

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
AS OF AND FOR THE THREE-MONTH  
PERIOD ENDED 31 MARCH 2021

27 April 2021

This report contains condensed consolidated interim financial information and related disclosures and footnotes comprising 46 pages.

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**ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021**

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

	Note References	Current Period Not Reviewed	Audited
		31 March 2021	31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>		<b>19.290.779</b>	<b>19.594.261</b>
Cash and Cash Equivalents	3	3.148.661	4.081.654
Financial Investments		7.730	17.914
Trade Receivables	5	7.151.641	7.146.519
<i>From Related Parties</i>	4	3.844.353	3.486.689
<i>From Third Parties</i>		3.307.288	3.659.830
Other Receivables		626.309	672.391
<i>From Related Parties</i>	4	24.836	75.181
<i>From Third Parties</i>		601.473	597.210
Inventories	6	5.860.320	5.532.703
Prepaid Expenses	7	1.944.230	1.778.726
<i>From Related Parties</i>	4	890.198	586.400
<i>From Third Parties</i>		1.054.032	1.192.326
Other Current Assets		551.888	364.354
<b>Non-Current Assets</b>		<b>15.060.000</b>	<b>14.499.968</b>
Financial Investments		1.183.715	1.183.215
Trade Receivables	5	7.835.717	7.469.380
<i>From Related Parties</i>	4	6.011.946	5.893.276
<i>From Third Parties</i>		1.823.771	1.576.104
Other Receivables		2.710	1.235
<i>From Third Parties</i>		2.710	1.235
Equity Accounted Investments		155.041	150.210
Property, Plant and Equipment	8	2.505.729	2.342.223
Intangible Assets	8	1.717.468	1.555.318
Prepaid Expenses	7	375.028	373.625
<i>From Related Parties</i>	4	100.141	72.313
<i>From Third Parties</i>		274.887	301.312
Deferred Tax Assets	10	253.308	352.900
Other Non-Current Assets		1.031.284	1.071.862
<b>TOTAL ASSETS</b>		<b>34.350.779</b>	<b>34.094.229</b>

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

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021**

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

	Note References	Current Period Not Reviewed	Audited
		31 March 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>11.348.653</b>	<b>12.319.765</b>
Short-term Financial Liabilities	19	1.741.011	1.618.175
Short-term Portion of Long-term Financial Liabilities	19	1.652.759	1.388.850
Trade Payables	5	3.231.629	4.251.469
<i>To Related Parties</i>	4	753.155	847.988
<i>To Third Parties</i>		2.478.474	3.403.481
Employee Benefit Obligations	12	197.007	205.506
Other Payables		25.777	101.022
<i>To Related Parties</i>	4	5.000	87.803
<i>To Third Parties</i>		20.777	13.219
Government Grants and Incentives		27.606	29.513
Deferred Income	7	2.341.403	2.656.573
<i>To Related Parties</i>	4	1.300.106	1.548.603
<i>To Third Parties</i>		1.041.297	1.107.970
Corporate Tax Liability		579	4.635
Short-term Provisions		2.123.305	2.046.616
<i>For Employee Benefits</i>	12	109.719	108.854
<i>Other</i>	9	2.013.586	1.937.762
Other Current Liabilities		7.577	17.406
<b>Non-Current Liabilities</b>		<b>3.664.282</b>	<b>3.676.361</b>
Long-term Financial Liabilities	19	834.737	883.448
Trade Payables	5	311	311
<i>To Related Parties</i>	4	--	--
<i>To Third Parties</i>		311	311
Other Payables		17.945	36.394
<i>To Third Parties</i>		17.945	36.394
Deferred Income	7	1.782.009	1.764.157
<i>To Related Parties</i>	4	1.213.012	1.314.874
<i>To Third Parties</i>		568.997	449.283
Long-term Provisions		1.022.848	992.051
<i>Long-term Provisions for Employee Benefits</i>	12	266.042	264.964
<i>Other</i>	9	756.806	727.087
Other Non-Current Liabilities		6.432	--

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021**

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

	Note References	Current Period Not Reviewed	Audited
		31 March 2021	31 December 2020
<b>EQUITY</b>		<b>19.337.844</b>	<b>18.098.103</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>19.126.526</b>	<b>17.881.761</b>
Share Capital	13	2.280.000	2.280.000
Inflation Adjustments on Share Capital Differences	13	98.621	98.621
Share Premiums		2.796.723	2.796.723
Other Comprehensive Income / (Expense) that will not be Reclassified to Profit or (Loss)		248.103	248.103
<i>Gain on Revaluation of Property, Plant and Equipment</i>		309.535	309.535
<i>Gain/ Loss on Remeasurement of Defined Benefit Plans</i>		(61.432)	(61.432)
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		1.175.895	1.164.981
<i>Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income</i>		1.118.100	1.118.100
<i>Cumulative Translation Adjustments</i>		57.795	46.881
Restricted Reserves	13	312.371	312.371
Retained Earnings		10.980.962	6.531.856
Net Profit for the Year		1.233.851	4.449.106
<b>Non-Controlling Interests</b>		<b>211.318</b>	<b>216.342</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>34.350.779</b>	<b>34.094.229</b>

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

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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

	Note References	Current Period	Not Reviewed
		1 January- 31 March 2021	1 January- 31 March 2020
<b>PROFIT OR LOSS</b>			
Revenue	14	3.173.135	2.595.267
Cost of Sales (-)	14	(2.241.406)	(1.843.205)
<b>GROSS PROFIT</b>		<b>931.729</b>	<b>752.062</b>
General Administrative Expenses (-)		(110.750)	(95.783)
Marketing Expenses (-)		(113.700)	(45.405)
Research and Development Expenses (-)		(43.009)	(56.028)
Other Operating Income	15	1.880.443	1.403.387
Other Operating Expenses (-)	15	(983.502)	(743.000)
<b>OPERATING PROFIT</b>		<b>1.561.211</b>	<b>1.215.233</b>
Income From Investing Activities		2.131	31
Shares of Profit of Equity Accounted Investees		(5.016)	(8.439)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>		<b>1.558.326</b>	<b>1.206.825</b>
Financial Income	16	174.690	164.559
Financial Expense (-)	17	(404.451)	(395.287)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>1.328.565</b>	<b>976.097</b>
<b>Tax Income from Continuing Operations</b>	10	<b>(99.738)</b>	<b>(55.883)</b>
- Current Corporate Tax Expense(-)		(146)	(1.634)
- Deferred Tax Income		(99.592)	(54.249)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>1.228.827</b>	<b>920.214</b>
<b>Profit for the Period Attributable to</b>		<b>1.228.827</b>	<b>920.214</b>
Non-Controlling Interest		(5.024)	77
Owners of the Company	18	1.233.851	920.137
		<b>1.228.827</b>	<b>920.214</b>
<b>Earnings for per 100 Shares (in full kuruş)</b>	<b>18</b>	<b>54,12</b>	<b>40,36</b>

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

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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

	<b>Note References</b>	<b>Current Period Not Reviewed 1 January- 31 March 2021</b>	<b>Not Reviewed 1 January- 31 March 2020</b>
<b>PROFIT FOR THE PERIOD</b>		<b>1.228.827</b>	<b>920.214</b>
<b>Items that will not to be reclassified subsequently in Profit or Loss</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>10.914</b>	<b>476</b>
Foreign Currency Exchange Differences		10.914	476
<b>OTHER COMPREHENSIVE INCOME</b>		<b>10.914</b>	<b>476</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1.239.741</b>	<b>920.690</b>
<b>Total Comprehensive Income Attributable to</b>			
Non-Controlling Interests		(5.024)	77
Parent Company		1.244.765	920.613
		<b>1.239.741</b>	<b>920.690</b>

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

# ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(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				
	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 Difference 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	Total
<b>Balance as of 1 January 2020</b>	<b>1.140.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>207.431</b>	<b>(18.073)</b>	<b>729.612</b>	<b>25.507</b>	<b>172.687</b>	<b>2.661.896</b>	<b>2.318.197</b>	<b>10.132.601</b>	<b>44.420</b>	<b>10.177.021</b>
Transfers	--	--	--	--	--	--	--	104.140	2.040.057	(2.144.197)	--	--	--
Total Comprehensive Income	--	--	--	--	(14.281)	203.686	9.935	--	--	3.340.447	3.539.787	12.226	<b>3.552.013</b>
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	13.865	<b>13.865</b>
Dividends	--	--	--	--	--	--	--	--	--	(174.000)	(174.000)	--	<b>(174.000)</b>
<b>Balance as of 31 December 2020 (Closing Balance)</b>	<b>1.140.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>207.431</b>	<b>(32.354)</b>	<b>933.298</b>	<b>35.442</b>	<b>276.827</b>	<b>4.701.953</b>	<b>3.340.447</b>	<b>13.498.388</b>	<b>70.511</b>	<b>13.568.899</b>
<b>Balance as of 1 January 2021</b>	<b>2.280.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>309.535</b>	<b>(61.432)</b>	<b>1.118.100</b>	<b>46.881</b>	<b>312.371</b>	<b>6.531.856</b>	<b>4.449.106</b>	<b>17.881.761</b>	<b>216.342</b>	<b>18.098.103</b>
Transfers	--	--	--	--	--	--	--	--	4.449.106	(4.449.106)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	--	--	10.914	--	--	1.233.851	1.244.765	(5.024)	<b>1.239.741</b>
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Balance as of 31 March 2021 (Closing Balance)</b>	<b>2.280.000</b>	<b>98.621</b>	<b>2.796.723</b>	<b>309.535</b>	<b>(61.432)</b>	<b>1.118.100</b>	<b>57.795</b>	<b>312.371</b>	<b>10.980.962</b>	<b>1.233.851</b>	<b>19.126.526</b>	<b>211.318</b>	<b>19.337.844</b>

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

# ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

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

	Note References	Current Period	Not Reviewed
		1 January- 31 March 2021	1 January- 31 March 2020
<b>A.Cash Flows from Operating Activities</b>		<b>(634.809)</b>	<b>(716.505)</b>
Profit for the Period		1.228.827	920.214
<b>Adjustments to Reconcile Profit for the Period</b>		<b>696.024</b>	<b>602.463</b>
- Adjustments for Depreciation and Amortization Expense	8	96.752	65.891
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		14.563	(36.391)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	5	7.987	(40.432)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories</i>	6	6.576	4.041
-Adjustments for Provisions		186.239	253.366
<i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>	12	17.519	36.780
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		88.533	148.354
<i>Adjustments for (Reversal of) Warranty Provisions</i>		75.749	71.823
<i>Adjustments for (Reversal of) Other Provisions</i>		4.438	(3.591)
-Adjustments for Interest (Income) Expenses		29.089	18.495
<i>Adjustments for Interest Income</i>		(190.850)	(169.428)
<i>Adjustments for Interest Expense</i>		219.939	187.923
- Adjustments for Retained Profit of Equity Accounted Investees		5.016	8.439
- Adjustments for Tax (Income)/Expenses		99.738	55.883
-Other Adjustments for which Cash Effects are Investing or Financing Cash Flow			
		318.334	212.964
-Other Adjustments to Reconcile Profit (Loss)		(53.707)	23.816
<b>Changes in Working Capital</b>		<b>(2.476.706)</b>	<b>(2.146.907)</b>
- Decrease (Increase) in Trade Receivables		728.924	186.499
- Decrease (Increase) in Other Receivables Related with Operations		44.607	(7.355)
- Decrease (Increase) in Inventories	6	(323.707)	(532.581)
- Decrease (Increase) in Prepaid Expenses	7	(218.863)	(59.004)
- Increase (Decrease) in Trade Payables	5	(887.475)	(462.800)
- Increase (Decrease) in Employee Benefit Obligations	12	(8.499)	(15.186)
-Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(1.261.815)	(1.551.915)
- Increase (Decrease) in Other Operating Payables		(93.694)	(23.268)
- Increase (Decrease) in Government Grants and Subsidies		(1.907)	(2.451)
- Increase (Decrease) in Deferred Income		(310.727)	386.778
- Other Increase (Decrease) in Working Capital		(143.550)	(65.624)
<b>Cash Flows From Operations</b>		<b>(551.855)</b>	<b>(624.230)</b>
Payments Related with Provisions for Employee Benefits	12	(15.575)	(12.555)
Payments Related with Other Provisions		(63.177)	(66.873)
Income Taxes Refund (Paid)		(4.202)	(12.847)
<b>B.Cash Flows From Investing Activities</b>		<b>(484.930)</b>	<b>(389.033)</b>
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		1.223	31
Purchase of Property, Plant and Equipment		(227.122)	(157.551)
Purchase of Intangible Assets	8	(309.641)	(246.345)
Dividends Received		--	3.409
Other Cash Inflows (Outflows)		50.610	11.423
<b>C.Cash Flows From Financing Activities</b>		<b>19.699</b>	<b>(669.711)</b>
Proceeds from Borrowings		237.143	277.701
Repayments of Borrowings		(217.444)	(947.412)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>(1.100.040)</b>	<b>(1.775.249)</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>168.451</b>	<b>85.742</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(931.589)</b>	<b>(1.689.507)</b>
<b>E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>4.078.756</b>	<b>3.513.403</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3</b>	<b>3.147.167</b>	<b>1.823.896</b>

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

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

#### **1. ORGANIZATION AND OPERATIONS OF THE GROUP**

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

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

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

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

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

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

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

The Company is registered to Capital Markets Board of Turkey ("CMB") and its shares have been quoted in Borsa İstanbul Anonim Şirketi ("BİST") since 1990. As of 31 March 2021, 25,80 percent of the Company's shares are publicly traded (31 December 2020: 25,80 percent) (Note 13).

The Company's trade registry address is Mehmet Akif Ersoy Mahallesi 296. Cadde No:16 06200 Yenimahalle/Ankara. The average number of personnel employed by the Group as of 31 March 2021 is 9.486 (31 December 2020: 8.692).

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

The Company's consolidated subsidiaries are ASELSAN Baku ("ASELSAN Baku"), Mikroelektronik Ar-Ge Tasarım ve Ticaret Ltd. Co. ("Mikro AR-GE"), ASELSANNET Elektronik ve Haberleşme Sistemleri Sanayi Ticaret İnşaat ve Taahhüt Ltd. Co. ("ASELSANNET"), ASELSAN 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"). They are collectively referred as the "Group" in the accompanying notes.

The Company has four branch offices; Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi EP Co. ("ASELSAN South Africa"), ASELSAN Makedonya Corridor-10 Highway Toll Collection System Project ("ASELSAN Macedonia") and ASELSAN Kıbrıs İleri Teknolojiler Araştırma Merkezi ("ASELSAN 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.

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 The Basis of Presentation

##### Statement of Compliance to TAS

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 Accounting Standards ("TAS") 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 and User Guide in the Official Gazette No:30794 on 7 June 2020 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.

##### Approval of the Consolidated Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors with the resolution number 1105 on 27 April 2021. 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 Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflationary accounting. Consequently, in the accompanying financial statements ("TAS/TAS 29") "Financial Reporting in Hyperinflationary Economies" has not been applied since 1 January 2005.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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

### 2.1 The Basis of Presentation (continued)

#### Basis of Consolidation

#### Subsidiaries:

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

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 March 2021	31 December 2020	
ASELSANNET	Turkey	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Turkey	TL	100	100	Export
Mikro AR-GE	Turkey	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Turkey	TL	51	51	Weapon and weapon systems
BITES	Turkey	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	--	Marketing and sales of the group products
ULAK	Turkey	TL	51	51	Communication systems

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

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

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

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

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

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

**2.1 The Basis of Presentation (continued)**

**Basis of Consolidation (continued)**

**Subsidiaries (continued):**

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

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

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

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

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

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(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 March 2021 and 31 December 2020 are as follows:

Joint Ventures	Principal Activity	Country of establishment and operation	Group's proportion of ownership and voting power held (%)	
			31 March 2021	31 December 2020
ASELSAN Hassas Optik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Optik")	Sensitive optic technologies	Turkey	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	Turkey	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	Turkey	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	Turkey	15	30
EHSİM Elektronik Harp Sistemleri Müh. Tic. A.Ş. ("EHSİM")	Electronic Warfare and Tactical Command Systems	Turkey	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.	Turkey	35	50
DASAL Havacılık Teknolojileri A.Ş.	Aviation technologies	Turkey	40	--

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

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

##### **2.1 The Basis of Presentation (continued)**

###### **Basis of Consolidation (continued)**

###### **Joint Ventures (continued):**

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

The Group's joint ventures; IGG ASELSAN and ASELSAN Kazakhstan have been established in 2011, ASELSAN Jordan has been established in 2012 and ASELSAN Optik and ASELSAN Bilkent which were established in 2014, TÜYAR has been established in 2017, TEKNOHAB has been established in 2018, EHSİM has been established in 1998 and DASAL Havacılık Teknolojileri A.Ş. has been 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.

(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**

**a) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:**

**TFRS 16 COVID-19 Related Rent Concessions for Lessees**

On 05 June 2020, POA issued amendments to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 and
- There is no substantive change to other terms and conditions of the lease.

A lessee shall apply COVID-19-Related Rent Concessions amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**IBOR Reform and its Effects on Financial Reporting—Phase 2**

In August 2020, IASB issued amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- Applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- Providing useful information to users of financial statements.

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

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

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

**a) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows (continued)**

**IBOR Reform and its Effects on Financial Reporting—Phase 2 (continued)**

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities,
- Hedge accounting, and
- Disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. The Group shall apply these amendments for annual periods beginning on or after 1 January 2021 with earlier application permitted.

**b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 March 2021**

**TFRS 17 – Insurance Contracts**

On 16 February 2019, POA issued TFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a. Specifying that an entity's right to defer settlement must exist at the end of the reporting period,
- b. Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement,
- c. Clarifying how lending conditions affect classification, and
- d. Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

(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 March 2021  
(continued)**

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)**

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

**Classification of Liabilities as Current or Non-current - Defers the effective date of amendments to TMS 1**

Classification of Liabilities as Current or Non-current effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting 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 TMS 1.

**Reference to the Conceptual Framework (Amendments to TFRS 3)**

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.

**Property, Plant and Equipment Proceeds before Intended Use (Amendments to TMS 16)**

In July 2020, POA issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to TMS 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.

**Onerous Contracts - Cost of Fulfilling a Contract (Amendments to TMS 37)**

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.

(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 March 2021 (continued)**

**Annual Improvements to IFRS 2018–2020**

IASB issued Annual Improvements to IFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

**IFRS 1 First-time Adoption of International Financial Reporting Standards**

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent – i.e. if a subsidiary adopts IFRS later than its parent and applies IFRS 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 IFRS. This amendment will ease transition to IFRS for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

**IFRS 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.

**TMS 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 TMS 41 with those in IFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**3. CASH AND CASH EQUIVALENTS**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Cash	252	298
Bank		
- <i>Time deposit</i>	2.857.199	3.767.013
- <i>Demand deposit</i>	165.978	224.295
Lease Certificate (Sukuk)	115.000	80.000
Other	8.738	7.150
<b>Cash and cash equivalents on the cash flow statement</b>	<b>3.147.167</b>	<b>4.078.756</b>
Interest income accruals	1.494	2.898
	<b>3.148.661</b>	<b>4.081.654</b>

As of 31 March 2021, the Group has time deposits denominated in foreign currencies with maturities on April 2021 (31 December 2020: January 2021), with the interest rates between 0,25 percent and 2,70 percent (31 December 2020: 0,25 percent and 2,35 percent) amounting to TL 1.448.089 (31 December 2020: TL 606.150) in several banks.

As of 31 March 2021, the Group has time deposits denominated in TL terms with maturities between April 2021 (31 December 2020: January-March 2021) with the interest rates between 18,00 percent and 19,35 percent (31 December 2020: 14 percent and 18,75 percent) amounting to TL 1.409.110 (31 December 2020: TL 3.160.863) in several banks.

As of 31 March 2021, the Group has leasing certification denominated in TL terms with maturities April 2021 (31 December 2020: January 2021) with the interest rates between 17,40 percent and 17,85 percent (31 December 2020: 17,15 percent) amounting to TL 115.000 (31 December 2020: TL 80.000).

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

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

#### **4. RELATED PARTY DISCLOSURES**

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

The trade receivables from related parties generally arise from sales activities with maturities of 1-2 years.

The trade payables to related parties generally arise from the purchase activities with maturities of 1-9 months.

Total amount of salaries and other short-term benefits paid for key management for the period ended 31 March 2021 is TL 7.842 (31 March 2020: 6.218 TL).

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

### 4. RELATED PARTY DISCLOSURES (continued)

	31 March 2021									
	Receivables					Payables				
	Short-term			Long-term		Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables	Trading	Deferred Income
<b>Balances with related parties</b>										
<b>Main shareholder</b>										
TSKGV	56	--	--	--	--	--	--	--	--	--
<b>Main shareholder's subsidiaries and associates</b>										
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	58.616	52.034	--	4.274	3.638	85.265	353	--	--	3
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	6.709	30.149	--	--	12.549	27.779	2.245	--	--	1.683
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	35.577	--	--	3.230	14.938	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	15.723	--	--	1.435	37.381	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	215.394	3.726	--	345.773	--	20.122	--	--	--	11.179
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	202.535	--	--	167.531	--	227	99.313	--	--	193.073
<b>Financial Instruments</b>										
Askeri Pil Sanayi ve Ticaret Anonim Şirketi ("ASPİLSAN")	--	108	--	--	--	15.114	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	371.913	608.049	--	97.766	67.786	402.776	33.429	--	--	61.617
<b>Joint ventures and its related parties</b>										
ASELSAN Bilkent Nano	--	31.712	--	--	496	11.215	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	833	--	--	--	3.506	--	--	--	--
ASELSAN Optik	7.587	45.758	2.250	--	8.880	17.885	--	--	--	--
IGG	74.588	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	7.243	1.561	--	--	--	947	--	--	--	--
ASELSAN Kazakistan	86.733	--	--	6.435	--	68	168	--	--	--
ASELSAN Jordan	44.680	--	--	2.258	--	27.945	--	--	--	--
TÜBİTAK BİLGEM	--	17.171	--	--	--	25.870	--	--	--	--
TÜBİTAK-UME	--	161	--	--	--	145	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	37.515	3.180	--	123.897	2.127	780	1.297	--	--	11.614
TÜBİTAK SAGE Savunma Sanayii	--	43.855	--	7.841	--	56.801	--	--	--	--
TÜBİTAK UZAY TEKNOLOJİLERİ	--	--	--	--	--	--	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	2.724.997	--	--	5.251.935	--	--	1.163.301	--	--	933.843
SSTEK	5.787	--	22.586	--	--	--	--	5.000	--	--
EHSİM	--	601	--	--	--	3.260	--	--	--	--
DASAL	--	--	--	--	--	1.131	--	--	--	--
<b>Equity Issue</b>										
	<b>3.844.353</b>	<b>890.198</b>	<b>24.836</b>	<b>6.011.946</b>	<b>100.141</b>	<b>753.155</b>	<b>1.300.106</b>	<b>5.000</b>	<b>--</b>	<b>1.213.012</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

### 4. RELATED PARTY DISCLOSURES (continued)

Balances with related parties	31 December 2020									
	Receivables					Payables				
	Short-term			Long-term		Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables	Trading	Deferred Income
<b>Main shareholder</b>										
TSKGV	52	--	--	--	--	--	--	--	--	--
<b>Main shareholder's subsidiaries and associates</b>										
EHSİM Elektronik Harp Sis. Müh. Tic. Anonim Şirketi ("EHSİM")	--	601	--	--	--	2.078	--	--	--	--
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	36.215	43.453	--	862	7.365	99.826	528	--	--	--
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	1.213	39.266	--	--	--	26.885	1.683	--	--	2.245
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	32.205	--	--	--	21.441	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	15.405	--	--	4.206	70.695	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	124.672	4.772	--	311.625	--	19.143	--	--	--	9.656
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	219.235	40	--	219.908	--	324	45.160	--	--	224.140
<b>Financial Instruments</b>										
ASPİLSAN Enerji Sanayi ve Ticaret Anonim Şirketi ("ASPİLSAN")	--	256	--	--	--	11.092	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	268.176	308.928	--	93.602	53.593	374.567	37.391	--	--	77.983
<b>Joint ventures and its related parties</b>										
ASELSAN Bilkent Nano	--	25.593	--	--	3.939	29.601	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	833	--	--	--	2.967	--	--	--	--
ASELSAN Optik	6.729	78.184	1.550	--	--	44.791	--	--	--	--
IGG	68.260	--	--	4.236	--	--	--	--	--	--
IGG ASELSAN	10.721	1.561	--	--	--	6.048	--	--	--	--
ASELSAN Kazakistan	47.720	--	--	6.270	--	60	322	--	--	--
ASELSAN Jordan	70.416	--	--	2.258	--	47.569	--	--	--	--
TÜBİTAK BİLGEM	--	9.508	--	--	359	25.739	--	--	--	--
TÜBİTAK-UME	--	161	--	--	--	145	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	14.173	4.506	--	138.414	--	3.574	1.300	--	--	11.067
TÜBİTAK SAGE Savunma Sanayii	--	21.128	--	6.041	2.851	59.995	660	--	--	--
TÜBİTAK UZAY TEKNOLOJİLERİ	--	--	--	--	--	--	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	2.603.849	--	--	5.110.060	--	--	1.461.559	--	--	989.783
SSTEK	14.549	--	73.631	--	--	--	--	5.000	--	--
DASAL	--	--	--	--	--	1.448	--	--	--	--
SADEC LLC	709	--	--	--	--	--	--	--	--	--
<b>Equity Issue</b>								82.803		
	<b>3.486.689</b>	<b>586.400</b>	<b>75.181</b>	<b>5.893.276</b>	<b>72.313</b>	<b>847.988</b>	<b>1.548.603</b>	<b>87.803</b>	<b>--</b>	<b>1.314.874</b>

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**4. RELATED PARTY DISCLOSURES (continued)**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
<b>Transactions with related parties</b>	<b>Purchases</b>	<b>Purchases</b>
<b><u>Main Shareholder</u></b>		
TSKGV	306	270
<b><u>Main shareholder's subsidiaries and associates</u></b>		
NETAŞ	11.242	20.675
STM	1.496	541
İŞBİR	14.479	9.551
HTR	20.923	15.623
TUSAŞ	166	--
HAVELSAN	320	1.510
<b><u>Financial Instruments</u></b>		
ROKETSAN	7.246	3.518
ASPILSAN	12.105	4.853
<b><u>Joint ventures and its related parties</u></b>		
İHSAN DOĞRAMACI BİLKENT ÜNİVERSİTESİ	3.058	1.349
TÜBİTAK BİLGEM	11.657	15.354
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	780	948
TÜBİTAK SAGE SAVUNMA SANAYİİ	6.623	5.999
	<b>90.401</b>	<b>80.191</b>

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**4. RELATED PARTY DISCLOSURES (continued)**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
<b>Transactions with related parties</b>	<b>Sales</b>	<b>Sales</b>
<b><u>Main Shareholder</u></b>		
TSKGV	122	85
<b><u>Main shareholder's subsidiaries and associates</u></b>		
TUSAŞ	134.469	69.392
STM	12.712	20.029
HAVELSAN	24.679	1.227
HTR	3.821	2.748
<b><u>Financial Instruments</u></b>		
ROKETSAN	92.783	43.206
ASPILSAN	--	575
<b><u>Joint ventures and its related parties</u></b>		
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	7.239	1.936
TÜBİTAK SAGE SAVUNMA SANAYİİ	1.365	2.025
TÜBİTAK UZAY TEKNOLOJİLERİ	--	65
SSB	1.711.248	910.996
SSTEK	--	47.595
	<b>1.988.438</b>	<b>1.099.879</b>

Transactions with related parties are generally related to the purchases and sales of goods and services related to projects under TFRS 15.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short-term trade receivables</b>		
Trade receivables	3.293.410	3.639.819
Trade receivables from related parties (Note 4)	3.844.353	3.486.689
Notes receivable	9.980	20.011
Other receivable	3.898	--
Doubtful trade receivables	30.429	22.442
Allowance for doubtful trade receivables (-)	(30.429)	(22.442)
	<b>7.151.641</b>	<b>7.146.519</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Long-term trade receivables</b>		
Unbilled receivables from contracts with customers	1.588.046	1.358.501
Trade receivables	235.725	217.603
Unbilled receivables from contracts with customers - Related party (Note 4)	6.004.351	5.886.034
Trade receivables from related parties (Note 4)	7.595	7.242
	<b>7.835.717</b>	<b>7.469.380</b>

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
Opening balance	22.442	58.960
Provision for the period	7.987	--
Provisions no longer required	--	(40.432)
<b>Closing balance</b>	<b>30.429</b>	<b>18.528</b>

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.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**5. TRADE RECEIVABLES AND PAYABLES (continued)****b) Trade payables**

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short-term trade payables</b>		
Trade payables	2.194.532	2.640.978
Due to related parties (Note 4)	753.155	847.988
Notes Payable	272.972	743.932
Other trade payables	10.970	18.571
	<b>3.231.629</b>	<b>4.251.469</b>
	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Long-term trade payables</b>		
Other trade payables	311	311
	<b>311</b>	<b>311</b>

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**6. INVENTORIES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Raw materials	2.694.478	2.531.001
Work in progress	2.328.984	2.198.693
Goods in transit <sup>1</sup>	207.821	284.201
Finished goods	498.515	403.829
Other inventories	95.637	75.805
Trade goods	62.616	60.329
Allowance for impairment on inventories (-)	(27.731)	(21.155)
	<b>5.860.320</b>	<b>5.532.703</b>

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

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

Impaired inventory movements for the period ended in 31 March are as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	21.155	15.828
Provision for the period	6.576	4.041
Provision released	--	--
<b>Closing balance</b>	<b>27.731</b>	<b>19.869</b>

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

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**7. PREPAID EXPENSES AND DEFERRED INCOME**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short-term prepaid expenses</b>		
Order advances given for inventory purchases	672.168	845.857
Short-term order advances given to related parties for inventory purchases (Note 4)	890.198	586.400
Work advances	129.444	113.278
Prepaid expenses	252.420	233.191
	<b>1.944.230</b>	<b>1.778.726</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Long-term prepaid expenses</b>		
Long-term order advances given to related parties for inventory purchases (Note 4)	100.141	72.313
Order advances given for inventory purchases	167.239	134.384
Order advances given for fixed assets purchases	82.936	134.894
Prepaid expenses	24.712	32.034
	<b>375.028</b>	<b>373.625</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short-term deferred income</b>		
Order advances received	352.894	230.881
Order advances received from related parties (Note 4)	1.300.106	1.548.603
Deferred income	688.403	877.089
	<b>2.341.403</b>	<b>2.656.573</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Long-term deferred income</b>		
Order advances received	478.886	321.721
Order advances received from related parties (Note 4)	1.213.012	1.314.874
Deferred income	90.111	127.562
	<b>1.782.009</b>	<b>1.764.157</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**8. PROPERTY, PLANT AND EQUIPMENT**

<b>Cost</b>	<b>Property, Plant and Equipment</b>	<b>Intangible Assets</b>
Opening balance as of 1 January 2021	3.592.172	2.196.953
Additions	228.581	309.565
Disposals	(1.462)	(105.213)
Transfers	(76)	76
<b>Closing balance as of 31 March 2021</b>	<b>3.819.215</b>	<b>2.401.381</b>
<b>Accumulated Depreciation and Amortisation</b>		
Opening balance as of 1 January 2021	1.249.949	641.635
Change for the period <sup>1</sup>	64.961	42.278
Disposals	(1.424)	--
<b>Closing balance as of 31 March 2021</b>	<b>1.313.486</b>	<b>683.913</b>
<b>Net book value as of 31 March 2021</b>	<b>2.505.729</b>	<b>1.717.468</b>
<b>Net book value as of 31 December 2020</b>	<b>2.342.223</b>	<b>1.555.318</b>
<b>Cost</b>		
Opening balance as of 1 January 2020	2.626.647	1.781.226
Additions	157.731	246.345
Disposals	(162)	(109.260)
<b>Closing balance as of 31 March 2020</b>	<b>2.784.216</b>	<b>1.918.311</b>
<b>Accumulated Depreciation and Amortisation</b>		
Opening balance as of 1 January 2020	1.052.716	504.648
Change for the period	42.779	31.216
Disposals	(162)	--
<b>Closing balance as of 31 March 2020</b>	<b>1.095.333</b>	<b>535.864</b>
<b>Net book value as of 31 March 2020</b>	<b>1.688.883</b>	<b>1.382.447</b>
<b>Net book value as of 31 December 2019</b>	<b>1.573.931</b>	<b>1.276.578</b>

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

<sup>1</sup> The amount of amortization related to inventories are TL 10.487 in the year 2021 (March 2020: TL 8.104)

**9. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**a) Provisions**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Other short-term provisions</b>		
Provision for warranties <sup>1</sup>	1.066.567	1.045.215
Provision for onerous contracts	487.847	483.283
Provision for delay penalties <sup>2</sup>	418.936	368.124
Provision for legal cases	22.646	27.990
Provision for cost expenses	11.352	11.820
Other	6.238	1.330
	<b>2.013.586</b>	<b>1.937.762</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Other long-term provisions</b>		
Provision for delay penalties	72.092	66.357
Provision of onerous contracts	684.714	660.730
	<b>756.806</b>	<b>727.087</b>

**b) Legal cases**

There has not been any final judicial decision against the Group due to the violation of employee rights within 2021. There has not been any final judicial decision against the Group due to the responsibility related with work accidents within 2020.

As of the dates 31 March 2021 and 31 December 2020, according to the declarations written by the legal counselors, the lawsuits and legal executions in favor of and against the Group are as follows:

	<b>Description</b>	<b>2021</b>	<b>2020</b>
a)	Ongoing lawsuits filed by the Group	129.548	109.899
b)	Execution proceedings carried out by the Group	282.766	260.595
c)	Ongoing lawsuits filed against the Group	22.646	27.990
d)	Executions against the Group	4.023	2.888
e)	Lawsuits finalized against the Group within the period	8.011	3.294
f)	Lawsuits finalized in favor of the Group within the period	861	1.432

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.

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

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

- 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.

#### 10. TAX

"Deferred Tax Assets" of the Group as of 31 March 2021 is TL 253.308. The amount is comprised of the items below.

	<b>31 March 2021</b>	<b>31 December 2020</b>
Carried Forward R&D Incentives Effect	720.374	587.234
Temporary Differences	(467.066)	(234.334)
<b>Deferred Tax Assets - Net</b>	<b>253.308</b>	<b>352.900</b>

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

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

In accordance with the law numbered 5746 pertaining to 1 January-31 March 2021 period the Group has calculated "Deferred Tax Asset" amounting to TL 720.374 from Research and Development expenses comprising "Outstanding Research and Development Deductions".

	<b>31 March 2021</b>	<b>31 March 2020</b>
Profit before tax from continuing operations	1.328.565	976.097
Tax (expense)/income recognized in profit or loss	(99.738)	(55.883)
Effective tax rate	(%8)	(%6)

Effective tax rate is calculated by dividing profit before tax from continuing operations to tax income recognized in profit or loss. Increase in profit before tax from continuing operations is mainly due to the sales made by the Company within the current period. The Company does not have corporate tax liability for the current period because of the tax advantage arising from the R&D expenditures the Company has made in the previous years, but some companies subject to consolidation have. The main reason for tax income in profit or loss of previous year is deferred tax income effect arising from the R&D expenditures the Company has made within the related period.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**11. COMMITMENTS AND CONTINGENCIES****a) Guarantees received**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Letters of guarantees received from the suppliers	2.710.148	2.545.759
Collaterals received from the customers	29.322	27.024
Letters of guarantees received from the customers	16.357	19.655
Collaterals received from the suppliers	200.708	106.909
Letters of guarantees received from the suppliers	25.818	25.818
Mortgages received from the customers	--	265
	<b>2.982.353</b>	<b>2.725.430</b>

**c) Collaterals / Pledges / Mortgages ("CPM") given**

The collaterals/pledges/mortgages ("CPM") given by the Group as of 31 March 2021 and 31 December 2020 is as follows:

In accordance with the terms of the Patrol and Anti-Submarine Warfare Ship Projects ("MILGEM"), the Company is a guarantor if HAVELSAN cannot be able to fulfill the obligations in this project of an amount of USD 294.145.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

**11. COMMITMENTS AND CONTINGENCIES (continued)**
**b) Guarantees given (continued)**

<b>31 March 2021</b>	<b>TL Equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EURO</b>	<b>UAE Dirham</b>	<b>Polish Zloty</b>	<b>Indian Rupee</b>	<b>British Pound</b>	<b>Tunisian Dinar</b>
A. Total amount of CPM given on behalf of the legal entity									
<i>-Collateral</i>	26.539.800	7.097.527	1.184.060	980.879	--	1.000	10.000	--	25
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation									
<i>-Collateral</i>	--	--	--	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties									
<i>-Collateral</i>	--	--	--	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given									
i. Total Amount of CPM on behalf of the main partner									
<i>-Collateral</i>	--	--	--	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C <sup>1</sup>									
<i>-Collateral</i>	25.553	--	3.069	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
<i>-Collateral</i>	--	--	--	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>26.565.353</b>	<b>7.097.527</b>	<b>1.187.129</b>	<b>980.879</b>	<b>--</b>	<b>1.000</b>	<b>10.000</b>	<b>--</b>	<b>25</b>

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

<sup>1</sup> The ratio of the other CPM given by the Group to equity as of 31 March 2021 is 0,13 percent. TL 25.553 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**
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**11. COMMITMENTS AND CONTINGENCIES (continued)**
**c) Guarantees given (continued)**

<u>31 December 2020</u>	<u>TL Equivalent</u>	<u>TL</u>	<u>USD</u>	<u>EURO</u>	<u>UAE Dirham</u>	<u>Polish Zloty</u>	<u>Indian Rupee</u>	<u>British Pound</u>	<u>Tunisian Dinar</u>
A. Total amount of CPM given on behalf of the legal entity									
-Collateral	23.612.275	6.650.560	1.245.021	868.214	--	1.000	10.000	--	25
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
D. Total amount of other CPM given									
i. Total Amount of CPM on behalf of the main partner									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C <sup>1</sup>									
-Collateral	22.529	--	3.069	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover									
-Collateral	--	--	--	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>23.634.804</b>	<b>6.650.560</b>	<b>1.248.090</b>	<b>868.214</b>	<b>--</b>	<b>1.000</b>	<b>10.000</b>	<b>--</b>	<b>25</b>

The Group is responsible as joint guarantor for the portion amounting to EURO 2,5 Million of investment credit amounting to EURO 5 Million which will be used by ASELSAN Optik , the Group's joint venture. As of 31 December 2020, the Aselsan guarantee for the Ziraat Bank credit risk of BİTES is 1683 TL, in line with the 51% capital share ratio.

<sup>1</sup> The ratio of the other CPM given by the Group to equity as of 31 December 2020 is 0,12 percent. TL 22.529 is the collateral amount pertaining to guarantee letter given on behalf of the entities' joint venture ASELSAN Bilkent.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 12. EMPLOYEE BENEFITS

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Provision for vacation pay and overtime	<b>109.719</b>	<b>108.854</b>

As of 31 March the movement of the provision for vacation pay and overtime is as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	108.854	72.819
Provision for the period	11.847	20.658
Provision paid during the period	(9.370)	(6.444)
Provision realized during the period	(1.612)	(1.173)
<b>Closing balance</b>	<b>109.719</b>	<b>85.860</b>

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Provision for severance pay	246.336	245.256
Provision for retirement pay	19.706	19.708
	<b>266.042</b>	<b>264.964</b>

As of 31 March the movement of severance and retirement pays are as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	264.964	225.731
Service cost	5.217	15.674
Interest cost	2.066	1.621
Payments	(6.205)	(6.111)
<b>Closing balance</b>	<b>266.042</b>	<b>236.915</b>

##### Provision for severance pay:

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

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

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#### 12. EMPLOYEE BENEFITS (continued)

##### Provision for severance pay (continued)

Certain provisions regarding services before retirement, has been annulled on 23 May 2002 during the revision of the related law. As of 31 March 2021 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 7.638,96<sup>1</sup> (31 December 2020: TL 7.117,17<sup>Error!</sup> Bookmark not defined.)

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.

##### Provision for retirement grant:

Retirement bonus provision is recognized for the employees with service of more than 20 years within the Group and has earned/will earn their retirement.

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(%)</b>	<b>(%)</b>
Interest rate	13,60	13,60
Inflation rate	9,90	9,90
Discount ratio	3,37	3,37
Estimation of probability of retirement ratio	97	97

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

##### Capital

<u>Shareholders</u>	<u>Share (%)</u>	<u>31 March 2021</u>	<u>Share (%)</u>	<u>31 December 2020</u>
TSKGV	74,20	1.691.652	74,20	1.691.652
Publicly held	25,80	588.348	25,80	588.348
Nominal capital	100	2.280.000	100	2.280.000
Share capital adjustment		98.621		98.621
<b>Inflation adjusted capital</b>		<b>2.378.621</b>		<b>2.378.621</b>

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

##### Restricted reserves

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

As of 31 March 2021, The Group's restricted reserves set aside from profit comprises legal reserves. The total of the Group's legal reserves are TL 312.371 (31 December 2020: TL 312.371).

##### 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 March 2021 the extraordinary reserves balance presented in retained earnings is TL 5.164.028 (31 December 2020: TL 5.164.028). According to the statutory records, the Company's profit for the period is TL 258.844 (31 December 2020: TL 3.947.820) and its other funds available for profit distribution is TL 5.211.369 (31 December 2020: TL 5.211.369) and the details are as followings.

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

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

##### Retained Earnings (continued)

##### Profit distribution

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

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

#### 14. REVENUE AND COST OF SALES

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
<b>a) Revenue</b>		
Domestic sales	2.973.297	2.449.233
Export sales	199.838	146.034
	<b>3.173.135</b>	<b>2.595.267</b>
	<b>1 January - 31 March 2021</b>	<b>1 January - 31 March 2020</b>
<b>Revenue Recognized Regarding Performance Obligation</b>		
Over time	2.322.668	1.803.987
Point in time	850.467	791.280
	<b>3.173.135</b>	<b>2.595.267</b>
	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
<b>b) Cost of sales(-)</b>		
Cost of raw materials and supplies	1.747.748	1.393.812
Cost of merchandise goods sold	35.672	25.002
Cost of services sold	401.928	342.568
Cost of other sales	56.058	81.823
	<b>2.241.406</b>	<b>1.843.205</b>

**ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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**15. OTHER OPERATING INCOME AND EXPENSES****a) Other operating income**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Foreign currency exchange differences from operations	1.707.655	1.340.409
Amortized cost effect of trade payables	132.365	48.468
Other income	40.423	14.510
	<b>1.880.443</b>	<b>1.403.387</b>

**b) Other operating expense (-)**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 Mart 2020</b>
Foreign currency exchange differences from operations (-)	758.906	691.372
Amortized cost effect of trade receivables (-)	203.374	40.175
Other expense and losses (-)	21.222	11.453
	<b>983.502</b>	<b>743.000</b>

**16. FINANCIAL INCOME**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Interest income	73.747	22.710
TFRS 15 Financial component interest income	53.085	120.881
Foreign currency exchange gain from bank loans	47.858	20.968
	<b>174.690</b>	<b>164.559</b>

**17. FINANCIAL EXPENSES**

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Foreign currency exchange losses from bank loans (-)	365.677	233.576
TFRS 15 financial component effect (-)	16.565	147.748
Interest cost related with employee benefits (-)	2.066	1.621
Interest cost of borrowings (-)	20.143	12.342
	<b>404.451</b>	<b>395.287</b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 18. EARNINGS PER SHARE

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

For the years ended 31 March 2021 and 2020, earnings per share calculations are as follows:

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Number of shares outstanding (in thousands)	2.280.000	2.280.000
Net profit – TL	1.233.851	920.137
<b>Earnings per 100 shares (kuruş)</b>	<b>54,12</b>	<b>40,36</b>
<b>Diluted earnings per 100 shares (kuruş)</b>	<b>54,12</b>	<b>40,36</b>

#### 19. FINANCIAL LIABILITIES

##### Financial Liabilities

		<b>31 March 2021</b>	<b>31 December 2020</b>
Short-term financial liabilities	Unsecured loan	1.633.500	1.521.433
Other short-term financial liabilities	Unsecured loan	107.511	96.742
Current portion of long-term financial liabilities	Unsecured loan	1.652.759	1.388.850
<b>Total short-term financial liabilities</b>		<b>3.393.770</b>	<b>3.007.025</b>
Other long-term financial liabilities	Unsecured loan	834.737	883.448
<b>Total long-term financial liabilities</b>		<b>834.737</b>	<b>883.448</b>
<b>Total financial liabilities</b>		<b>4.228.507</b>	<b>3.890.473</b>

As of 31 March 2021, TL 1.333.500 of the short term financial borrowings are EUR rediscount credits, which have maturity dates due between May 2021 -August 2021 and interest rates between 0,50 – 2,00 percent. As of 31 March 2021, TL 300.000 is TL Rediscount Credits, which have maturity dates due between May 2021 -June 2021 and has interest rate between 7,08 -7,25 percent. The remaining of the short term other financial liabilities consist of loans borrowed for social security payments with 45 days maturity and interest rate of 0,79 percent from Ziraat Bank. Current portions of long-term financial liabilities are consist of EUR rediscount credits which have amounted to TL 1.375.226 with interest rates between 0,60 - 0,80. Moreover, TL 277.533 is consisted of Dollar credit which has maturity date due August 2021 with interest rate 2,29 percent.

As of 31 March 2021, TL 695.970 of the long term financial borrowings are EUR rediscount credits, which have maturity dates due August 2022 with interest rates 0,75 percent. Also, TL 138.767 is consisted of USD rediscount credits which have maturity date due August 2022 with floating interest rates depended on LIBOR.

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#### 19. FINANCIAL LIABILITIES (continued)

##### **Financial Liabilities (continued)**

As of 31 December 2020, TL 1.221.433 of the short term financial borrowings are EUR rediscount credits, which have maturity dates due between May 2021 -August 2021 and interest rates between 0,50 – 2,00 percent. As of 31 December 2020, TL 300.000 is TL Rediscount Credits, which have maturity dates due between May 2021 -June 2021 and has interest rate between 7,08 -7,25 percent. The remaining of the short term other financial liabilities consist of loans borrowed for social security payments with 45 days maturity and interest rate of 0,79 percent from Ziraat Bank. Current portions of long-term financial liabilities are consist of EUR rediscount credits which have amounted to TL 1.266.508 with interest rates between 0,60 - 0,80. Moreover, TL 122.342 is consisted of Dollar credit which has maturity date due August 2021 with interest rate 2,29 percent.

As of 31 December 2020, TL 638.765 of the long term financial borrowings are EUR rediscount credits, which have maturity dates due between April 2022 - August 2022 with interest rates 0,75 percent. Also, TL 244.683 is consisted of USD rediscount credits which have maturity date due August 2022 with floating interest rates depended on LIBOR.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 20. FOREIGN EXCHANGE POSITION

31 March 2021	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other <sup>1</sup>
1. Trade receivables	5.217.793	392.320	3.266.383	198.508	1.939.183	12.227
2a. Monetary financial assets (including cash, bank)	1.284.121	101.798	847.548	44.223	432.002	4.571
2b. Non- monetary financial assets	931.820	58.159	484.216	59.720	583.404	103.393
3. Other	34.010	3.368	28.041	608	5.938	31
<b>4. Current assets (1+2+3)</b>	<b>7.467.744</b>	<b>555.645</b>	<b>4.626.188</b>	<b>303.059</b>	<b>2.960.527</b>	<b>120.222</b>
5. Trade receivables	5.873.951	453.037	3.771.902	215.180	2.102.049	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	345.050	1.092	9.090	83.094	811.730	8.684
7. Other	25.171	942	7.842	1.365	13.332	3.997
<b>8. Long-term assets (5+6+7)</b>	<b>6.244.172</b>	<b>455.071</b>	<b>3.788.834</b>	<b>299.639</b>	<b>2.927.111</b>	<b>12.681</b>
<b>9. Total assets (4+8)</b>	<b>13.711.916</b>	<b>1.010.716</b>	<b>8.415.022</b>	<b>602.698</b>	<b>5.887.638</b>	<b>132.903</b>
10. Trade payables	1.181.548	71.787	598.760	56.921	557.054	25.734
11. Financial liabilities	2.959.500	33.333	278.026	274.000	2.681.474	--
12a. Other monetary financial liabilities	1.164	121	1.009	16	155	--
12b. Other non-monetary financial liabilities	1.264.913	166.429	1.385.653	170.151	1.662.169	--
<b>13. Current liabilities (10+11+12)</b>	<b>5.407.125</b>	<b>271.670</b>	<b>2.263.448</b>	<b>501.088</b>	<b>4.900.852</b>	<b>25.734</b>
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	824.061	16.666	139.013	70.000	685.048	--
16a. Other monetary financial liabilities	1.322	155	1.292	3	30	--
16b. Other non-monetary financial liabilities	0	160.124	1.333.159	142.933	1.396.280	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>825.383</b>	<b>176.945</b>	<b>1.473.464</b>	<b>212.936</b>	<b>2.081.358</b>	<b>--</b>

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

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

<b>FOREIGN EXCHANGE POSITION</b>						
<b>31 March 2021</b>	<b>TL Equivalent (Functional currency)</b>	<b>USD</b>	<b>TL equivalent by using closing rates</b>	<b>EURO</b>	<b>TL equivalent by using closing rates</b>	<b>Other</b>
<b>18. Total liabilities (13+17)</b>	<b>6.232.508</b>	<b>448.615</b>	<b>3.736.912</b>	<b>714.024</b>	<b>6.982.210</b>	<b>25.734</b>
<b>19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)</b>	--	--	--	--	--	--
<b>19a. Hedged total financial assets</b>	--	--	--	--	--	--
<b>19b. Hedged total financial liabilities</b>	--	--	--	--	--	--
<b>20. Net foreign currency asset/liability (9- 18+19)</b>	<b>7.479.408</b>	<b>562.101</b>	<b>4.678.110</b>	<b>(111.326)</b>	<b>(1.094.572)</b>	<b>107.169</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)</b>	<b>7.408.270</b>	<b>825.093</b>	<b>6.867.733</b>	<b>56.971</b>	<b>549.473</b>	<b>(8.936)</b>
<b>22. Fair value of derivative financial instruments used in foreign currency hedge</b>	--	--	--	--	--	--
<b>23. Hedged foreign currency assets</b>	--	--	--	--	--	--
<b>24. Hedged foreign currency liabilities</b>	--	--	--	--	--	--
<b>25. Exports</b>	<b>199.838</b>	<b>16.226</b>	<b>122.111</b>	<b>9.351</b>	<b>77.727</b>	--
<b>26. Imports</b>	<b>1.062.790</b>	<b>89.306</b>	<b>741.574</b>	<b>28.646</b>	<b>279.834</b>	<b>41.382</b>

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

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

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

<b>FOREIGN EXCHANGE POSITION</b>						
<b>31 December 2020</b>	<b>TL Equivalent (Functional currency)</b>	<b>USD</b>	<b>TL equivalent by using closing rates</b>	<b>EURO</b>	<b>TL equivalent by using closing rates</b>	<b>Other<sup>1</sup></b>
1. Trade receivables	5.218.519	451.080	3.311.153	210.535	1.896.476	10.890
2a. Monetary financial assets (including cash, bank)	708.690	69.039	506.782	21.985	198.044	3.864
2b. Non- monetary financial assets	575.245	52.316	384.026	28.905	260.371	60.099
3. Other	78.674	3.370	24.735	5.985	53.911	28
<b>4. Current assets (1+2+3)</b>	<b>6.581.128</b>	<b>575.805</b>	<b>4.226.696</b>	<b>267.410</b>	<b>2.408.802</b>	<b>74.881</b>
5. Trade receivables	5.449.954	487.910	3.581.501	207.424	1.868.453	0
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	339.959	1.362	10.000	82.297	741.323	7.591
7. Other	8.933	679	4.981	438	3.945	7
<b>8. Long-term assets (5+6+7)</b>	<b>5.798.846</b>	<b>489.951</b>	<b>3.596.482</b>	<b>290.159</b>	<b>2.613.721</b>	<b>7.598</b>
<b>9. Total assets (4+8)</b>	<b>12.379.974</b>	<b>1.065.756</b>	<b>7.823.178</b>	<b>557.569</b>	<b>5.022.523</b>	<b>82.479</b>
10. Trade payables	1.292.674	92.035	675.581	65.310	588.305	28.788
11. Financial liabilities	2.590.506	16.667	122.342	274.000	2.468.164	--
12a. Other monetary financial liabilities	965	121	889	8	76	--
12b. Other non-monetary financial liabilities	425.925	89.316	655.625	115.665	1.041.903	--
<b>13. Current liabilities (10+11+12)</b>	<b>4.310.070</b>	<b>198.139</b>	<b>1.454.437</b>	<b>454.983</b>	<b>4.098.448</b>	<b>28.788</b>
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	875.236	33.333	244.683	70.000	630.553	--
16a. Other monetary financial liabilities	1.128	150	1.101	3	27	--
16b. Other non-monetary financial liabilities	1.459.314	179.532	1.317.856	126.717	1.141.458	--
<b>17. Non-current liabilities (14+15+16)</b>	<b>2.335.678</b>	<b>213.015</b>	<b>1.563.640</b>	<b>196.720</b>	<b>1.772.038</b>	<b>--</b>

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

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

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

<b>FOREIGN EXCHANGE POSITION</b>						
<b>31 December 2020</b>	<b>TL Equivalent (Functional currency)</b>	<b>USD</b>	<b>TL equivalent by using closing rates</b>	<b>EURO</b>	<b>TL equivalent by using closing rates</b>	<b>Other</b>
<b>18. Total liabilities (13+17)</b>	<b>6.645.748</b>	<b>411.154</b>	<b>3.018.077</b>	<b>651.703</b>	<b>5.870.486</b>	<b>28.788</b>
<b>19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)</b>	--	--	--	--	--	--
<b>19a. Hedged total financial assets</b>	--	--	--	--	--	--
<b>19b. Hedged total financial liabilities</b>	--	--	--	--	--	--
<b>20. Net foreign currency asset/liability (9- 18+19)</b>	<b>5.734.226</b>	<b>654.602</b>	<b>4.805.101</b>	<b>(94.134)</b>	<b>(847.963)</b>	<b>53.691</b>
<b>21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)</b>	<b>6.616.654</b>	<b>865.723</b>	<b>6.354.840</b>	<b>30.623</b>	<b>275.848</b>	<b>(14.034)</b>
<b>22. Fair value of derivative financial instruments used in foreign currency hedge</b>	--	--	--	--	--	--
<b>23. Hedged foreign currency assets</b>	--	--	--	--	--	--
<b>24. Hedged foreign currency liabilities</b>	--	--	--	--	--	--
<b>25. Exports</b>	<b>979.056</b>	<b>110.916</b>	<b>785.769</b>	<b>21.995</b>	<b>189.286</b>	<b>4.001</b>
<b>26. Imports</b>	<b>3.825.534</b>	<b>351.887</b>	<b>2.583.028</b>	<b>118.337</b>	<b>1.065.972</b>	<b>176.534</b>

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

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

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

The Group is exposed to foreign currency risk with respect to USD and EURO. As of 31 March 2021, USD 1: TL 8,3258 (31 December 2020: TL 7,3405), EURO 1: TL 9,7688 (31 December 2020: TL 9,0079).

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

<b>Foreign currency sensitivity table</b>				
<b>31 March 2021</b>				
	<b>Profit/Loss</b>		<b>Equity<sup>1</sup></b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD against TL by 10%:</b>				
1- USD denominated net assets/(liabilities)	686.773	(686.773)	686.773	(686.773)
2- Hedged amount against USD risk (-)	--	--	--	--
<b>3- Net effect of USD (1+2)</b>	<b>686.773</b>	<b>(686.773)</b>	<b>686.773</b>	<b>(686.773)</b>
<b>Change of EURO against TL by 10%:</b>				
4- EURO denominated net assets/(liabilities)	54.947	(54.947)	54.947	(54.947)
5- Hedged amount against EURO risk (-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>54.947</b>	<b>(54.947)</b>	<b>54.947</b>	<b>(54.947)</b>
<b>Change of other currencies against TL by 10%:</b>				
7- Other currencies denominated net assets/(liabilities)	(894)	894	(894)	894
8- Hedged amount against other currencies risk (-)	--	--	--	--
<b>9- Net effect of other currencies (7+8)</b>	<b>(894)</b>	<b>894</b>	<b>(894)</b>	<b>894</b>

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

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

**Foreign currency sensitivity (continued)**

<b>Foreign currency sensitivity table</b>				
<b>31 December 2020</b>				
	<b>Profit/Loss</b>		<b>Equity<sup>1</sup></b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD against TL by 10%:</b>				
1- USD denominated net assets/(liabilities)	635.484	(635.484)	635.484	(635.484)
2- Hedged amount against USD risk (-)	--	--	--	--
<b>3- Net effect of USD (1+2)</b>	<b>635.484</b>	<b>(635.484)</b>	<b>635.484</b>	<b>(635.484)</b>
<b>Change of EURO against TL by 10%:</b>				
4- EURO denominated net assets/(liabilities)	27.585	(27.585)	27.585	(27.585)
5- Hedged amount against EURO risk (-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>27.585</b>	<b>(27.585)</b>	<b>27.585</b>	<b>(27.585)</b>
<b>Change of other currencies against TL by 10%:</b>				
7- Other currencies denominated net assets/(liabilities)	(1.403)	1.403	(1.403)	1.403
8- Hedged amount against other currencies risk (-)	--	--	--	--
<b>9- Net effect of other currencies (7+8)</b>	<b>(1.403)</b>	<b>1.403</b>	<b>(1.403)</b>	<b>1.403</b>

**21. EVENTS AFTER THE REPORTING PERIOD**

After the reporting period, the Group has signed contracts amounting to USD 5 Million.

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