to their duty terms is provided in the table below.

Name Surname	Duty	Election Date
Haluk GÖRGÜN	Chairman / CEO	March 2017
Alpaslan KAVAKLIOĞLU	Vice Chairman	April 2019
Yavuz ÇELİK	Member / Managing Member	June 2020
Turan EROL	Independent Member	June 2020
Mehmet Fatih KACIR	Member	April 2019
Salih KUL	Member	April 2019
İbrahim ÖZKOL	Independent Member	May 2022
Nurşen SARI	Independent Member	June 2021
Mustafa Murat ŞEKER	Member / Managing Member	June 2021

In article 13 of the Articles of Association titled "Duties and Authorization of the Board of Directors", the duties and authorization of the Board of Directors have been defined. Besides, the Board of Directors Working Directive also describes the Duties and Authorization of the Board of Directors. With the article 14 of the Articles of Association titled "Assignment of the Authorization to the CEO", the assignment of the authorization of the Board of Directors to the CEO has been set out. The duties and authorization of the executives are described in the "Duties and Responsibilities Documents" formed within the Company.

The duties of the Members of the Board of Directors and of the CEO carried out outside the Company, information regarding the term of office and the statements of the board of members with respect to their independencies were given below.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

- There is an executive member (CEO) in the Board of Directors.
- The statements of independence of the Independent Members of the Board of Directors have been provided at the annex of the Compliance Report.
- All of our independent board members are strictly independent board members such that
 - none is employed by ASELSAN;
 - none has served in our Board of Directors for more than ten years;
 - none is a shareholder of ASELSAN with more than 5% of holdings;
 - none has cross-board membership neither in the parent company of ASELSAN nor in any affiliates or subsidiaries of ASELSAN;
 - none has recent, immediate family ties to ASELSAN;
 - none accepts any compensation other than compensation for board service.
- The Members of the Board of Directors fulfill their duties without any interest or benefit and pursuant to the liabilities and authorizations undertaken by the Board of Directors and to the regulations of the Turkish Code of Commerce and CMB.
- Members of the Board of Directors, in accordance with the Working Directive of Board of Directors, are liable not to enter into any commercial treatments directly or indirectly with the Company that coincides with the Company objectives, on their behalf or on behalf of others without the consent of the General Assembly.

5.2. Principles of Activity of Board of Directors

Board of Directors carries out its duties and responsibilities determined with reference to TCC, Capital Market Law and Articles of Association. In this context, the basis of duties and operations are indicated in details in ASELSAN Board of Directors Working Directives.

The agenda of the Board of Directors meetings is formed with the proposals of the Members of the Board of Directors and the committees and the CEO, it is afterwards evaluated by the Board of Directors Chairman and finalized. The subjects emerged as urgent and which are considered worthwhile to discuss may be added to the agenda during the Board of Directors meeting.

As per article 10 of the Articles of Association, the Board of Directors assemble when required and at least once a month. The number of Board of Directors Meetings in 2022 was 14. 97% of the Members of the Board of Directors attended all of the meetings.

The place, date, time and agenda of the next meeting is decided at the Board of Directors Meetings. Documents pertaining to the meeting agenda are sent to the members of Board of Directors at least 3 work days before the meeting by the Presidency.

The Members of the Board of Directors attend the meetings and fulfill their duties as per their authorization and responsibilities. The members who do not attend the meetings submit their excuses.

Board Office is established under Board of Directors in order to coordinate necessary issues in the name of the Board, particularly the relationships with the Presidency and TAFF, to execute planning and support the Board of Directors' operations.

All members have one right to vote, including the chairman. If the numbers of votes are equal, the vote of the chairman does not change the result. Abstaining is not possible, either rejection or acceptance is voted. The vote of the abstaining member is considered as a rejecting vote. The member casting a reject vote states the ground for this in the meeting minutes and undersigns it. According to the article 11 of the Articles of Association titled "Quorum of Meeting and Decision Making"; "The provisions of the TCC, Capital Market Law, regulations of the Capital Markets Board in connection with corporate governance and other relevant legislation are considered with respect to the meetings and decision making quorums of the Board of Directors as well as with respect to any Board of Directors members assuming duties and positions outside the Company. Any action and resolutions taken by the Board of Directors without complying with the Corporate Governance Principles, which are made mandatory as to be complied by the Capital Markets Board, are invalid and considered as in contrary to the Articles of Association". In the operation year 2021, there were no related party transactions or any other significant issue, which had to be submitted to the approval of the general assembly since they were not approved by the Independent Members of the Board of Directors.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

The signed decisions are made available to the follow up of the Members of the Board of Directors, senior management and authorized employees in the electronic platform.

Executive Liability Insurance Policy was signed for Board of Directors members on 05.08.2022 with a validity period of 1 year.

5.3. Number of Committees Formed in the Board of Directors with Their Structures and Independency

As per the title "Committees Formed in the Board of Directors" in the Communiqué Regarding Determination and Implementation of Corporate Governance Principles by the Capital Markets Board, our Company's Board of Directors, in the meeting dated 10.04.2012, formed an Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee and announced this to the public. There are no Nomination and Compensation Committees within the Board of Directors and the duties of these are carried out by the Corporate Governance Committee.

The directives of Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee are made available at the website of our Company. The Independent Members of the Board of Directors have duties in more than one committee. This is because it is mandatory that all members of the Audit Committee and the chairman of the other committees should be Independent Members of the Board of Directors.

Boards of Directors have made the annual evaluation of the committees composed under its structure and the evaluation report is available in Annual Report.

The Committees formed by the Board of Directors has not received any consultancy services in 2022.

AUDIT COMMITTEE

Committee Members (January – May 2022)

Nurşen SARI : Chairman / Independent Member of Board of Directors
Ercüment ARVAS : Member / Independent Member of Board of Directors
Turan EROL : Member / Independent Member of Board of Directors

Committee Members (May – December 2022)

Nurşen SARI : Chairman / Independent Member of Board of Directors
İbrahim ÖZKOL : Member / Independent Member of Board of Directors
Turan EROL : Member / Independent Member of Board of Directors

The main duties of the Audit Committee that were set out in the "ASELSAN Audit Committee Work Directives" regulating the working principles of Audit Committee are as follows;

- To enable the disclosure of the financial data of ASELSAN, to pursue the operation and efficiency of the accounting system, independent audit, internal audit and internal control system of the company,
- To assemble at least every 3 months, to share the meeting minutes with the Board of Directors

Meetings were held by Audit Committee on dates 22.02.2022, 26.04.2022, 11.08.2022 and 19.10.2022 regarding the financial statements with the participation of the related independent audit company in 2021. Committee members fully attended these meetings.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

In order to increase the efficiency of internal audit, attention was paid to strengthen the cooperation with Internal Audit Presidency and to the supervision of internal audit activities, direct and continuous communication was established between Audit Committee and Internal Audit Presidency. A dimension of this communication; Audit Committee-Internal Audit Presidency coordination meetings in 2021, were held 11 times on dates 24.01.2022, 01.03.2022, 26.04.2022, 17.05.2022, 20.06.2022, 26.07.2022, 11.08.2022, 21.09.2022, 19.10.2022, 24.11.2022 and 22.12.2022.

The Committee was active in two main topics in 2022.

i. Independent Audit Activities and Works Regarding the Audited Financial Statements:

"Communiqué on Financial Reporting in Capital Markets" Serial: II, 14.1 regulated the preparation of financial reports and their basis, principles of presentation to the relevant parties. December 2021, March 2022, June 2022 and September 2022 financials and Board of Directors reports were prepared in accordance with the communiqué numbered II, 14.1, and submitted to Board of Directors by Audit Committee and presented to the public via Public Disclosure Platform.

The procurement process for independent audit services for the year 2022 as per the CMB'S communiqué numbered II-14:1, was handled by the Industrialization and Procurement Directorate and the procurement proposal resolution of the Board of Directors regarding procurement of services from "YEDİTEPE Bağımsız Denetim A.Ş." was submitted for approval on the General Assembly Meeting dated 25.05.2022 and was accepted.

ii. Internal Audit Presidency:

Within the scope of the internal audit activities of the Company, the relations between the Internal Audit Presidency and the Board of Directors have been carried out through Audit Committee. A direct and continuous contact between Audit Committee and Internal Audit Presidency is present.

CORPORATE GOVERNANCE COMMITTEE

Committee Members (January – May 2022)

Ercüment ARVAS	: Chairman / Independent Member of the Board of Directors
Yavuz ÇELİK	: Member / Member of the Board of Directors
Salih KÜL	: Member / Member of the Board of Directors
Mustafa Murat ŞEKER	: Member / Member of the Board of Directors
Pınar ÇELEBİ	: Member / Investor Relations Manager

Committee Members (May – December 2022)

İbrahim ÖZKOL	: Chairman / Independent Member of the Board of Directors
Yavuz ÇELİK	: Member / Member of the Board of Directors
Salih KÜL	: Member / Member of the Board of Directors
Mustafa Murat ŞEKER	: Member / Member of the Board of Directors
Pınar ÇELEBİ	: Member / Investor Relations Manager

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

The main duties of the Corporate Governance Committee were set out in the "ASELSAN Corporate Governance Committee Work Directives" as follows:

- To carry out studies for the implementation of Corporate Governance Principles in the Company,
- To observe whether the Corporate Governance Principles have been implemented or not and if not implemented to determine the grounds for this and the conflicts of interest arising due to not complying with these principles and to make proposals for improving the status,
- To monitor the activities of the Investor Relations Department.
- Corporate Governance Committee assembles every 3 months and in every situation when necessary. The meeting minutes are submitted to the Board of Directors.

The Corporate Governance Committee assembled 4 times within the activity year 2022 on dates, 24.01.2022, 28.02.2022, 29.03.2022 and 17.05.2022. Committee members fully attended these meetings. The meeting minutes of the Committee may be reached on our website. The committee was active in 3 respective tasks in 2022:

i. Operations of Investor Relations Department:

Investor Relations Department have attended all the meetings in 2020 and performed secretariat procedures of the committee with regard to "ASELSAN Corporate Governance Committee Working Directive". Information was provided to the committee about the activities of the Investor Relations Department in the Committee meetings.

In 2021, the subjects discussed and tasks carried by the Corporate Governance Committee within the context of the meetings are given below:

- Corporate Governance Committee Evaluation Report,
- Preparation of ASELSAN Corporate Governance Principles Compliance Report and the submission of the report to Board of Directors,
- Independent Board Members selection process,
- Corporate Governance Rating,
- Preparation of Corporate Governance Committee Evaluation Report and the submission of the report to Board of Directors,
- Discussing various issues about human resources practices Discussing the updates and changes related to the guidelines,
- Negotiating organizational structure changes.

ii. Corporate Governance Rating:

The evaluation of corporate governance rating performed by SAHA Corporate Governance and Credit Rating Services were concluded during the last quarter of 10.12.2021, ASELSAN'S corporate governance rating grade which was 9.35 out of 10 on 09.12.2022 has been revised to 9.34 as of 09.12.2022.

Our Company's share has been listed in the corporate governance index since the date 14.12.2012, which it first entered the index. Rating reports can be accessed on the company website.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

iii. Election of Independent Board Members

As given by Corporate Governance Principles, the responsibility of evaluating and reporting the nominations and their independency status is given to the Nomination Committee, in companies where this committee is not formed because of the structure of the Board of Directors, the responsibility is given to Corporate Governance Committee. Within this context, the evaluation of nominations was carried on by the Committee and the resulting nominee list was presented at the Board of Directors meetings on dates 17.05.2022.

CMB has not stated any opposing opinions regarding the nominees' list and evaluation report which was submitted by the Board of Directors. The final list was submitted to shareholders' voting on General Assembly Meeting on 25.05.2022 and as a result, İbrahim ÖZKOL, Turan EROL and Nurşen SARI were elected as independent members to serve for 1 year.

EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

ASELSAN Board of Directors established the "Early Detection and Management of Risk Committee" with the resolution dated 10.04.2012 and numbered 720/1. The Committee executes as per the directive numbered ASY-01-066.

Committee Members (January – December 2022)

Turan EROL : Chairman / Independent Member of the Board of Directors
Yavuz ÇELİK : Member / Member of the Board of Directors
Salih KUL : Member / Member of the Board of Directors

In 2020 the Committee continued to identify the risks which prevent ASELSAN from reaching its goals; manage the risks in accordance with the company's risk-taking profile; report the risk activities; build risk aware decision mechanisms and internal control. Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that important risks are monitored and reported. In this context, in 2022 the Committee held 6 meetings on 28.03.2022, 07.04.2022, 21.07.2022, 26.09.2022, 28.11.2022 and 26.12.2022. Committee members fully attended these meetings.

Committee's activities are summarized below:

- "2021 Evaluation Report" was prepared and submitted to Board of Directors in January 2022.
- In 2022, a total of 6 Corporate Risk Evaluation Reports were prepared and submitted to the Board of Directors. In the reports;
 - Important risks of ASELSAN were evaluated and monitored. The risk classification, explanation, rating, strategy, owner/responsible, current control operations and relevant indicators and mitigating actions were included in the report.
 - Warning levels of benchmarks for risk indicators were determined and the risk indicators which divert from the benchmark and can signal the poor performance of a goal during the reporting period were also reported.
- Risk management chapters in the annual report and the other reports set by the legal authorities were prepared.

The secretariat formalities of the Committee were performed by Enterprise Risk and Process Management Department of Finance Directorate.

5.4. Risk Management and Internal Control Mechanism

In ASELSAN, the effectiveness of internal audit activities, corporate governance, risk management and internal control processes are improved and the Company contributes to the achievement of the Company's targets. The most important role of the internal audit activities, which is an important component of the internal control system, is the provision of assurance and consultancy services to the Audit Committee and the Board of Directors on the internal control system and enterprise risk management. The 3-year audit plan and work programs are prepared on a risk-based basis and the results of the audit are reported to the Audit Committee and regular meetings are held with the Committee. By the Internal Audit Department; compliance with legal regulations and company regulations, the application of ethical principles and the adequacy of controls to eliminate risks are evaluated.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

5.5. Strategic Objectives of the Company

The Board of Directors is the top-level body to make strategic decisions and to execute and represent. As per the Articles of Association of the Company, the Board of Directors is responsible to determine the Strategic Plans and control its implementations.

Strategic Management Process is a part of Corporate Governance and is managed by the Chairman and CEO in the name of Board of Directors, following the approval of the ASELSAN Strategic Plan which is prepared with the coordination of Strategic Management Directorate. Reaching ASELSAN's long term goals and sustaining success can be achieved through environment friendly strategies.

ASELSAN's vision is to be a reliable, competitively preferred, environment-friendly and human conscious technology firm, which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes. Within this concept, annually updated 5-year Strategic Plan and 3-year Budgets are prepared. With this methodology, short- and medium-term targets are specified by considering long term goals. The operations to be carried out for these targets are executed by Sector Presidencies/Vice Presidencies and performance evaluations are made based on Balanced Scorecard method, which is widely used in the world.

5.6. Financial Rights

Compensation procedures for Board of Directors Members and Managers with Executive Responsibility, which are set in written form in accordance with the Corporate Governance Principles, are published on our Company's website.

Monthly remunerations provided to our Members of the Board of Directors are determined by the General Assembly and no other benefits are granted apart from the monthly remuneration. Pursuant to the resolution taken at the 47th Ordinary General Assembly held on 25.05.2022, the Members of the Board of Directors are paid TL 6.000,- per month. As for the determination of the financial rights of the board members, no reward system is applied to reflect the Company performance and which is based on the performance of the Members of the Board of Directors.

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

ANKARA
Date: 28.04.2022

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-171, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- k) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- l) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- m) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- n) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- o) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- p) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- q) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- r) have not conducted membership of board of directors more than a term of six years in the last ten years,
- s) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- t) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



İbrahim ÖZKOL

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

ANKARA
Date: 17.05.2022

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-171, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- k) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- l) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- m) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- n) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- o) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- p) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- q) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- r) have not conducted membership of board of directors more than a term of six years in the last ten years,
- s) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- t) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



Turan EROL

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

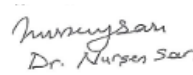
ANKARA
Date: 17.05.2022

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-171, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- k) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- l) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- m) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- n) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- o) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- p) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- q) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- r) have not conducted membership of board of directors more than a term of six years in the last ten years,
- s) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- t) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



Nursen SARI

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2-Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X	-	-	-	-	
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1-Management did not enter into any transaction that would complicate the conduct of special audit.	X	-	-	-	-	
1.3. GENERAL ASSEMBLY						
1.3.2-The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X	-	-	-	-	
1.3.7-Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	
1.3.8-Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10-The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X	-	-	-	-	
1.3.11-The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	-	X	-	-	-	The General Assembly meeting is not open to the media.
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2-The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	-	-	-	-	X	

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	-	X	-	-	Utmost attention is paid for the execution of minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is.
1.6. DIVIDEND RIGHT						
1.6.1-The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X	-	-	-	-	
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions preventing shares from being transferred.	-	-	X	-	-	The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa Istanbul has been restricted with the provision of article 6 of the Articles of Association stating "As the company operates in security and defense sector, Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records".

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1. CORPORATE WEBSITE						
2.1.1-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X	-	-	-	-	
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2-The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X	-	-	-	-	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1-The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4-A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	-	X	-	-	-	Although the mechanisms that enable the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association
3.2.2-Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1-The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2-Recruitment criteria are documented.	X	-	-	-	-	
3.3.3-The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5-Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	-	X	-	-	-	Although there is an employee representative practice in our company, there is no union organization.
3.3.6-Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7-Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8-The company ensures freedom of association and supports the right for collective bargaining.	-	X	-	-	-	Establishment of associations by employees about social responsibility, social activities, etc. is encouraged and there is no regulation regarding the recognition of the right to collective bargaining agreements.
3.3.9-A safe working environment for employees is maintained.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-	
3.4.2-Customers are notified of any delays in handling their requests.	X	-	-	-	-	
3.4.3-The company complied with the quality standards with respect to its products and services.	X	-	-	-	-	
3.4.4-The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The Board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-	
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1-The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-	
4.1.2-The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-	

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-	
4.2.7-The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	-	X	-	-	-	The company has a Directors and Officers liability insurance for the damages that the members of the board of directors may cause during their duties, and the insurance amount does not exceed 25% of the capital.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	X	-	-	-	There is 1 female member in the Board of Directors, but a target was not set to keep the female member ratio at a minimum of 25%. There is no written Company policy regarding this issue.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X	-	-	-	-	
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X	-	-	-	-	
4.4.3-The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4-Each member of the board has one vote.	X	-	-	-	-	
4.4.5-The Board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7-There are limits to external commitments of board members. Shareholders are informed of Board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.	-	-	X	-	-	The independent members take part in more than one committee because the number of independent members is 3.
4.5.6-Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	X	-	-	-	-	The Committees formed by the Board of Directors have not received any consultancy services in 2022.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	The Board of Directors holds a performance evaluation meeting to evaluate whether it fulfills its responsibilities effectively, and the results are not disclosed to the public.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5-The individual remuneration of Board members and executives is disclosed in the annual report.	-	-	X	-	-	The remuneration of the members of the board of directors and senior managers are given as a sum.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

CORPORATE GOVERNANCE INFORMATION FILLINGS

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year 73

1.2. Right to Obtain and Examine Information

The number of special audit request(s) -

The number of special audit requests that were accepted at the General Shareholders' Meeting -

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/en/Bildirim/1024104>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time <https://www.kap.org.tr/en/Bildirim/1024104>

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 -

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1) -

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1) <https://www.kap.org.tr/en/Bildirim/1024104>

The name of the section on the corporate website that demonstrates the donation policy of the company Investor Relations > Corporate Governance > Policies

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/en/Bildirim/103251>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting -

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any The representatives of the Independent Audit Company attended the general assembly meeting.

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. -

The percentage of ownership of the largest shareholder 74,20%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy Investor Relations > Corporate Governance > Policies

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend -

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends -

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against them	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
25/05/2022	0	77,91%	0,03%	77,88%	Investor Relations > Corporate Governance > General Assembly > General Assembly Documents	Investor Relations > Corporate Governance > General Assembly > General Assembly Documents	Article 11	130	https://www.kap.org.tr/en/Bildirim/1032514

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations > Corporate Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	-
List of languages for which the website is available	Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company is under Article 4/a of the Report of Board of Directors. Declarations on independence of board members are end of the Annual Report > Corporate Governance Principles Compliance Report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Principles of Activity of the Board of Directors title.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	The information is under Article 8 of the Report of Board of Director.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	The information is under Financial Information Note 15 and at the same time under Article 10 of the Report of Board of Directors.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services, on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	The information is under Article 4/b of the Report of Board of Directors.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Ethical Rules and Social Responsibility title.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations > Corporate Governance > Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	The information is under Article 10 of the Annual Report of Board of Directors.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	CEO
The contact detail of the company alert mechanism.	Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN Phone Number: (0312) 592 60 00 Address: ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Mehmet Akif Ersoy Mahallesi İstiklal Marşı Caddesi No: 16 06200 Yenimahalle ANKARA, TÜRKİYE

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	It was regulated by internal directives and it is not open to the public.
Corporate bodies where employees are actually represented	None.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There is the role of the board on developing and ensuring that the company has a succession plan for the key management positions.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Career > Being Part of Our Team
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	About Us > Our Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	The information is under Article 10 of the Annual Report of Board of Directors.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations > Corporate Governance > Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations > Corporate Governance > Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations > Corporate Governance > Policies

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	28/02/2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	It was resolved at the meeting of the Board of Directors of our Company, held on 25.05.2022 that; Haluk GÖRGÜN shall be appointed as the Chairman of the Board of Directors, Alpaslan KAVAKLIOĞLU shall be appointed as the Vice Chairman and Yavuz ÇELİK and Mustafa Murat ŞEKER shall be appointed as the Managing Members. The details regarding the context of the authorities are included in the articles of association.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	24
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information is under Article 4/a of the Annual Report of Board of Directors.
Name of the Chairman	Prof. Dr. Haluk GÖRGÜN
Name of the CEO	Prof. Dr. Haluk GÖRGÜN
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	None.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/1052210
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	1/9

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is Ceased to Satisfy The Independence or Not	Whether The Director Who Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Haluk GÖRGÜN	Executive	Not independent	15/03/2017	-	Not considered	-	Yes
Alpaslan KAVAKLIOĞLU	Non-executive	Not independent	26/04/2019	-	Not considered	-	Yes
Yavuz ÇELİK	Non-executive	Not independent	19/06/2020	-	Not considered	-	Yes
Turan EROL	Non-executive	Independent	19/06/2020	https://www.kap.org.tr/en/Bildirim/1031920	Considered	No	Yes
Mehmet Fatih KACIR	Non-executive	Not independent	26/04/2019	-	Not considered	-	Yes
Salih KUL	Non-executive	Not independent	26/04/2019	-	Not considered	-	Yes
İbrahim ÖZKOL	Non-executive	Independent	25/05/2022	https://www.kap.org.tr/en/Bildirim/1031920	Considered	No	Yes
Nurşen SARI	Non-executive	Independent	29/06/2021	https://www.kap.org.tr/en/Bildirim/1031920	Considered	No	Yes
Mustafa Murat ŞEKER	Non-executive	Not independent	29/06/2021	-	Not considered	-	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	14
Director average attendance rate at board meetings	97%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	At least 3 days prior
The name of the section on the corporate website that demonstrates information about the board charter	It was regulated by internal directives and it is not open to the public.

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.

The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.

Link(s) to the PDP announcement(s) with the board committee charters

The working principles of the committees are not disclosed on PDP, yet they are presented at the end of the Annual Report.

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Nurşen SARI	Yes	Board member
Audit Committee	-	İbrahim ÖZKOL	No	Board member
Audit Committee	-	Turan EROL	No	Board member
Corporate Governance Committee	-	İbrahim ÖZKOL	Yes	Board member
Corporate Governance Committee	-	Yavuz ÇELİK	No	Board member
Corporate Governance Committee	-	Salih KUL	No	Board member
Corporate Governance Committee	-	Mustafa Murat ŞEKER	No	Board member
Corporate Governance Committee	-	Pınar ÇELEBİ	No	Not board member
Committee of Early Detection of Risk	-	Turan EROL	Yes	Board member
Committee of Early Detection of Risk	-	Yavuz ÇELİK	No	Board member
Committee of Early Detection of Risk	-	Salih KUL	No	Board member

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Interdependency title.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Interdependency title.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duties of the nomination committee is carried by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Interdependency title.

Specify where the activities of the compensation committee are presented in your annual report or website (Page number or section name in the annual report/website)

The duties of the compensation committee is carried by the Corporate Governance Committee.

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 7 of the Report of Board of Directors.
Specify the section of website where compensation policy for executive and non-executive directors are presented.	Investor Relations > Corporate Governance > Policies title.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 4/a of the Report of Board of Directors.

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	15	28
Corporate Governance Committee	-	80%	20%	4	9
Committee of Early Detection of Risk	-	100%	33%	6	7

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK REPORT

A. General Principles

A1. Strategy, Policy and Goals

Maintaining its place since the inception of the Sustainability Index by Borsa Istanbul in 2014, ASELSAN takes the utmost care so as to fully comply with the principles in the Framework for Compliance with Sustainability Principles, which was announced within the scope of the amendment made on October 2, 2020 in the Capital Markets Board's Corporate Governance Communiqué numbered II-17.1. Continuing its activities in this field with the aim of continuous improvement, ASELSAN's compliance with the sustainability principles is presented below.

ASELSAN believes that growth will be achieved not only in economic and institutional but also in social and environmental fields with the awareness of our impact and responsibilities, and makes maximum efforts to carry out its activities within this framework. With the awareness of its responsibility for sustainable life, it accepts environmental, social and corporate governance issues as our priority and discloses its efforts for the benefit of our country, society and future generations.

In this context, the basis of the work is "to carefully monitor the sustainability programs developed in the national and international arena and to create the sustainability added value at the highest level", which is also included in the company policies.

ASELSAN continues to support the goals of our country with its achievements, practices, systems and solutions on climate change. In this context, in June 2021, our company has taken a net zero emission decision for 2050.

Within the scope of the relevant Strategic Activities of the ASELSAN Strategic Plan, the targets of reducing energy intensity are provided by the units responsible for the management of the existing energy infrastructure in the campuses. In this direction, efficiency studies are carried out, especially on energy-consuming resources, and the data obtained are evaluated through analyzers and software systems.

ASELSAN revised its business strategy and sustainability understanding in 2021 and continued improvements in the 2022 report, taking into account the needs of all its stakeholders, in the face of developing and changing needs, with the strength we derive from our vision that emphasizes "trustworthy, sensitive to the environment and people", and our commitment to "take into account the expectations of the relevant parties" in our policies. Our short, medium and long-term goals and our business strategies, risks and opportunities are being worked on together with all ASELSAN's family members, customers, investors, suppliers, universities, industry and civil society organizations, public institutions, society, future generations and entrepreneurs will center on the sustainability understanding, the details of which will be shared in the 2022 Sustainability Report as a separate report and/or Carbon Emissions Report and/or Water Report. It is considered that the issue of sustainability is a path that needs to be strongly advanced not only at ASELSAN, but also with our stakeholders such as our customers, investors, suppliers and society. With the devoted support and valuable opinions of all relevant parties, it is anticipated that many studies will be undertaken that will add value to ASELSAN's sustainability journey.

The list of policies prepared by ASELSAN on sustainability and announced to the public on its website is given below:

- Dividend Policy
- Disclosure Policy
- Anti-Bribery and Anti-Corruption Policy
- Export Control Compliance Policy
- Human Resources Policy
- Tax Policy
- Remuneration Policy
- Compensation Policy
- Stakeholders Policy
- Donation and Aid Policy
- Information Security Policy
- Energy Management Policy
- Quality Policies
- Supply Policies
- Conflict Minerals Policy

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

- Integrated Management System Policy
- Water Policy
- Personal Data Protection and Processing Policy
- Personal Data Protection Data Storage and Disposal Policy

A2. Implementation/Monitoring

Sustainability Ambassadors consisting of 50 people representing different functions within the company, have been determined under the leadership of the Corporate Management Vice President for the coordination of ASELSAN's efforts on sustainability. Sustainability Ambassadors play a leading role in raising awareness within the company regarding important and priority sustainability issues that fall under their duties and responsibilities, and contribute to the management of the issues addressed with a more holistic approach and reporting of sustainability performance.

In this context, Corporate Sustainability training consisting of two different programs of 32 hours and 72 hours was given to Sustainability Ambassadors by Boğaziçi University Lifelong Education Center in line with the guiding information provided by the Investor Relations Department under the coordination of the Learning and Development Department. 29 Sustainability Ambassadors successfully completed the 32-hour training program and received a certificate of participation, 16 Sustainability Ambassadors completed the 72-hour training program and were successful in the exam held by Boğaziçi University at the end of the program and were entitled to receive a proficiency certificate.

ASELSAN has complied with the regulations of Borsa Istanbul at the highest level in 2022 and continued to be included in the Sustainable Index.

A3. Reporting

ASELSAN attaches importance to the continuity of its communication with all its stakeholders, and accordingly, it shares important information for stakeholders in a direct and concise manner through its sustainability reports, annual reports, corporate website and investor relations website.

Every year, ASELSAN announces its Sustainability Report to the public both on its website and on the Public Disclosure Platform. Although the report covers the developments that took place in the relevant activity period, it expresses a period of 1 year.

In 2022, there are no lawsuits filed and/or concluded against ASELSAN on environmental, social and corporate governance issues.

A4. Verification

ASELSAN will receive assurance services from an independent institution for the titles determined in the 2022 Sustainability Report.

Greenhouse gas emission management is carried out in line with ASELSAN ISO 14064 and ISO 14001 standards. In order to reduce the effects of the global climate change committed in the Environmental Management System policy and to monitor and report the greenhouse gas emissions in a transparent manner, the emission sources in the ASELSAN campuses are determined and the greenhouse gas emissions are calculated, reported and verified by an independent firm every year.

B. Environmental Principles

Being aware of the need to protect the environment it interacts with in order to leave a more livable world to future generations, ASELSAN pays attention to the most effective management of environmental impacts, responsible use of resources, development of environmentally friendly business processes and environmental impact assessments in its activities and operations.

In line with the sensitivity of ASELSAN to environmental management, employees are provided with online environmental trainings on a regular basis every year. In 2022, a total of 6,978 employees were given 2,350 hours online training on environmental protection. At the same time, drills are carried out in order to understand what needs to be done in case of chemical leakage and spillage in line with the ISO 14001 Environmental Management System Standard and legal regulations, and to ensure that the personnel are prepared in advance for such environmental accident situations.

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

ASELSAN, which wants to include not only its employees but also the entire value chain in its development journey, has produced an informative short- film on occupational safety, environment and climate change issues for the delegations. Every delegation that comes to ASELSAN campuses is shown this film, and ASELSAN's perspective on these issues is tried to be reflected. In addition, ASELSAN's perspective is shared by making presentations on sustainable environmental practices to the delegations coming outside to ASELSAN facilities.

ASELSAN, which considers the targeted economic, environmental and social performance with the sustainability approach it adopts in its activities, also in the global supply chain formed by thousands of registered suppliers, builds its cooperation with its suppliers within the framework of compliance with the laws, human rights and defined corporate ethical rules. ASELSAN sets the Environmental Management and Occupational Health and Safety Management standards in advance regarding the measurement and evaluation of its suppliers and acts in accordance with these standards in their selections.

The main issues that ASELSAN questions in order to measure and evaluate the suppliers; it has been determined within the scope of compliance with ASELSAN targets and policies, Environmental Management, Occupational Health and Safety Management standards and labor laws, in line with the Company's supply chain policies and international standards, accompanied by technological infrastructure, qualified personnel, comprehensive quality system and strong financial structure.

ASELSAN carries out its activities related to environmental management in accordance with all environmental laws and regulations and in line with international standards. Obtaining, updating and renewing the permits, licenses and documents required for environmental issues for facilities and activities are carried out by the Environmental Officer. The Environmental Officer also prepares a monthly evaluation report and reports the environmental status of the facility to the facility manager. At the end of each year, an Environmental Performance Report containing the previous year's work is prepared and presented to the senior management.

As a result of the Company's sensitivity towards environmental compliance, there were no violations or penalties in 2022 within the scope of the Environmental Law and related regulations.

According to the information included in the CDP report that ASELSAN announces every year together with the Sustainability Report, our Company's Chairman, President and CEO is defined as the person responsible for carrying out sustainability activities. In addition, the company monitors and measures the incentives it offers for the management of environmental issues, with the Chairman, President and CEO and Corporate Management Vice President, with balanced score cards.

ASELSAN aims to be a responsible manufacturer by considering environmental problems on a global scale and includes this issue in its strategic goals. It strategically prefers to use carbon-friendly technologies in its production. It also benefits from smart digital solutions, electric vehicles and solar energy. In addition, studies have been completed to meet the requirements for rail transportation, electric vehicles and wind energy, which are designed and served in the civil field.

ASELSAN sees its suppliers as one of the most important links of the value chain, which directly contributes to the quality of the products/services it offers and thus to the success of its operations and plays a decisive role in its competitiveness. While realizing the economic growth and technological development targets with every stakeholder in the supply chain, ensuring the spread of environmental awareness where all resources are used respectfully and in moderation; it is aimed to raise awareness on social issues such as employment, equality, security, education and health and to protect ethical values. ASELSAN's supply chain, which carries out its project-based activities through signed contracts, plays a role in the execution of all activities from the signature stage of the projects to the process after their delivery to the customer.

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ASELSAN has positioned all individuals, institutions and companies that directly or indirectly affect and are affected by its activities on the stakeholder map. Providing great support to stakeholder participation in the realization of business continuity and operational excellence targets, the Company has included customers, employees, investors, suppliers/subcontractors, universities, sector organizations and non-governmental organizations, public institutions, society, future generations and entrepreneurs in its stakeholder map.

ASELSAN accelerates its corporate development by collaborating with all sectoral and non-governmental organizations operating in the defense industry sector. ASELSAN, which is a member of the leading local and international organizations of the defense industry sector, provides representation in domestic and foreign sectoral organizations through its executives and employees, as well as its Senior Management. However, the company is not a member of any non-governmental organization related to environmental issues.

Greenhouse gas emission management at ASELSAN is carried out in line with ISO 14064 and ISO 14001 standards. In order to reduce the effects of the global climate change committed in the Environmental Management System policy and to monitor and report the greenhouse gas emissions in a transparent manner, the emission sources in the ASELSAN campuses are determined and the greenhouse gas emissions are calculated, reported and verified by an independent firm every year. In this context, internal and external audits were carried out within the framework of the ISO 14064 standard for 2022 data.

ASELSAN is committed to "determining climate change risks and managing them in the light of legislation, monitoring and reporting greenhouse gas emissions in order to reduce the effects of global climate change, carefully monitoring the national and international sustainability programs developed for the environment, and creating the added value for sustainability at the highest level". is doing.

ASELSAN's carbon emission targets are set in line with the strategies determined by the Senior Management, and a Greenhouse Gas Management Plan is prepared and implemented in order to achieve the targets. Periodic review of the practices within the scope of the Management Plan and coordination of improvement works are carried out by the Climate Change Unit and CDP Representatives.

Energy Consumption	Unit	2018	2019	2020	2021
A) Nonrenewable Fuel Purchased and Consumed (Natural Gas + Diesel)	MWh	45.285	47.213	56.507	42.969
B) Nonrenewable Electricity Purchased	MWh	82.430	81.730	88.169	85.103
TOTAL NONRENEWABLE ENERGY CONSUMPTION	MWh	127.715	128.943	144.676	128.072

In line with the greenhouse gas emission management plan, which is included in ASELSAN's Sustainability Report every year and updated annually for the CDP Climate Change reporting, Scope 1 and 2 aims to reduce the emission intensity by 64.12% compared to the base year until 2022, based on unit turnover.

	Scope 1	Scope 2	Scope 3
2017	12.420	35.983	15.811
2018	10.738	37.663	15.000
2019	14.148	37.786	15.661
2020	14.690	42.320	14.170
2021	15.482	37.927	33.788

Information about 2022 will be included in the ASELSAN 2022 Sustainability Report.

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In line with the responsible and effective management of the resources it uses, ASELSAN received the strong support of the Senior Management in the implementation process of the ISO 50001:2018 Energy Management System, which is a management approach that considers the conscious and efficient use of energy in its activities. In this context, it received the ISO 50001:2018 Energy Management System Certificate in April 2021 for Macunköy, Akyurt and Gölbaşı Campuses and all energy sources, without any major or minor finding. The 1st Interim Inspection, held on 18-19 April 2022, was successfully completed within the scope and limits without any finding. Energy management activities are carried out on the basis of processes/production, purchasing processes and in parallel with other integrated management systems. Within the scope of Strategic Activities related to ASELSAN Strategic Plan, the targets of reducing energy intensity are provided by the units responsible for the management of the existing energy infrastructure in the campuses. In this direction, efficiency studies are carried out, especially on energy-consuming resources, and the data obtained are evaluated through analyzers and software systems.

ASELSAN 2022 Energy Targets and their realization rates, determined by the 2022 EnYS Management Review meeting, are given below.

- 1% improvement in ASELSAN total electricity consumption on the basis of Energy Performance Indicator.

Realization: 3% improvement in ASELSAN total electricity consumption on the basis of Energy Performance Indicator.

- 0.5% improvement in ASELSAN total natural gas consumption on the basis of Energy Performance Indicator.

Realization: 6% improvement in ASELSAN total natural gas consumption on the basis of Energy Performance Indicator.

In line with the determined targets, Energy Performance Indicators of energy consumption are checked monthly and necessary actions are taken in case of deviation from the target.

C. Social Principles

C1. Human Rights and Employee Rights

ASELSAN constantly updates its Human Resources Management Policy in order to protect its strong employer brand and strengthen the employee experience. While managing its qualified human resources, ASELSAN focuses on ensuring full compliance with all laws and regulations regulating business life, providing modern employment and working conditions, supporting personal development and increasing business performance. ASELSAN's human resources management policy consists of principles that aim to create a fair, respectful and transparent working environment and are based on compliance with the Universal Declaration of Human Rights, International Labor Organization (ILO) Conventions to which the Republic of Türkiye is a party, and Turkish Labor and Social Security legislation.

ASELSAN's Human Resources Management Policy is made available to all stakeholders on the Company's corporate website. According to this policy, ASELSAN aims to treat people fairly and without prejudice, to promote diversity in the workplace and throughout society, and to protect human dignity.

With the understanding of "decent work" that ASELSAN has adopted, it is to offer equal opportunities to all its employees, regardless of religion, language, race, gender, ethnicity, age, disability and political opinion. It is one of the principles that ASELSAN attaches great importance to, approaching its employees, who are at the beginning of the value chain, without any discrimination during their entire working period, starting from the recruitment process. In this direction, ASELSAN adopts an equal pay policy for equal work and does not discriminate on the basis of gender. The wages of the employees are determined in a way that is proportional to the work family they work and their length of service. All employees with the same wages and career scores in their work family receive the same wage, regardless of gender.

At ASELSAN, the remuneration policy is applied to all employees with the same approach and equal denominator, regardless of contract type, gender and disability. Within the growing ASELSAN team, the number of disabled personnel deemed appropriate by law to be included in the staff is carefully monitored.

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In ASELSAN, which carries out all its activities on the basis of full compliance with the laws, the equal opportunity approach that prevents and prevents discrimination before the law is always applied, and this issue is integrated into the strategic relations with suppliers and customers. ASELSAN takes all the decisions regarding its employees; regardless of race, religion, language, sect or any belief, gender, mental or physical disability, age, cultural or social class differences. ASELSAN expects its approach in this matter from all its stakeholders, especially its strategic business partnerships and suppliers. ASELSAN did not experience any discrimination in terms of religion, language, race, gender, ethnicity, age, disability or political opinion in 2022.

ASELSAN expects its approach in this matter from all its stakeholders, especially its strategic business partnerships and suppliers. ASELSAN did not experience any discrimination in terms of religion, language, race, gender, ethnicity, age, disability or political opinion in 2022. ASELSAN Human Resources Directorate bases its activities on diversity and equal opportunity practices in its area of responsibility, and developments in this regard are reported to the Corporate Management Vice Presidency.

At ASELSAN, measures are taken along the value chain to observe minority rights/equal opportunities.

Within the scope of the "ASELSAN WITHOUT OBSTACLES" project, which was initiated together with the Value Ambassadors selected from among ASELSAN employees, the project team carries out activities with the motto "It's in Our Hands to Build an Inclusive World" to increase awareness within the company and to reinforce the sense of togetherness for disabled employees. As of 2023, it is planned to raise awareness by assigning separate trainings for both managers and employees. In this context, some exemptions have been defined in the working hours of the employees in the disabled staff. Thanks to this method, disabled employees are enabled to move more comfortably during crowded hours. In addition, it is aimed to increase the excused leave hours of the employees in the disabled staff to allocate more time to themselves and their families.

In addition, in order to make life easier on the campus, special parking spaces were reserved for disabled employees in the parking lots, and an elevator was installed to reach the ASELSAN campus from the service area.

If pregnant and/or disabled employees are allowed by the provincial governor's office of the campus where they are working, due to adverse weather conditions, ASELSAN employees in similar situations will be counted as on administrative leave, provided that there is no missing time during their working hours.

Necessary notice and complaint mechanisms exist in order to ensure that employees are not discriminated due to their individual differences. The establishment and operation of these mechanisms is a matter followed by the Senior Management, and is managed by the Ethical Principles Board, which includes managers from different business units and employee representatives under the Corporate Governance Vice Presidency. If any employee is exposed to discrimination for any reason, it has the right to apply directly to the ASELSAN Ethical Principles Board, with sensitivity to personal confidentiality. Details of this process are discussed within the scope of ASELSAN's Human Rights Policy on the corporate website.

Ensuring a balance between the work life and private life of its employees, who are its most valuable resource, increasing their health, welfare and working motivation is among the main priorities of ASELSAN. Active studies are carried out at ASELSAN in order to ensure employee loyalty and to measure it continuously. Employees' satisfaction with respect to both their loyalty values and Human Resources practices is measured with the annual Employee Satisfaction Survey. After the survey, demographic data and satisfaction data on the basis of departments are analyzed, presented to the Senior Management along with action suggestions, and improvement studies are carried out. Measurements of employee satisfaction are also monitored by the Company's Senior Management and are among the goals of the managers. In order to create an effective feedback mechanism, meetings are held where employees and managers come together. By evaluating the feedback received from the employees, actions that are predicted to contribute to sustainable success are implemented.

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The Occupational Health and Safety Management System has been managed at ASELSAN since 2009, within the scope of ISO 45001:2018 Occupational Health and Safety Management System Standard, in compliance with the requirements of the Occupational Health and Safety Law No. 6331. As a result of the work carried out since July 2018 and the external audit carried out by the international certification body in June 2019, the transition to the "ISO 45001:2018 Occupational Health and Safety Management System" published by the international standardization organization has been made. With this study, ASELSAN has maintained its leadership in Occupational Health and Safety studies by becoming one of the first companies in Türkiye to adopt the "ISO 45001:2018 Occupational Health and Safety Management System".

Focusing on human capital in all of its operations and activities, ASELSAN provides a safe working environment for its employees by considering their health and safety in this direction. Suitable and reliable working conditions provided by the Company. It is designed within the framework of occupational health and safety culture along with legal obligations. Occupational health and safety studies are carried out with high importance within the framework of the Integrated Management System (IMS) Policy determined by the Senior Management. The aim of the occupational health and safety studies carried out within the scope of the Integrated Management System Policy is to minimize the risks by eliminating the dangers that may arise due to various reasons in the workplace environment, thus ensuring the safety of the employees and the work environment as well as the workplace.

In the activities carried out by ASELSAN, the principle of full compliance with the Personal Data Protection Law No. 6698, secondary legislation and the fundamental opinions and policy decisions of the Personal Data Protection Board is observed. In this context, ASELSAN fulfills the necessary disclosure obligation with the Illumination Text and its annexes on the Protection of Personal Data. The procedures and principles applied to the protection of personal data at ASELSAN are regulated through the "ASELSAN Personal Data Protection and Processing Policy and ASELSAN Personal Data Retention and Disposal Policy" and announced on ASELSAN's website with Turkish and English texts.

ASELSAN Information Security and Business Continuity Policies are made available to all stakeholders on the Company's corporate website.

ASELSAN Ethical Principles, Values and Codes of Conduct are regularly reviewed and updated in order to create working environments in accordance with ethical principles, which are based on honesty, integrity and business discipline, to prevent unethical behaviors, to raise awareness of ethical values and to integrate ethical principles with practices. Ethical principles enable the creation and preservation of a working environment where ASELSAN employees treat each other with courtesy, sincerity and tolerance, and where everyone shares their views with an open mind. Employees act responsibly with the mutual trust provided, not only taking care of their own interests as individuals, but also the long-term interests of the society they are a part of, the company they work for and their stakeholders.

Particular attention is paid to the selection of new employees who will join the ASELSAN Family among candidates who tend to act in line with ASELSAN's core values and ethical principles. Every employee joining the ASELSAN Family is included in the orientation program, where they undergo a comprehensive training process on the ASELSAN Ethical Principles, Values and Codes of Conduct and ASELSAN Ethical Principles Directive, value and code of conduct certificate is given to them as a booklet and employees undertake to act in accordance with ethical principles in the ASELSAN Working Undertaking. In the processes following the orientation, an environment is provided that encourages all ASELSAN employees to internalize ethical principles and to always apply these principles in their daily business lives. While all ASELSAN employees can apply to the Ethical Principles Board through the Ethics Principles Help Desk, external applications can also be received through the e-mail address etik@aselsan.com.tr. ASELSAN Ethical Principles Committee regularly announces the applications to the Board and the related Board evaluations to all ASELSAN employees in order to raise awareness about ethical principles and values. The report on the work of the Ethical Principles Committee, the applications and the measures taken with the evaluations is presented at the Board of Directors meeting in January every year.

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ASELSAN Ethical Principles Board, which was established within the scope of ASELSAN's corporate structure and management system, consists of seven members. Among the members of the board, chaired by the Supply Chain Vice Presidency, there are two ASELSAN employees, who are determined by voting by the employees, in addition to the representatives from the Internal Audit Department, Legal Counsel, Support Services Directorate and Human Resources Directorate. In addition to obtaining information from the Board, all ASELSAN employees are able to convey to the Board the behaviors they think are contrary to ethical principles. Behaviors contrary to ethical principles are immediately evaluated by the Board, and the relevant measures are implemented within the knowledge and contribution of the Senior Management.

ASELSAN Social Innovation Leaders (ASIL) Solidarity Association, acting with the awareness of social responsibility, aims to reach every individual in need inside and outside the institution, to be by their side in their desperation and to show that ASELSAN does not only produce technology that gives confidence, but also gives value, was established in 2019. The main fields of activity of ASIL Association are; in addition to providing humanitarian aid in education, health, family and natural disasters, it organizes campaigns periodically and reaches those in need through these campaigns. Since its establishment, it has been providing support to scientific projects, schools in need, children waiting for coats and boots, as well as taking responsibility in case of disasters and epidemics faced by the country, and delivering urgent needs to the necessary places in a short time. Details regarding ASIL activities will be included in the 2022 Sustainability Report.

Within the scope of training activities; providing an area for students to receive education by building schools in areas in need, creating computer classes and libraries in order to meet the educational needs of students, bringing design skill workshops to schools and delivering robotic coding sets, stationery and exam preparation sets to students in order to support the development of students. In addition, with the "Alimhane Project", the first of which was implemented in Ankara Science High School, it is aimed to prepare students with high potential for engineering with a model that will enable them to develop their projects together by giving them a sense of achievement together.

Within the scope of health activities; medicine, surgery, treatment, prosthesis and health equipment needs of families in need are met. Families in need are evaluated by teams, needs are clarified through one-on-one meetings with hospitals and doctors, and relief efforts are carried out in order of priority.

Within the scope of family activities; food boxes containing basic foods for families in need, food cards to meet market needs during holidays, zakat distribution within the scope of Ramadan Feast, clothing for children, boots and coats to be used in winter months, and basic household items for the continuation of life at home are provided. Distributions are delivered directly to families by professional teams.

Volunteer teams consisting of ASELSAN personnel work in order to carry out all these activities.

ASELSAN aims to contribute to the society by supporting institutions, while making projects to increase social opportunities for the welfare of the society and scientific activities for the development of the society. In this direction, the Donation and Aid Policy was created and shared on the ASELSAN website. Cash donations and aid can be made to institutions, establishments, foundations and associations engaged in scientific research and development activities, institutions established for social purposes and similar organizations, the construction of structures such as schools and health facilities, which are of public benefit, and other works that may be deemed beneficial by the Company. Every year, one-year donation plans and the upper limit of donation amounts are determined at the General Assembly meetings, and donations are made by the decision of the Board of Directors. ASELSAN has not and is not involved in activities supporting political parties, politicians or political candidates. No political donations were made in 2022.

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C2. Stakeholders, International Standards and Initiatives

ASELSAN has positioned all individuals, institutions and companies that directly or indirectly affect and are affected by its activities on its stakeholder map. Providing great support to stakeholder participation in the realization of business continuity and operational excellence targets, the Company has included customers, employees, investors, suppliers/subcontractors, universities, sector organizations and non-governmental organizations, public institutions, society, future generations and entrepreneurs in its stakeholder map.

The definitions, operation and performance of the ASELSAN Quality Management System have been verified and documented by internal and external audits in 2022. ASELSAN's quality policy for each sector presidency and statements regarding customer satisfaction within these policies are submitted for the information of all stakeholders on the Company's corporate website.

ASELSAN prioritizes its activities in the field of sustainability by taking into account the suggestions and expectations of different stakeholder groups, especially employees. It explains these activities through a communication based on mutual interaction with all its stakeholders, from its employees to investors, within the framework of transparency and accountability principles through the Sustainability Report, which it has brought to the attention of its stakeholders.

ASELSAN maintains its sustainability activities by observing national and international reporting standards. ASELSAN is the first company to participate in the CDP Climate Change study among defense industry companies in Türkiye and is among the important defense industry leaders in the world in climate change management with the scores it has received. ASELSAN 2022 Sustainability Report will be prepared in accordance with the GRI Standards and will be made available to all stakeholders on the Company's corporate website.

D. Corporate Governance Principles

ASELSAN observes the sensitivities of the sector where it operates; never compromises on the principles of fairness, transparency, accountability, and responsibility, which are the cornerstones of corporate governance; adds momentum into its consistent growth, and safeguards the interests of stakeholders. In an attempt to bring its lead on domestic platforms to the international arena, the Company works without respite towards full compliance with corporate governance principles and legal regulations. ASELSAN bases its processes on a professional corporate governance approach and releases a Corporate Governance Principles Compliance Report every year since 2004.

Driven by its listing in 2012 on the Corporate Governance Index of Borsa Istanbul, ASELSAN manages its corporate governance approach as a continuous and dynamic process. As a result of these improvements made by the Company, ASELSAN's corporate governance rating went from 8.77 out of 10 in 2012 to 9.34 out of 10 in 2022 according to the evaluation of SAHA, the corporate governance and credit rating company. ASELSAN's Corporate Governance Principles Compliance Reports are available on the corporate website as well as within the annual reports.

ASELSAN's rating scores by subcategories are as follows (out of 100):

Subcategory	Rating	Weight
Shareholders	89,59	25%
Public Disclosure and Transparency	98,72	25%
Stakeholders	99,17	15%
Board of Directors	89,82	35%
Governance Principles Compliance Rating	93,39	100%

ASELSAN's management structure is a single tier system where the General Assembly elects a Board of Directors. ASELSAN's Board of Directors is composed of 9 members, 3 of them are independent. The Board of Directors has decision making and supervisory roles in the determination and management of economic, environmental, and social impacts as well as risks and opportunities. The Board of Directors ensures that the works are performed in an effective and effective manner and comply with the regulation, Articles of Association, directives, and policies established.

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SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
A. General Principles						
A1. Strategy, Policy and Goals						
A1.1.The preferred environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Board of Directors.	-	-	X	-	Page 20	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A1.1.The ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Labour Rights Policy) have been set out by the Board of Directors and disclosed to public.	X	-	-	-	Throughout the Report	www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A1.2. The short-term and long-term ESG goals have been disclosed to public.	-	-	X	-	Page 12,96	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A.2. Execution/Supervision						
A2.1. The committees and/or boards responsible for the supervision of ESG policies and the seniors / directors to execute the ESG issues have been disclosed to public including their duties.	X	-	-	-	Page 19	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/ASELSAN_CDP_CLIMATE_CHANGE_REPORT_2021_7426.pdf
A2.1. The activities carried out within the scope of the policies by the responsible committee and/or department have been reported to the Board of Directors at least once a year.	X	-	-	-	Page 32	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A2.2. The action plan in accordance with the ESG goals have been formed and disclosed to public.	-	-	X	-	Page 100-102	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A2.3. The key performance indicators regarding the ESG and the achievement rates per years have been disclosed to public.	-	-	X	-	Page 59	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
A.2. Execution/Supervision						
A2.4. The improvement activities for sustainability performance regarding business processes or product and services have been disclosed to public.	X	-	-	-	Throughout the Report	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A3. Reporting						
A3.1. The annual report covers the sustainability performance, KPIs and actions understandable, right and qualified.	X	-	-	-	Throughout the Report	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A3.2. The information on the activities implemented in line with the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to public.	-	X	-	-	-	-
A3.3. The lawsuits in progress against the Company regarding the ESG issues that affect the material business lines and the legal sanctions in regard of the sustainability policies have been disclosed to public.	X	-	-	-	Page 92	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
A4. Verification						
A4.1. The KPI measurements have been verified by an independent third party and disclosed to public	X	-	-	-	Page 4	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/2021_Verification_3246.pdf
B. Environmental Principles						
B1.The company has disclosed its policies and practices on environmental management, action plans, environmental management systems (known as ISO 14001 standard) and programmes.	-	-	X	-	Page 90-95	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

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SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
B2. The scope, period, date and the constraints of conditions of the environmental reporting regarding environmental management have been disclosed to public.	X	-	-	-	Page 5	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B3. Presented at A2.1.						
B4. The environmental KPIs counted for remuneration criteria for stakeholders (e.g. board members, executives and employees) within frame of the performance incentives have been disclosed to public.	-	X	-	-	-	-
B5. The integration of the environmental difficulties, which are preferably determined, with the business goals and strategy have been disclosed to public.	-	X	-	-	-	-
B6. Presented at A2.4.						
B7. The integration of environmental management issues covering the customers and suppliers throughout the value chain of the company including the operational process with the business model and strategy have been disclosed to public.	-	X	-	-	-	-
B8. The cooperation with the non-governmental organizations and the environmental institutions and taking (or not) a part of the policy-making processes with those institutions have been disclosed to public.	X	-	-	-	Page 21,22	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B9. The environmental figures (Greenhouse gas Emissions (Scope -1 (Direct), Scope -2 (Energy indirect), Scope -3 (Other indirect), air quality, energy management, water and waste water management, waste management, biodiversity impacts) and the environmental impacts have been disclosed to public with periodic comparison.	X	-	-	-	Page 96	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B10. The standard, protocol, methodology and the base year details for collection and calculation of the data have been disclosed to public.	X	-	-	-	Page 96	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
B11. The comparable increase or decrease rates with the previous years have been disclosed to public in the current period's report.	X	-	-	-	Page 106-110	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B12. The short-term and long-term targets are determined to decrease the environmental impacts; the called targets and the progress status in comparison to the previous years' targets have been disclosed to public.	-	X	-	-	-	-
B13. The strategy for fight against climate crises is set out and the action plan has been disclosed to public.	-	X	-	-	-	-
B14. The programmes or procedures to prevent or to decrease to the minimum level of the negative environmental effects of the products and/or services have been disclosed to public.	-	X	-	-	-	-
B14. The actions taken to make the third parties' (e.g. supplier, subcontractor, dealer, etc.) decrease their greenhouse gas emission figures have been disclosed to public.	-	X	-	-	-	-
B15. The environmental benefits/gaining and cost savings provided by the initiatives/projects to decrease the environmental impacts have been disclosed to public.	-	X	-	-	-	-
B16. Energy consumption (natural gas, diesel, gas, LPG, coal, electricity, heating, cooling, etc.) figures as Scope-1 and Scope-2 have been disclosed to public.	X	-	-	-	Page 97	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B17. The information about the produced electricity, heat, steam and cooling for the reporting period have been disclosed to public.	-	X	-	-	-	-

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SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
B18. The actions taken to increase renewable energy consumption, transit to zero or low carbon electricity have been disclosed to public.	-	X	-	-	-	-
B19. The renewable energy production and consumption figures have been disclosed to public.	-	X	-	-	-	-
B20. Energy productivity projects have been carried out and the decrease rates on energy consumption and emission based on those projects have been disclosed to public.	X	-	-	-	Page 97,100-104	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B21. Water consumption, underground or above-ground drawn water, recycled or discharged water figures, sources and procedures have been disclosed to public.	X	-	-	-	Page 98	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
B22. It has been disclosed to public if the operations or activities included to any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) or not	-	X	-	-	-	-
B23. The information on accumulated or purchased carbon credit in the reporting period has been disclosed to public.	-	X	-	-	-	-
B24. The details have been disclosed to public if there is a carbon pricing mechanism at the company.	-	X	-	-	-	-
B25. The platforms, which the environmental figures of the company are announced, have been disclosed to public.	-	X	-	-	-	-

SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
C. Social Principles						
C1. Human Rights and Labour Rights						
C1.1 The Human Rights and Labour Rights Policy has been set out covering the United Nations Universal Declaration of Human Rights and the International Labour Organization principles, the responsible directors for execution of the policy are assigned and disclosed to public.	X	-	-	-	Page 65	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C1.2 The labour rights policy covers the fair workforce, improving work conditions, women's employment and inclusion (no discrimination on gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, trade union activities, political view, disability, social and cultural differences, etc.) considering the supply and value chain impacts.	X	-	-	-	Page 65,69	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C1.3 The measures taken throughout the value chain to watch over the susceptible segments to certain economic, environmental, social factors (e.g. low income group, women, etc.) or minority rights/opportunity equality.	X	-	-	-	Page 65,69	https://www.aselsan.com.tr/tr/hakkimizda/insan-haklari-politikasi
C1.4 The preventive and improver practices on discrimination, inequality, human rights violation, forced labour, and child labour have been disclosed to public.	X	-	-	-	Page 65,69	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/tr/hakkimizda/insan-haklari-politikasi
C1.5 The labour rights policy covers investment in employees (training, improvement policies), remuneration, side rights, right to unionize, work/life balance and skill management issues. The mechanism regarding the employee complaints and the dispute resolution process is determined.	X	-	-	-	Page 75-79	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
C1.5 The mechanism regarding the employee complaints and the dispute resolution process is determined.	X	-	-	-	Page 69	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C1.5 The reported employee satisfaction activities in the period have been disclosed to public.	X	-	-	-	Page 11-82	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C1.6 Occupational Health and Safety Policy has been set out and disclosed to public.	X	-	-	-	Page 83-86	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C1.6 The measures taken to prevent the work accidents, health protection and accident statistics have been disclosed to public.	X	-	-	-	Page 84,85	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/ASELSAN_OHS_3611.pdf
C1.7 Protection of the personal data and information security policy has been disclosed to public.	X	-	-	-	Page 47,48	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/KVK
C1.8 Code of Ethics has been set out and disclosed to public.	X	-	-	-	Page 29-31	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf https://www.aselsan.com.tr/ASELSAN_Etik_Ilkeler_6428.pdf
C1.9	-	-	-	-	-	-
C1.10 The informative meetings and training programmes on ESG practices organised for the employees	X	-	-	-	Page 92	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

SUSTAINABILITY COMPLIANCE REPORT	Compliance					REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION
	Yes	No	Partial	N/A	Explanation	
C2. Stakeholders, International Standards and Initiatives						
C2.1 Customer satisfaction policy covering the management and solution of the customer complaints has been set out and disclosed to public.	-	X	-	-	-	-
C2.2 The information on communication with the stakeholders (whom, topic and frequency) has been disclosed to public	X	-	-	-	Page 23	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C2.3 The international reporting standards adopted have been disclosed to public.	X	-	-	-	Page 5 Page 111-114	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf
C2.4 The adopted principles, being a signatory or a member of an international institution, committee on sustainability have been disclosed to public.	-	X	-	-	-	-
C2.5 Improvement activities have been realized to be included Borsa Istanbul Sustainability Index and/or international index providers' sustainability indices	-	-	X	-	-	Our company carried out its studies during the year to be included in Borsa Istanbul indices and international indices.
D. Corporate Governance Principles						
D1. It has been consulted with the stakeholders regarding the determination of the sustainability measures and strategy.	-	-	X	-	-	Our company sought the opinions of stakeholders in determining the measures and strategies in the field of sustainability.
D2. CSR projects, awareness activities and training programmes have been realized to increase the awareness of on sustainability	X	-	-	-	Page 87-89	https://www.aselsan.com.tr/ASELSAN_SURDURULEBILIRLIK_RAPORU_2021_7676.pdf

Report of the Board of Directors for the Period Between 1 January – 31 December 2022

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. SIGNATURE SECTION OF ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD BETWEEN 1 JANUARY – 31 DECEMBER 2022



Prof. Dr. Haluk GÖRGÜN
Chairman of the Board of
Directors and CEO




Yavuz ÇELİK
Member of the Board of
Directors



Salih KUL
Member of the Board of
Directors



Prof. Dr. Turan EROL
Member of the Board of
Directors



Prof. Dr. İbrahim ÖZKOL
Yönetim Kurulu Üyesi



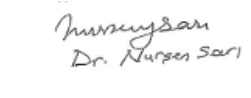
Mustafa Murat ŞEKER
Member of the Board of
Directors



Alpaslan KAVAKLIOĞLU
Vice Chairman of the Board of
Directors



Mehmet Fatih KACIR
Member of the Board of
Directors



Dr. Nurşen SARI
Member of the Board of
Directors

Independent Auditor's Report On The Management's Annual Report



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH) INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the Board of Directors

Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January 2022 – 31 December 2022.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

Basis for Opinion

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

Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 28, 2023 on the full set consolidated financial statements of the Group for the period of 1 January – 31 December 2022.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.



c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion. The independent audit we have performed is conducted in accordance with the standards on auditing as issued by the Capital Markets Board of Turkey.

These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Mehmet Nadi Abbasoğlu.

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate Member of Praxity AISBL)



Mehmet Nadi Abbasoğlu
Partner
İstanbul, 28 February 2023

Statement of Responsibility

BORSA İSTANBUL A.Ş.
34467-Emirgan-İSTANBUL

Date: 28/02/2023
No: AS011-2023-0002

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

BOARD OF DIRECTORS MEETING ON APPROVAL OF FINANCIAL TABLES AND ANNUAL REPORTS
DATE OF RESOLUTION: 28/02/2023
RESOLUTION NUMBER: 1177

STATEMENT OF RESPONSIBILITY AS PER SECTION TWO, ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ SERIAL NUMBERED II, NUMBERED 14.1

We hereby declare that;

a) We have examined the consolidated balance sheet dated 31 December 2021 and comparative consolidated balance sheet dated 31 December 2022, consolidated income statement issued for the period 1 January 2021 - 31 December 2021 and comparative consolidated income statement issued for the period 1 January 2022 - 31 December 2022, consolidated additional financial tables, all audited independently, notes dated 31 December 2022 and annual report of the Board of Directors issued for the period ending on 31 December 2022,

b) As per the information we obtained in line with our duties and responsibilities at the company, the financial tables and annual report of the Board of Directors do not include any comments which materially misrepresent the facts and any missing data which might be misleading as of the announcement date,

c) As per the information we obtained in line with our duties and responsibilities at the Company, the consolidated financial statements prepared in accordance with the CMB Communiqué Serial II, No:14.1, accurately represents the assets, liabilities, financial position and profit or loss information of the Company and the companies in the scope of consolidation; the annual report accurately represents the development and performance of the business, the financial position of the Company and the companies in the scope of consolidation and the significant risks and uncertainties which may company faces.

Regards,



Dr. Nurşen SARI
Audit Committee
Chairman



Prof. Dr. Turan EROL
Audit Committee
Member



Prof. Dr. İbrahim ÖZKOL
Audit Committee
Member



Mehmet Fatih GÜÇLÜ
Chief Financial Officer
Vice President

Corporate Governance

Our Shareholders

ASELSAN, which is a company of the Turkish Armed Forces Foundation (TAFF), is a joint stock company with 74.20% of its shares belonging to TAFF and 25.80% of the shares listed on Borsa İstanbul (BİST).

Our Shareholders	Share Amount (TL)	Share (%)
TAFF	1,691,651,248.92	74.20
Publicly Held (BİST)	588,348,751.08	25.80
Total	2,280,000,000.00	100.00

ASELSAN CONTINUED ITS STEADY PROGRESS IN CORPORATE GOVERNANCE PROCESSES IN 2022.

Taking into consideration the sensitivity of the sector in which it operates, ASELSAN keeps the principles of fairness, transparency, responsibility and accountability, which are the basic principles of corporate governance, accelerating its stable growth and protecting the interests of stakeholders at the core of its activities. In order to carry its leadership in the national platform to the international arena, the company continues its works without slowing down to ensure full compliance with corporate governance and legal regulations.

As a result of the changing and developing global conditions, our company, which adopts the understanding of "corporate sustainability" in order to fulfill its economic, social and environmental responsibilities, fulfills its responsibilities towards the society by maintaining both being sustainable and ethical values with its work in the field of corporate governance.

Corporate Governance

ASELSAN, which has adopted the concept of corporate governance as a core principle, has been publishing a Compliance Report on the Principles of Corporate Governance every year since 2004. The rights of shareholders, Annual General Meetings, dividend distribution policy, disclosure policy, human resources and ethical principles, relations with stakeholders, corporate social responsibility, the structure, formation, activity essentials and committees of members of board, risk management and internal audit including minority rights which are under the headings of shareholders, informing the public and transparency, interest groups and members of the board within the scope of the Corporate Governance Principles regulated by Capital Markets Board are detailed within the report. The Report on the Compliance of Corporate Governance Principles and its activity reports are published on the Company's website (www.aselsan.com.tr) and in the annual reports.

ASELSAN's Corporate Governance Grade Score was revised to 9.34.

ASELSAN was awarded a score 8.77 out of 10 on 13 December 2012 by the SAHA Corporate Governance and Credit Grading (SAHA) in 2012. This mark is the second best preliminary mark among the corporate governance grading marks given in Turkey. Since then, our Company's level of compliance of corporate governance principles is evaluated and updated by an independent rating institution.

ASELSAN's Corporate Governance rating, which was 9.35 out of 10 on 10.12.2021, was revised to 9.34 out of 10 according to the report published by SAHA on 09.12.2022 as a result of the activities conducted to improve the Corporate Governance rating during 2021.

Corporate governance ratings in 2021 and 2022 and their sub topics are presented below.

2021 Rating Distribution		2022 Rating Distribution	
Shareholders	: 89.57 / 100	Shareholders	: 89.59 / 100
Public Disclosure and Transparency	: 98.72 / 100	Public Disclosure and Transparency	: 98.72 / 100
Stakeholders	: 99.17 / 100	Stakeholders	: 99.17 / 100
Board of Directors	: 90.16 / 100	Board of Directors	: 89.82 / 100
Average 9.35 / 10.00		Average 9.34 / 10.00	

ASELSAN's Corporate Governance Rating Reports published by SAHA are available on www.aselsan.com.tr.

ASELSAN has been included in Borsa İstanbul Corporate Governance Index since the Company obtained its first corporate governance rating.

ASELSAN's Management Structure

ASELSAN Board of Directors

There is a board of directors consisting of 9 members elected by the general assembly in accordance with the TCC and the articles of association.

Three members of the Board, which consists of nine members in total, are independent.

Three committees formed in accordance with the corporate governance regulations of the Capital Markets Board, operate to enable the Board to fully execute its duties and responsibilities in ASELSAN.

Corporate Governance

Audit Committee

The committee consists of three independent members of the board. The main responsibilities of the committee are to inform the public regarding financial issues and monitor ASELSAN's accountancy systems, independent internal and external auditing and internal control systems' effectiveness and efficiency. The Internal Auditing Office Head reports directly to the Audit Committee and Members of the Board. The Audit Committee convenes at least four times a year.

Corporate Governance Committee

The committee consists of four members of the board. The head of the committee is an independent member of the board. The investor relations manager also is a member of the committee in accordance with the regulations of the Capital Markets Commission. The committee proposes suggestions to members of the board for the compliance with corporate governance principles and the realization of improvement activities. It also observes the activities conducted by the Investor Relations Department. The committee convenes at least four times a year.

Early Detection and Management of Risk Committee

The committee was established to determine the risks arising from the Company's strategic, operational, financial and external factors and to manage the risks identified in line with the Company's corporate risk profile. There are three members of the board in the committee. The chairman of the committee is an independent member of the Board of Directors. The Committee meets at least six times a year and reports to the Board of Directors.

The principles regarding the formation of committees and the manner in which they work, meet and report are determined by the Members of the Board. Detailed information regarding the corporate management structure of ASELSAN, Members of the Board and the committees may be obtained from the www.aselsan.com.tr website.

Committees at ASELSAN

Three committees have been formed in accordance with the Capital Markets Board's Principles of Corporate Governance by ASELSAN's Members of Board.

Audit Committee	Corporate Governance Committee**	Early Detection and Management of Risk Committee
Nurşen SARI* (Committee Chairman)	İbrahim ÖZKOL* (Committee Member)	Turan EROL* (Committee Member)
İbrahim ÖZKOL* (Committee Member)	Yavuz ÇELİK (Committee Member)	Yavuz ÇELİK (Committee Member)
Turan EROL* (Committee Member)	Salih KUL (Committee Member)	Salih KUL (Committee Member)
	Mustafa Murat ŞEKER (Committee Member)	
	Pınar ÇELEBİ (Committee Member)	

*Independent Board Member

**The Nomination Committee and Compensation Committee were not formed due to the structure of the Members of Board. The duties and responsibilities of these committees are undertaken by the Corporate Governance Committee.

Audit Committee Work Directives

PURPOSE

The purpose of These Directives is to determine duties, authorities, responsibilities and work principles of the Audit Committee.

SCOPE

These Directives cover the works and activities to be performed by the Audit Committee as per the related regulations.

DEFINITIONS

- 3.1 Independent Auditing Firm (IAF):** Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22, 4/c of the Act.
- 3.2 Auditor:** Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms.
- 3.3 Audit Committee:** Committee appointed among the company's Board of Directors as per Capital Markets Board Communiqué Serial numbered X, numbered 22.
- 3.4 Audit Committee Secretariat:** ASELSAN personnel arranging operations and meetings of Audit Committee, archiving correspondences and coordinating communication between the members.
- 3.5 Financial Tables:** Balance sheets and incomes statements issued as interim and annual documents, including the footnotes, and tables enclosed to such documents.
- 3.6 Financial Reports:** Reports including financial tables, Board of Directors activity reports and states of responsibility.
- 3.7 Internal Auditor:** Personnel assigned for internal auditing activities.
- 3.8 Internal Audit Department (IAD):** ASELSAN Department in charge of internal audit activities.
- 3.9 Executives:** Persons having titles such as under Financial Management Vice Presidency, Vice President, Director and Managers that are authorized to represent and bind the company.
- 3.10 Stakeholders:** In achieving the objectives of the Company or with an interest in the activities of employees, creditors, customers, suppliers, various non-governmental organizations as well as individuals, institutions or interest groups.

RELATED REFERENCE DOCUMENTS

- 4.1** Capital Markets Board Communiqué on Independent Audit on Capital Market dated 12.06.2006, Serial numbered X and numbered 22.
- 4.2** Capital Markets Board Communiqué on Determination and Practice of Corporate Governance Principles dated 03.01.2014, Serial numbered II and numbered 17.
- 4.3** ASELSAN Board of Directors Work Directives numbered ASY-01-060.
- 4.4** Turkish Commercial Code (TCC).

DUTIES AND RESPONSIBILITIES

5.1. BOARD OF DIRECTORS' DUTIES AND RESPONSIBILITIES REGARDING THE AUDIT COMMITTEE

- 5.1.1.** Appointing Audit Committee members,
- 5.1.2.** Authorizing Committee Members,
- 5.1.3.** Making separate Board of Directors Resolution for approving interim and annual financial tables and reports evaluated by the Committee and submitted to the Board of Directors,
- 5.1.4.** Taking necessary actions for facilitating operations of Audit Committee members.

5.2. DUTIES, AUTHORITIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

5.2.1. GENERAL DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- 5.2.1.1.** The Audit Committee shall ensure; company's accounting system, public disclosure of financial information, independent audit of the Company's internal control and makes supervision of the operation and effectiveness of the internal control system. Selection of independent audit company, prepared independent audit contracts and the initiation of the audit process and the independent auditors' work in each stage is carried out under the supervision of Audit Committee.
- 5.2.1.2.** The Audit Committee notify, their duties and responsibilities identified in the field and their evaluations and recommendations on the subject immediately to the Board of Directors.

Audit Committee Work Directives

5.2.1.3. The Audit Committee's duties include reviewing, settling the complaints forwarded to the Company about ASELSAN's accounting, internal audit system and independent audit; determining the methods and criteria to be practiced on assessing company personnel's statements on company's accounting and independent audit as per the confidentiality principles are determined by Audit Committee.

5.2.1.4. The Audit Committee might seek assistance of independent consultants on matters required for its operations provided that the costs shall be covered by ASELSAN. But in this case the person who received services / organizations with information about these people / organizations of any relationship with the company on the issue of whether information is given in the annual report.

5.2.1.5. The duties and responsibilities of the Audit Committee shall not relive Board of Directors from its responsibilities imposed by the Turkish Commercial Code.

5.2.2. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING INDEPENDENT AUDIT OF ASELSAN

5.2.2.1. The Audit Committee shall determine the services to be provided by the Independent Auditing Firm and services and submit to the Board of Directors approval.

5.2.2.2. It shall ensure signing a contract with IAF.

5.2.2.3. It shall monitor compliance with contract provisions during IAF operations.

5.2.2.4. It shall always be in contact with the independent auditor for monitoring any incidents having an impact on the independency or objectivity of the independent auditor and shall ensure elimination of such incidents, if any, and efficient performance of the auditor.

5.2.2.5. It shall evaluate the outcomes of audits performed by IAF and financial tables at the joint meetings to be scheduled.

5.2.2.6. It shall evaluate the important findings received from IAF about ASELSAN accounting policy and practices and the auditor's suggestions.

5.2.2.7. It shall obtain the correspondences made between IAF and ASELSAN Management from the Firm.

5.2.2.8. It shall ensure that Independent Audit activities are included on the Board of Directors agenda minimum every 3 months for the purpose of determining efficiency of IAF operations.

5.2.2.9. IAF shall immediately inform the Audit Committee in written about important issues related to ASELSAN's accounting policy and practices, alternative implementation and public disclosure options from Public Oversight Accounting and Auditing Standards Authority as per the firm's accounting standards and accounting principles previously declared to the Company management and possible outcomes, practice suggestions as well as important correspondences made with the Company management.

5.2.3. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING THE FINANCIAL REPORTS

5.2.3.1. The Audit Committee shall consult the company's authorized executives and IAF about interim and annual financial reports to be disclosed to the public in terms of compliance to the Company's accounting principles and to the actual figures and shall inform the Board of Directors in written with its own evaluation.

5.2.3.2. It shall sign the interim and annual financial tables, activity reports controlled and undersigned by the ASELSAN's authorized executives as well as the statement of responsibility enclosed as Annex-A quarterly and ensure public disclosure of these.

5.2.3.3. Financial Reports approved by the Audit Committee and Board of Directors shall be disclosed to the public on the Public Disclosure Platform and Company's website.

5.2.4. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO INTERNAL CONTROLS

5.2.4.1. It shall monitor efficiency and adequacy of the internal control system adopted by the company and its subsidiaries and ensures its acknowledgement by the personnel and support of the management.

5.2.4.2. It shall evaluate auditor and internal auditor suggestions related to internal control and whether or not the necessary ones are applied.

5.2.4.3. It shall monitor the process of forming a mechanism for reviewing and settling complaints received from Stakeholders related to company transactions, which violate the regulation and are unethical, and its operations as per the confidentiality principle.

Audit Committee Work Directives

5.2.5. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO THE INTERNAL AUDITS

5.2.5.1. It shall review efficiency of IAD directives, structure and activities and ensure settlement of particulars limiting the internal audit operations.

5.2.5.2. It shall monitor the coordination and communication between the IAD and Company's other departments, subsidiaries and independent audits for ensuring smooth processes.

5.2.5.3. It shall evaluate the audit plans and internal audit reports issued by IAD.

5.3. DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE SECRETARIAT

5.3.1. It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.

5.3.2. It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure outmost efficiency.

5.3.3. It shall ensure timely communication all of kinds of information to the committee members.

5.3.4. It shall always keep the records available to the members.

STRUCTURE OF THE AUDIT COMMITTEE

6.1. The Audit Committee shall be as a member of Board of Directors and have minimum 2 (two) members. If the committee has two members both members shall be Board of Directors Non-executive independent members If there are more than two members, then the same rule shall be applicable for majority of the members. Members of the Audit Committee should have experience at least five (5) years at audit / accounting and finance subject.

6.2. As per the Capital Markets Board regulations, the Audit Committee shall be formed and authorized on the first Board of Directors Meeting held after the Annual Ordinary ASELSAN General Assembly Meeting.

6.3. At least two Audit Committee members shall be required for the committee meetings and at least two members are required for decisions.

6.4. The Audit Committee shall convene minimum every 3 months and four times a year and outcome of the meeting connecting with the minute submitted to the Board of Directors. The audit committee's activities and about the outcome of the meeting must be disclosed in the annual report. During the period how many times the audit committee makes written notification to the Board shall indicated in the annual report.

6.5. The Committee's secretariat duties related to the financial tables shall be performed by the Chief Office of Capital Markets Board Financial Control and Reporting attached to the Accounting Department and the secretariat duties related to internal control and internal audit activities shall be performed by IAD.

ENFORCEMENT

These Directives have been approved by the Board of Directors as per the resolution dated 22.09.2003 and numbered 443/16 and came into force as of 25.09.2003

EXECUTION

The Audit Committee shall be responsible for executing the provisions listed on these Directives.

CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

ANNEX- STATEMENT OF RESPONSIBILITY

Board of Directors' Early Detection and Management of Risk Committee Work Directives

1. PURPOSE

The purpose of these directives is to determine the duties, authorities, responsibilities and work principles of the Early Detection and Management of Risk Committee, which is established under Article 378 of the Turkish Commercial Code numbered 6102 and Board of Directors Resolution dated 10.04.2012, as per the Turkish Commercial Code and Corporate Governance Principles announced by the Capital Markets Board.

2. SCOPE

These directives cover works and actions to be performed as per the Turkish Commercial Code and Corporate Governance Principles by the Early Detection and Management of Risk Committee and/or Company personnel not a member of the Committee but assigned by the Committee.

3. DEFINITIONS

3.1. Independent Auditing Firm (IAF): Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22/d of the Act.

3.2. Auditor: Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms

3.3. Early Detection and Management of Risk Committee (Committee): A committee to be appointed by the Board of Directors among the Board of Directors members or third parties specialized in certain areas for the purpose of fulfilling the liabilities listed on the Turkish Commercial Code for systematic early detection and management of company risks and executing, coordinating related risks.

3.4. Early Detection and Management of Risk Committee Secretariat (Secretariat): ASELSAN personnel arranging operations and meetings of Early Detection and Management of Risk Committee, archiving correspondences and coordinating communication between the members.

3.5. Capital Markets Board: Public legal entity established as per Article 17 of the Capital Market Law.

3.6. Company: ASELSAN Elektronik Sanayi ve Ticaret A.S.

4. RELATED REFERENCE DOCUMENTS

4.1. Turkish Commercial Code.

4.2. Capital Markets Board Regulations.

4.3. Corporate Governance Principles published by the Capital Markets Board

4.4. Regulations, provisions and principles on ASELSAN Articles of Association

5. DUTIES AND RESPONSIBILITIES

5.1. DUTIES AND RESPONSIBILITIES OF ASELSAN EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

5.1.1. The main function of the Early Detection and Management of Risk Committee is early detection of risks threatening existence, development and sustainability of ASELSAN as well as taking action for the risks determined and trying to manage the risks determined.

5.1.2. The Committee shall determine, identify the potential risks having an impact on ASELSAN beforehand and ensure duly management of the risks according to the risk-taking approach of the company.

5.1.3. It shall evaluate the situation by means of a report to be submitted to the Board of Directors every two months as well as pointing out the threats, if any, and suggesting solutions.

5.1.4. It shall review the changes suggested to the risk management systems by the Enterprise Risk and Process Management Department under Finance Directorate as often as the agenda permits but minimum once a year.

5.1.5. The Committee shall advise the Board of Directors on internal audit systems including risk management and information systems and processes minimizing the risks and related impacts to be suffered by the shareholders and company stakeholders.

5.1.6. The Committee shall prepare an annual assessment report, including meeting frequency of Committee members and activities performed, which shall be included in the Annual Company Activity Report and basis to the Board of Directors assessment related to the work principles and Committee's efficiency.

5.1.7. The resolutions taken at the meetings shall be documented and undersigned by the Committee Members and archived by the Secretariat.

Board of Directors' Early Detection and Management of Risk Committee Work Directives

5.2. DUTIES AND RESPONSIBILITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE SECRETARIAT

5.2.1. It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.

5.2.2. It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.

5.2.3. It shall ensure timely communication all of kinds of information to the committee members.

5.2.4. It shall always keep the records available to the members.

6. STRUCTURE AND AUTHORITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

6.1. COMMITTEE'S STRUCTURE

6.1.1. The Committee shall be formed and authorized at the first Board of Directors meeting held after the Annual Ordinary General Assembly Meeting of the company, as per the Capital Markets Board regulations.

6.1.2. The Committee shall have minimum two members. If the committee has two members then both members shall be Board of Directors members not having executive function and if there are more than two members, then majority of the members shall not have executive functions. Third parties specialized in certain areas can also be appointed as Committee members. The Committee chairman shall be appointed among Independent Members of Board of Directors.

6.1.3. The Chief Executive Officer / General Manager shall not take office in the committee.

6.1.4. The secretariat formalities of the Committee including the preparation of the report submitted to the Board of Directors shall be performed by Enterprise Risk and Process Management Department under Finance Directorate.

6.1.5. One more than half of the total members shall be required for committee meetings and majority is required for decisions.

6.1.6. The Committee shall convene once every two months, unless otherwise is required, and, if required, it shall convene at the Company's registered office following a call to be made by the Secretariat on behalf of the Committee Chairman. The Committee Chairman might offer to reschedule the meeting date, hour and place provided that the Committee Members are informed beforehand.

6.2. AUTHORITIES OF THE COMMITTEE

6.2.1. If required, the Committee shall start special inspections and appoint people specialized in their areas as consultant for the purpose of ensuring assistance in such inspections.

6.2.2. If required, the Committee shall hold meetings with representatives of Company's related parties and specialists, including Company personnel or subsidiaries; and under the provision of the Board of Directors and coordinated with the General Manager, it shall seek external and professional consultancy service.

6.2.3. The Committee shall act according to its authorities and responsibilities and make recommendations to the Board of Directors however the Board of Directors shall always have the final decision making responsibility and the Committee shall not relieve the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

7. ENFORCEMENT

These directives have been approved by the Board of Directors as per the resolution dated 29.11.2012 and numbered 750/4.3.e and came into force as of 29.11.2012.

8. EXECUTION

ASELSAN Early Detection and Management of Risk Committee shall be responsible for executing the provisions listed on these directives.

9. CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet. The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

Board of Directors' Corporate Governance Committee Work Directives

1. PURPOSE

The purpose of these directives is to determine the duties, authorities, responsibilities and work principles of the Corporate Governance Committee established as per the Corporate Governance Principles announced by the Capital Markets Boards (CMB).

2. SCOPE

These directives cover works and actions to be performed as per the Corporate Governance Principles by the Corporate Governance Committee and/or Company personnel not a member of the Committee but assigned by the Committee.

3. DEFINITIONS

3.1. Corporate Governance: Index of relations between the Board of Directors, shareholders and other stakeholders of a company.

3.2. Corporate Governance Committee (Committee): A committee to be appointed by the Board of Directors among the Board of Directors members or third parties specialized in certain areas for the purpose of executing and coordinating Corporate Governance Principles related formalities of the Company, provided that majority of the members are from the Board of Directors and the executive of Investor Relations Department shall be appointed as a member of the Committee.

3.3. Corporate Governance Committee Secretariat (Secretariat): ASELSAN personnel arranging operations and meetings of Corporate Governance Committee, archiving correspondences and coordinating communication between the members.

3.4. Capital Markets Board: Public legal entity established the Capital Market Law numbered 6362.

3.5. Company: ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

4. RELATED REFERENCE DOCUMENTS

4.1. Capital Markets Board Regulations.

4.2. Corporate Governance Principles published by the Capital Markets Board.

4.3. Prepared as per the regulations, provisions and principles on ASELSAN Articles of Association.

5. DUTIES AND RESPONSIBILITIES

5.1. DUTIES AND RESPONSIBILITIES OF ASELSAN CORPORATE GOVERNANCE COMMITTEE

5.1.1. The Corporate Governance Committee shall mainly work on implementing corporate governance principles at the Company.

5.1.2. The Committee shall determine whether or not the Corporate Governance Principles are implemented and if not implemented, the Committee shall determine the reasons as well as conflicts of interest caused by failing to fully comply with these principles.

5.1.3. It shall monitor the operations of Investor Relations Department.

5.1.4. It shall play a leading part in maintaining effective communication between the Board of Directors, Company and shareholders, eliminating and settling any possible disputes as well as advising the Board of Directors accordingly.

5.1.5. The Committee shall advise the Board of Directors on due effectiveness of infrastructures related to management applications aiming at improving company performance as well as acknowledgement by the personnel and support of the management.

5.1.6. The Committee shall issue the Company's Corporate Governance Compliance Report.

5.1.7. The Committee shall revise the Company's Activity Report to be disclosed to the public and checks whether or not the information included in the Report conform to the information possessed by the Committee.

Board of Directors' Corporate Governance Committee Work Directives

5.1.8. The Committee shall prepare an annual assessment report, including meeting frequency of Committee members and activities performed, which shall be included in the Annual Company Activity Report and basis to the Board of Directors assessment related to the work principles and Committee's efficiency.

5.1.9. The Committee shall make suggestions ensuring compliance to the law and regulations, company's Information Policy in terms of public disclosures to be made.

5.1.10. The Committee shall present its operations and suggestions to the Board of Directors in the form of a report.

5.1.11. The resolutions taken at the meetings shall be documented and undersigned by the Committee Members and archived by the Secretariat.

5.1.12. If Nomination Committee and Remuneration Committee cannot be established separately due to the structure of the Board of Directors, the Committee shall perform the duties assigned to these committees as per the Corporate Governance Principles published by the Capital Markets Board.

5.1.13. Within the scope of the responsibilities of Nomination Committee; the Committee carries the duties on creating a transparent system for the evaluation of the nominees for Board of Directors and the nominees for the executives with administrative responsibility, their training and setting out policies and strategies regarding these matters. In this context, the Committee also regularly makes assessments on the structure and efficiency of Board of Directors and presents suggestions for improvement related to these issues.

5.1.14. Within the scope of the responsibilities of Remuneration Committee; the Committee determines and monitors the principles, criteria and the practices for the remuneration of the members of Board of Directors and executives with administrative responsibility, considering the long term objectives of the Company. In this context, the Committee also presents suggestions about the remuneration of the members of Board of Directors and executives with administrative responsibility, taking the level of achievement regarding the remuneration criteria met into account.

5.2. DUTIES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE SECRETARIAT

5.2.1. It shall provide communication between the members, prepare Committee meetings, keep meeting minutes and duly archive correspondences.

5.2.2. It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.

5.2.3. It shall ensure timely communication all of kinds of information to the Committee members.

5.2.4. It shall always keep the records available to the members.

5.2.5. It shall periodically submit reports on investor questions and content.

6. STRUCTURE AND AUTHORITIES OF THE CORPORATE GOVERNANCE COMMITTEE

6.1. COMMITTEE'S STRUCTURE

6.1.1. The Committee shall be formed and authorized at the first Board of Directors meeting held after the Annual Ordinary General Assembly Meeting of the company, as per the Capital Markets Board regulations.

6.1.2. The Committee shall be formed by at least 3 (three) members; two of whom shall be members of Board of Directors and one shall be the Investor Relations Department Executive. The majority of the members of Board of Directors in the Committee shall not have executive functions. Investor Relations Department Executive must have the "Capital Markets Activities Advanced Level" and "Corporate Governance Rating Expertise" certificates and must be working full time in the Company.

6.1.3. Third parties specialized in certain areas who are not members of Board of Directors can also be appointed as Committee members. The Committee Chairman shall be appointed among Independent Members of Board of Directors.

6.1.4. The Chief Executive Officer / General Manager shall not take office in the Committee.

Board of Directors' Corporate Governance Committee Work Directives

6.1.5. The secretariat formalities of the Committee shall be performed by Investor Relations Department.

6.1.6. One more than half of the total members shall be required for Committee meetings and majority is required for decisions.

6.1.7. The Committee shall convene every 3 (three) months as a principle and, if required, it shall convene at the Company's registered office following a call to be made by the Secretariat on behalf of the Committee Chairman. The Committee chairman might reschedule the meeting date, hour and place provided that the Committee Members are informed beforehand.

6.2. AUTHORITIES OF THE COMMITTEE

6.2.1. If required, the Committee shall start special inspections and appoint people specialized in their areas as consultant for the purpose of ensuring assistance in such inspections.

6.2.2. If required, the Committee shall hold meetings with representatives of Company's related parties and specialists, including Company personnel or subsidiaries; and it shall seek external and professional consultancy service.

6.2.3. The Committee shall act according to its authorities and responsibilities and make recommendations to the Board of Directors however the Board of Directors shall always have the final decision making responsibility.

7. ENFORCEMENT

These directives have been approved by the Board of Directors as per the resolution dated 23.02.2006 and numbered 529/2.d and came into force as of 30.05.2006.

8. EXECUTION

ASELSAN Corporate Governance Committee shall be responsible for executing the provisions listed on these directives.

9. CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

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